

# **South East England Development Agency**

Annual Report and Accounts

2011-12

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## **Annual Report and Accounts 2011-12**

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# South East England Development Agency

## Annual Report and Accounts

2011-12

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# **South East England Development Agency**

## **Part One**

### **Annual Report 2011-12**

# 1. Chairman's Introduction

I described SEEDA's 2010/11 year as one of "extraordinary achievement and change". That continues to be my assessment in 2011/12 as SEEDA moved to operational closure in March 2012. During this year many SEEDA-led initiatives have come to fruition, reminding us of the strong legacy this Agency will leave behind to support the economy of the South East.

Over the last 18 months we have seen complex and long-standing projects come to fruition in Kent: the New Marlowe Theatre, the Sustainable Construction Skills Training and Demonstration Centre ("SusCon"), and Turner Contemporary, the latter receiving national recognition at the 2011 Regeneration and Renewal Awards. The all-important Rushenden Link Road on the Isle of Sheppey opened in November, providing access and growth opportunities for the new waterside development and bringing much needed jobs and homes to this deprived area.

In the west of the region we saw the opening of the Vestas R&D Centre for off-shore wind turbine technology, and of the new Composites Technology (CTAL) Centre developed by a GKN/Rolls Royce joint venture - both on the Isle of Wight, now part of the Solent Local Enterprise Partnership. The CTAL facility brings together expertise in advanced engine technologies with aerospace composite research and automated manufacturing capabilities. Together these two new centres of excellence will create or safeguard around 1,385 jobs and strengthen the Island's leading position in composites and green technology. Also in the Solent, the very first units at Woolston Riverside have been completed, the Daedalus site received recognition by the Government as an Enterprise Zone, and work is starting on decontaminating the major 54 acre Tipner site to make it ready for development as a mixed-use site at the Gateway to Portsmouth.

Throughout its closure the South East Business Link service pulled out the stops in helping 49,000 business clients in 2011, and customer satisfaction remained high at over 90%. In May 2011 the International Space Innovation Centre (ISIC) opened at Harwell, bearing testimony to SEEDA's leadership and support for this critical sector in the South East.

Through to its closure SEEDA has stayed true to its twin closure aims of effective, smooth and professional closure, whilst retaining economic value for the South East. The overall Gateway Review of the BIS RDA closure programme anticipated the rating would move from amber/green to Green at operational closure on 31 March. It is pleasing for all that SEEDA's later independent internal review of the Agency's programme gave a "green" rating for delivery of the Agency's closure objectives. The task of closing an Agency such as SEEDA with its wide-ranging reach into business and other sectors of the economy has been huge and complex. It is one that the Agency has tackled with professionalism and determination, to give the best outcomes for the region at least cost to the taxpayer, with closure costs reduced by £3m over the course of the year. SEEDA has also achieved a clean audit report and unqualified accounts in our final year— a significant achievement.

We have seen our land and property portfolio, valued at some £88m at the point of transfer, move to the Homes and Communities Agency (HCA), where it has become part of a ring-fenced Economic Assets Programme managed by 14 staff who transferred from SEEDA. Other staff transfers, which help retain knowledge and momentum behind economic development for the region, include: two members of staff to the Science and Technologies Facilities Council (STFC); 12 members of staff to PA Consulting/UKTI to carry forward inward investment work; and 15 to the Department for the Environment, Farming and Rural Affairs and to the Department for Communities and Local Government with our two major European programmes. These transfers and the continuation of these programmes are welcome, although even where programmes and initiatives are continuing, they are unlikely to provide the same level and intensity of support or reach into businesses in the South East region as previously.

We started 2011/12 with 213 permanent employees. Numbers were reduced throughout the year to a team of some 22 individuals between January and March 2012. By 1 April 2012 there were just eight members of staff remaining to finish the handover of knowledge to those bodies that have taken on some of SEEDA's activities and to complete the accounts so as to permit final closure by the end of June 2012. Although 48 individuals have, over the closure period, transferred from SEEDA to other organisations, we have sadly had to make many more people redundant. Seeing individuals lose their jobs and livelihoods is never easy, but has been made more difficult by the unjustified comments in the press about the right of staff to receive the redundancy payments due to them under the Civil Service Compensation Scheme.

In conclusion, my Board and I would like to thank the Executive and all the staff at SEEDA for their dedication and professionalism during SEEDA's closure, at a time when everyone has faced uncertainty about their futures. I wish them all the very best for the future and put on record again my thanks to them all. Finally, I would like to take this opportunity to thank all our partners for the contribution they have made and the way in which they have engaged and worked with us to transfer and close programmes and projects, and to use the expertise and knowledge of our staff going forward.

A handwritten signature in black ink, appearing to read 'Rob Douglas', with a large, stylized flourish extending from the end of the signature.

Rob Douglas CBE  
Chairman

Date: 7 June 2012

## 2. Chief Executive's Review

### Achievements in Closure

SEEDA's mission of "last year, best year" for 2010/11 has continued to be the context of all our efforts over the last 18 months, from support to businesses in what continues to be a fragile economy, to transferring programmes to new owners where possible. Throughout all this change we have worked hard to ensure that all SEEDA's activities were brought to an end in a robust and transparent manner while providing an economic development legacy for the region.

The Agency's clean closure has rightly been heavily scrutinised internally and externally. Following the Government's announcement in June 2010 to abolish all Regional Development Agencies, we developed and presented to the government's National Transition Board a thorough and detailed closure plan. Dismantling, closing or transferring those schemes, projects and interventions that we have all created and used to grow the South East economy is an emotionally challenging task – but it is one that the team has risen to in a highly professional and effective manner to ensure SEEDA's closure has been robust, achieved value for money and delivered on time.

We also introduced a number of robust tools to measure our progress, as set out later in this report. We have carried out three internal Office of Government (OGC) mini-reviews led by a team leader independent of the closure programme and have introduced detailed closure checklists for each member of staff that requires completion before an individual leaves. We have increased the scrutiny of our activities and governance by SEEDA's Audit Committee, supported by our externally-contracted Internal Audit function. BIS has carried out two Peer Reviews of the Agency, and have been on both occasions satisfied as to the robustness of our closure work.

Over the course of the last 15 months, SEEDA has withdrawn from nine Special Purpose Vehicles set up to support the growth of businesses and the economy. In some cases these economic development bodies are continuing into the future and will provide support to the SE economy and businesses in the region. These include Finance South East and East Kent Spatial Development Company. In other cases, such as Hastings and Bexhill Renaissance Ltd, parts of the work of the company have been taken on by other entities. Leaving aside our complex land and property activities and projects, which transferred to the Homes and Communities Agency, we have closed over 300 projects and programmes and transferred a range of functions to several successor bodies. We have withdrawn from over 90 partnership boards and closed or transferred some 160 domain names / websites.

We have done as much as possible, while closing, to impart lessons and knowledge to our partners so as to provide a strong legacy from our experiences and successes. As well as the 48 staff who transferred along with those functions that did move to other bodies, we have loaned individuals to other organisations to help them get up and running quickly with economic development work. We held a number of very well attended workshops for the emerging Local Enterprise Partnerships, and for local authorities and business representative organisations. We have created a library of information and knowledge on economic development on the SEEDA website, which has been permanently preserved by The National Archive <http://webarchive.nationalarchives.gov.uk/20120119080152/http://www.seeda.co.uk/> and we have made this and other information available to partners throughout our closure.

All this has been a mammoth task. My predecessor Pam Alexander provided leadership in the early months of the closure programme and, along with all the other colleagues who have departed SEEDA over the past year, made a significant contribution to the work. Indeed, I am hugely proud of the whole team for their approach to and delivery of SEEDA's closure in the best and most professional way I could possibly have hoped for. The dedication of staff shone



through in two staff surveys carried out during 2011/12 to gauge staff motivation and morale during this difficult time. Both these surveys returned positive results about determination and professionalism, and showed that the support provided by SEEDA to staff in their search for their next job was beneficial to both the individual and the organisation, as it helped staff psychologically to focus on their key closure activities.

I would like to give particular thanks to the Chairman and the Board for their continued and valued leadership and guidance over the last 15 months, supporting and challenging the Agency through this most demanding time. And finally I would like to thank those many partners who have been incredibly supportive through our closure programme.

A handwritten signature in black ink, appearing to read 'Oona Muirhead', with a large, sweeping flourish underneath.

Oona Muirhead CBE  
Chief Executive  
Date: 7 June 2012

# 3. Management Commentary

## Delivering a professional closure and legacy for the South East

For SEEDA's management team and staff alike, 2011/12 represented the best of times and the worst of times, with notable operational and closure achievements, overshadowed by the loss of employment for the majority of staff.

The closure of Regional Development Agencies was announced in June 2010 by the Coalition Government, with formal abolition arising from the Public Bodies Bill that became an Act of Parliament in December 2011.

At the outset, SEEDA set two clear aims for its closure programme which it has kept at the core of its work in 2011/12:

- Goal 1: An effective, smooth and professional closure of the Agency;
- Goal 2: Economic value for the South East retained through closure and transfer into successor bodies.

A number of SEEDA's programmes, functions and staff have transferred to successor bodies during the last 12 months to continue to deliver some interventions and services to drive forward economic development in the South East. This includes the transfer of residual tasks to a new Portfolio Management Office (PMO) at the Department for Business, Innovation and Skills (BIS) who will manage any ongoing projects and commitments beyond June 2012 that have not transferred elsewhere, or were not able to be closed prior to June 2012. The key functions transferred in whole or in part are as follows:

- Inward Investment activities were transferred – in part – to PA Consulting, the industry partner for UK Trade and Industry, on 1 May 2012.
- The Department for Communities and Local Government (DCLG) took back management of the European Regional Development Fund on 1 July 2011.
- The Department for the Environment and Rural Affairs (Defra) took back management of the administration of the Rural Development Programme for England on 1 July 2011.
- SEEDA novated its interest in the South East Knowledge Transfer Partnerships to the Technology Strategy Board on 11 July 2011 who will continue to manage the product on a national level.
- Coalfield assets were transferred to the Homes and Communities Agency (HCA) on 1 August 2011 (the Coalfields transfer).
- Development and Investment land and property assets were transferred to the HCA on 19 September 2011 (the stewardship transfer). Both this transfer and the Coalfields transfer were made under the Housing and Regeneration Act 2008.
- The Department for Business, Innovation and Skills (BIS) revoked SEEDA's delegation to deliver Grants for Business and Industry on 30 August 2011, and to deliver Grants for Research and Development on 1 September 2011; the programmes will be taken forward by the Department for Business, Innovation and Skills and the Technology Strategy Board (a non departmental public body sponsored by BIS) respectively.

- The Agency's interests in three venture capital and loan funds were novated to the Department for Business, Innovation and Skills (BIS) on 30 September 2011.
- The Agency's contributions to the International Space Innovation Centre (ISIC) at Surrey were novated to the Science and Technology Facilities Council (STFC) (a non departmental public body sponsored by BIS) on 28 June 2011; and our contribution to ISIC at Harwell was novated to the Technology Strategy Board on 30 September 2011.
- The Agency's projects within the National Aerospace Technology Strategy programme were transferred to the Technology Strategy Board between September 2011 and 1 January 2012.
- The regional Business Link service was closed in November 2011; some functions have been taken on by a new national Helpline service.
- The regional Manufacturing Advisory Service (MAS) was closed on 31 December 2011. Staff and data transferred to the new MAS supplier managed by the Department for Business, Innovation and Skills.
- SEEDA's Designing Demand programme closed on 31 December 2011 and the data transferred to the Design Council which plans to manage the product at a national level.
- SEEDA's support to R&D for the off-shore wind industry, though the Vestas R&D programme, was transferred to the Department for Business, Innovation and Skills (BIS) on 1 January 2012. The Agency's strategic plans to attract next generation manufacturing by Vestas of off-shore wind turbines into North Kent have been handed over to BIS and BIS Local.
- Activities relating to the London 2012 Games transferred to Department for Culture, Media and Sport (DCMS) on 1 February 2012 to continue through to October 2012.
- SEEDA's interests in a number of European projects were transferred, by agreement, to a range of participating partners in the UK and in Europe in order for the projects to continue. We were delighted that Intelligent Transport in a Dynamic Environment (IN-TraDE), Channel Arc Manche Integrated Strategy (CAMIS), and European Pathways to Zero Waste (EPOW) continue to deliver value for the South East and European partners more broadly.
- The knowledge and sector support provided by SEEDA's Sector Consortia will continue in the future to be available to businesses in the South East, with seven consortia operating in varying degrees of intensity covering the following sectors: Farnborough Aerospace Consortium, Security Innovation & Technology Consortium; South East Health Technologies Alliance; Envirobusiness; South East Media Network now trading as D-Media Network; Marine South East; and the South East Centre for the Built Environment.

Capturing and securing knowledge and experience for future economic development has been a key priority for the Agency during closure. SEEDA made sure that access to data and knowledge was made available to those with an interest in seeing the international strengthening of the South East economy. For example, SEEDA transferred economic intelligence resources to South East England Councils (SEEC) as the group of local authorities who are important partners and delivery agents to support economic development and regeneration work across the South East.

In addition, the Agency actively created and promoted a 'Knowledge Bank' as a publicly-available resource on the SEEDA website consisting of over 420 publications which span 12

years of activities and include a wealth of information covering evaluations, assessments of economic data, strategy documents and case studies. SEEDA's website has now been permanently preserved by The National Archives which captured all the contents of the site as at January 2012. This means that the 'Knowledge Bank' section of the website, together with the dedicated publications section, will continue to be available to those wishing to learn about ways of supporting economic development. The URL to the 'Knowledge Bank' section of the preserved website is:

<http://webarchive.nationalarchives.gov.uk/20120119080152/http://www.seeda.co.uk/news-and-publications/publications>

Other functions and services previously provided by the Agency to the South East and which have been closed are:

- The Innovation and Growth Teams, which were set up by SEEDA in 2009 to focus on increasing the economic contribution of high growth sectors by supporting open innovation between high-growth businesses. These teams, which helped 844 early stage high-growth companies, were closed on 31 August 2011. Some of the partners involved are finding other ways to support economic growth.
- The SEEDA-funded Knowledge Networks closed on 31 December 2011. Responsibility for the Knowledge Network product transferred to the Technology Strategy Board.
- The SEEDA-funded International Centre of Excellence in Telecare closed in January 2012; however the South East Health Technologies Alliance (as one of the seven sector consortia in the South East) which delivered the programme continues to facilitate the profitable and sustainable growth of companies in the South East England's health technologies sector including telecare.
- SEEDA closed the rural programmes funded from its non-European budget: the Rural Access to Services Programme and the Small Rural Towns programmes.

The Agency ceased operations on 31 March 2012.

## **Supporting South East Businesses**

During 2011/12 SEEDA continued to provide support for businesses in the South East from the programmes that were being closed or transferred, and at the same time ended functions and brought the Agency to operational closure. The following section sets out some detail on the Agency's achievements to serve as a legacy guide to the type of economic development activities that are relevant to the particular circumstances of the South East's economy.

### ***Business Link South East service***

After many successful years of supporting tens of thousands of South East businesses to start up and grow, the Business Link regional service closed on 7 November 2011. Data Controller responsibility for the Business Link database transferred to BIS in March 2012 and nine of the Business Link South East staff transferred to the new national Business Link Helpline service, managed on behalf of BIS by Careline.

Over 49,000 businesses and aspiring entrepreneurs used the regional service during 2011/2012. Of those more than 1,400 businesses took advantage of the Growth Accelerator programme, which provided targeted one-to-one support to growing businesses to drive up sales and profit. A total of 969 businesses were created with help from Business Link South East in 2011 and despite the disruption of forthcoming closure, the service maintained consistently high customer satisfaction levels of 92%.

In under three years, the germ of a new business idea to produce blackout blinds for children's prams and push chairs has become a huge success story attracting global sales and a clutch of prestigious national and international awards. Cara Sayer of **Really Simple Ideas**, parent company for the nursery brand SnoozeShade, was selected as 'England's best entrepreneur' in The Pitch. In a short space of time, Cara has become an inspirational role model and urges other would-be entrepreneurs to take full advantage of impartial advice and support to get their ideas off the ground. *"Like many people, I had no experience of running my own business,"* explains Cara. *"Indeed, it was quite a daunting prospect especially with a new baby to look after! Advice from organisations such as Business Link is invaluable and is a great place to start."*

In the future, businesses will be able to access Business Link support via an enhanced national online resource centre ([www.businesslink.gov.uk](http://www.businesslink.gov.uk)) or the new national helpline, which will continue to be accessed through the current 0845 600 9006 number.

Although the intensity of support will be different to that of a regional Business Link service, the government will continue to support a number of initiatives, including:

- Access to knowledge and support through a brand new web portal, [www.mentorsme.co.uk](http://www.mentorsme.co.uk) that will help people to start and to grow a business by enabling them to access the mentoring help they need; and
- 'Business Coaching for Growth', which was launched in January 2012, is a new programme to help up to 10,000 high growth businesses a year to address barriers to growth and expand more rapidly. It will target a select group of established small and medium sized enterprises (SMEs) with the potential to increase employment or turnover by 20 per cent or more each year for three years.

More information on Government services to support businesses can be found on the Department for Business, Innovation and Skills (BIS) website [www.bis.gov.uk](http://www.bis.gov.uk).

### **Manufacturing Advisory Service (MAS)**

The regional MAS service continued to support businesses during 2011, with the SEEDA funded service closing at the end of December 2011. Despite a reduction in the full year budget and the pressures of transition to a new, national service managed by Grant Thornton from January 2012, MAS South East worked with more than 760 businesses in all aspects of manufacturing and over 1,000 individuals have been assisted with their skills development. Ten operational staff and customer data transferred as at 1 January 2012.

This programme has been hugely valued by businesses in the region. Over the last three years, more than 3,500 businesses have been supported in the manufacturing sector. An evaluation was undertaken showing a minimum of 12:1 return on investment; 82% of businesses surveyed said that the service met or exceeded their expectations. This was particularly true for clients that received the more intensive version of the service.

Following an introduction to MAS South East through the SMARTA programme, **Kittiwake** called in MAS South East to train key staff as part of a Lean Implementation Programme aimed at the manufacture of its primary product, the 'DigiCell'. This resulted in 92% reduction in distance travelled across the shop floor; 89% reduction in lead times; 89% people-productivity improvements; 34% increased value-add per employee; and £40,000 of tangible benefit generated. Steve McKelvie, Production Manager, Kittiwake commented: *"We are delighted with the results of the MAS South East Lean Implementation Programme... Inventory levels have reduced and will continue to fall alongside reduced lead-times."*

### **Supporting high growth businesses: Designing Demand Programme**

The Designing Demand programme has been a highly successful programme for a number of years, placing good design at the heart of good business. In line with government requirements,

SEEDA closed the regional service in December 2011. The Design Council is testing, on a limited scale, a new nationally managed Designing Demand programme in 2012.

For the South East, the 2011/12 delivery of the service focused on the “innovate” programme: an intensive support service helping early stage technology ventures to use design to commercialise new technology. Twelve companies were selected for and have completed this programme over the course of the year. Early indications are that Designing Demand helped them to increase sales and create new jobs. The Design Council will undertake an overarching review of the Designing Demand programme in 2012 with a significant input coming from the work delivered in the South East.

An award-winning luxury yacht builder, **Discovery Yachts**, was founded in 1998 to ‘create the world’s most perfect blue-water cruising yachts’. Over a decade later, the Southampton-based company had become a highly successful business with a growing workforce, producing around six yachts every year, each specifically designed to match the detailed requirements of its new owner. Whilst Discovery Yachts’ design and build quality was top-of-the-range, the company’s marketing collateral failed to reflect the quality of its yachts. The company was in a strong position to build up its sales revenue and was about to launch two new models but needed strategic, design-led support to consolidate its position and help the business grow.

The Designing Demand programme helped the company define its proposition and create a look and feel that could be developed across the business. Since starting the Designing Demand programme, Discovery Yachts has grown from 60 to 100 staff and launched two new models. The company is now producing 10 yachts a year and predicting a £2m increase in turnover.

#### ***Growth through loans and equity for growth companies - Finance South East (FSE)***

On 30 September SEEDA’s oversight of the range of regional venture capital loan funds delivered by Finance South East (FSE), now known as the FSE Group, novated to the national body Capital for Enterprise Ltd (CfEL). Up to the point of novation FSE delivered loan and equity support in 2011 to 80 businesses with growth potential. Over 400 companies have benefited from FSE’s funding over the last 9 years. Funding provided by FSE is a critical way of filling the gap in bank lending. FSE and CfEL will be working together to ensure that critical capital investment remains available to those businesses that have the potential to grow and create jobs, although some loan funds have been closed to new applicants.

In particular, the Transition Loan Fund and the Commercialisation Fund are closed to new applications. However, the South East Seed Fund <http://thefsegroup.com/funding/sme/south-east-seed-fund/> - launched with the support and funding from SEEDA in 2008 – has remained open for new applications and remains available to innovative early stage companies that demonstrate the potential for growth. This £7.1m equity fund invests between £100,000 and £250,000 on a ‘matched-funding’ basis in businesses based in the South East (including but not limited to university spin-outs).

The FSE Group and its lead partner National Energy Foundation announced the **Community Generation Fund** open for applications in February 2012. The Fund addresses critical barriers to community-led project development, for energy generation projects. The Fund will bring renewable energy generation within the reach of communities seeking to create clean energy, social engagement, and a long term income source for the good of their community. £1.25million has been made available for this initiative via the support of initial Fund investors, Big Society Investment Fund and Esmée Fairbairn Foundation. Further investment is expected to follow. The web address is <http://thefsegroup.com/funding/social-funds/community-generation-fund/>

### **Grants to business development**

SEEDA's Grant for Research and Development (GRD) and Grant for Business Investment (GBI) programmes transferred to the Technology Strategy Board and BIS respectively at the end of August 2011. Although no new SEEDA funded grants were awarded in 2011, the benefits of the grant programmes will continue to yield results for the individual companies long after SEEDA's closure.

A GRD award in 2008 to **Anaxsys Technologies Ltd**, a medical device company that develops and markets innovative respiratory devices, has recently led to a revolutionary break-through in the early detection of lung cancer. Anaxsys Technology will continue working with the Technology Strategy Board on this and other ground breaking projects.

The Technology Strategy Board issued its Grants for Research and Development call in April 2011, with the promise of further rounds of the highly valued scheme. More information is available from [www.innovateuk.org/deliveringinnovation/smart.ashx](http://www.innovateuk.org/deliveringinnovation/smart.ashx). Grants for Business Investment, which transferred to BIS, will in future be provided on a very limited scale. More information is available from [www.bis.gov.uk](http://www.bis.gov.uk).

### **Supporting Fast Growing Companies**

In May 2011 SEEDA transferred responsibility for inward investment activities in the South East to PA Consulting following a national procurement by UKTI. SEEDA's sector teams were disbanded at the same time although 12 staff transferred to PA Consulting.

As part of the Agency's focus on encouraging and supporting high-growth and innovation, the Agency in 2009 had established Innovation and Growth Teams (IGTs) to provide specialist advice and support for the region's major business sectors, to attract new companies to the region, and to help existing companies grow and increase their export potential. The demand for bespoke, high quality innovation support remained strong up to the point of closure of the Innovation and Growth Team programme in August 2011 with over 840 high growth firms receiving support. The network of eight IGTs has helped high growth companies to address critical underlying issues to create and sustain their growth rather than addressing just short-term symptoms. An independent evaluation of the programme recorded that the IGTs helped to develop and foster sub-regional communities of innovation, reducing local competition between support providers. They had an important catalytic effect in creating a sub-regional network and knowledge base. The IGTs provided fast growing companies with access to a much wider network than would have otherwise been possible as well as helping foster a level of trust and respect between partners and businesses that will be retained well beyond the lifetime of the IGTs.

The independent evaluation of the IGT programme also concluded that – even though still in its infancy – the programme had provided good value for money. For example, when the IGTs were created, SEEDA calculated that the programme would bring in an additional £36.8 million of investment. In fact an additional £72.5 million of investment has been raised by the IGTs for businesses in the South East.

Toby Hart, MD of **SimplyUnite**, attributes his company's success to innovation, hard work and coaching support from the Innovation & Growth Team. SimplyUnite, a start up which turned into a £1m business within 12 months, developed an innovative, very simple to use interface that allows care home residents to easily connect with family and friends using the internet. Toby Hart commented "*The last year has been incredible for our team at SimplyUnite – and as MD, I found the help of our IGT coach, to be invaluable. Our coach worked with us intensively over 12 months to help develop our business strategy and focus us on actions to realise rapid growth, such as developing our value proposition, and targeting our sales & marketing effort.*"

## ***Skills Development***

Many of SEEDA's interventions have helped to raise skills levels in the workforce in the South East. The collaborations between businesses and universities initiated by the Innovation and Growth Teams, for example, have helped businesses develop the management skills needed to build and sustain their innovative capacity and growth potential.

Skills development also forms the corner stone of Tourism South East's (TSE's) 2012 Visitor Economy offer. Over 790 businesses and 4930 individuals benefited from training across the three years of the programme. In the past two years over 2,000 Gatwick airport staff participated in TSE's Welcome Host Gold programme, which was launched to improve the levels of customer services across the South East in readiness for the influx of visitors to the London 2012 Games.

The Manufacturing Advisory Service (MAS) has also addressed workforce skill issues to ensure that South East Manufacturers have the right skills in their workforce to grow and prosper, and to develop long-term skills deployment and development plans. A total of 1,039 people were assisted through this programme and received targeted skills development in 2011, and over 3,500 during the lifetime of the project.

SEEDA also used European Social Fund (ESF) programme funding through its co-financing programmes to support skills development work for both unemployed and employed individuals within the South East. ESF has been used to enhance business start-up skills training for the unemployed to complement the support available through JobCentre Plus and Business Link. ESF has also been used to enhance skills development for employees in key and growth sectors, such as aerospace and environmental technologies, and has pump-primed the skills training available through the Sustainable Construction Centre in Dartford. In total, between 2007 and 2010 over 2,800 individuals received skills support focused on business start-up and over 10,750 employees received technical skills training through SEEDA's ESF Co-financing programme.

## ***Supporting the Space Sector***

May 2011 saw the launch of the **International Space Innovation Centre (ISIC)** at Harwell and its 'first spoke' the Surrey Space Centre. The South East has a 75% share (£4.5bn) of the UK space business and the launch of ISIC cemented the South East's leading role in this international sector. It also facilitated the addition of space as one of the priority sectors for the Government's new national Technology and Innovation Centres (TICs), recently branded as Catapult Centres. More information is available from:  
[www.innovateuk.org/deliveringinnovation/catapults.ashx](http://www.innovateuk.org/deliveringinnovation/catapults.ashx).

The formation of the Satellite Applications Catapult Centre is designed to provide access to advanced systems for data capture and analysis, supporting the development of new services delivered by satellites. It will also help accelerate the creation of the next generation of space related products and services. The Satellite Applications Catapult will also enable the UK to remain at the forefront of technological innovation and will help to deliver the economic growth and jobs set out in the Space innovation and Growth Strategy.

In 2011/12 SEEDA provided investment of £1.2m through the Technology Strategy Board (TSB) to support the development of the space sector. Of this, £500,000 went to collaborative R&D projects to stimulate innovation and growth across the space industry. The investment forms the core of the space agency's National Space Technology Programme and aims to help UK industry exploit the growth opportunities identified in the Space and Innovation Growth Strategy. Competitions for collaborative R&D funding were launched by the TSB in October 2011. The competitions will match-fund a range of projects with industry to develop commercial products and services using space technology or space derived data. This programme builds on SEEDA's support in 2010/11 to small businesses to help them access facilities at ISIC and the Surrey Space Centre.



A further £400,000 was also made available through the Technology Strategy Board to provide **innovation vouchers** for small and medium sized enterprises (SMEs) in the South East. Specifically, the vouchers have helped to fund SMEs to access facilities at ISIC and other 'space centres' across the UK. The remainder of SEEDA's investment in 2011/12 assisted set-up and network development at ISIC.

SEEDA's role in ISIC Surrey transferred to the Science and Technology Facilities Council (STFC) in June 2011 and the Agency's role in ISIC Harwell transferred to the Technology Strategy Board in September 2011.

### ***Other Innovation Support – a new aerospace composites facility***

SEEDA concluded the transfer, including residual budgets, of its five National Aerospace Technology Strategy projects to the TSB in January 2012. In the same month, GKN and Rolls Royce opened a new Composites Technology facility that will develop new composite aero engine components. The facility has been developed by a joint venture between Rolls-Royce and GKN Aerospace, to pilot pioneering manufacturing processes for aero-engine fan blades and fan-cases made of composite materials. Composite blades and cases are lighter than traditional metal components, but just as strong, and will therefore improve aero-engine performance and reduce fuel consumption by reducing the overall weight of the engine and hence the aircraft.

## **Bringing additional funding to support Growth - European Programmes and Projects**

The transfer of complex and highly successful European projects and programmes has been one of SEEDA's strategic priorities in preparing for the agency's closure, to ensure that the added funding and value brought by European funding were not lost to the region.

In 2011/12 SEEDA delivered some £5.2m of European income in addition to the Agency's single pot programme spend of £16.5m. This funding was either EU monies managed by SEEDA on behalf of partners (such as the UK government), or EU monies that SEEDA secured directly for the South East through an open bidding process. Furthermore, SEEDA made a match funding contribution of around £277k to a number of trans-national European projects from the Agency's 'single pot', which secured around £2.3m of (bid-for) EU funding in the period. Overall this gave a return on investment of around £8.40 for every £1 that SEEDA invested in pan-European projects.

One of the most significant European investments managed by SEEDA was the **European Regional Development Fund (ERDF)** programme, which transferred to the Department for Communities and Local Government (DCLG) on 1 July 2011. This programme continues to deliver for the region, with eight of the former SEEDA team transferring to DCLG with the programme. A fourth round of funding, originally launched by SEEDA in early in March 2011, is now supporting economic development projects in the region. The final transfer of funding to DCLG took place in March 2012 as part of the second statutory Transfer Order.

The effective transfer of the programme was a significant milestone for SEEDA; at the point of transfer the programme was in a strong position to achieve its 2011 spend target. The programme had also completed the first stage of a two stage selection process for the fourth round of European Regional Development Fund funding for the region; and SEEDA had received positive audit opinions for the programme.

In the period between April and June 2011, SEEDA invested £4.19m of funding through the **Rural Development Programme for England (RDPE)** managed by SEEDA on behalf of Defra; this funding is not included in the Financial Statements as the Agency acts as a managing agent for funding and assets. The Agency awarded grants to the value of £1.18m for projects to

support rural business and communities. Grants and awards were made directly by SEEDA as well as by locally based Leader Groups across the region. The Rural Development Programme for England transferred to the Department for Environment, Food and Rural Affairs (DEFRA) on 30 June 2011, along with seven staff.

Delivery momentum for both the ERDF and RDPE programmes was maintained throughout the transfers, which ensured stakeholders and project partners were not affected by the change in management and, importantly, that the value from both these programmes was maintained and built upon for the region going forward.

Over the last eight years SEEDA has co-financed and managed three **European Social Fund (ESF) programmes** to deliver £20m in training and skills development projects across the South East. The most recent programme concluded delivery in 2010/11, and the focus in 2011 has been on carrying out the planned final financial closure of the programme – including the management of the final claim, prior to transfer to the BIS Portfolio Management Office for retention of records. Within the South East, European Social Fund funding remains available within the region and is managed by the other co-financing organisations: JobCentre Plus on behalf of DWP, the Skills Funding Agency and the National Offender Management Service.

SEEDA has facilitated and led many **pan-European bids for funding** to support economic development interventions over the last 10 years. Some of these projects came to their natural conclusion during 2011. Others closed but have been transferred to BIS PMO for final closure as external issues have prevented SEEDA completing financial closure before the end of March. The Agency has withdrawn from a number of projects where contributions have been made and which remain live: Low Carbon Economy (POWER); Innovation for Societal Change (PEOPLE); Ports Adapting to Change (PATCH); Intelligent Transport in a Dynamic Environment (In-TraDE); Channel Arc Manche Integrated Strategy (CAMIS); European Pathway to Zero Waste (EPOW); and Connect to Compete (C2C) projects. These projects remain on-going by virtue of the wider partnership or transfer out to BIS.

Some projects have been transferred to new delivery partners in order that the region continues to benefit from them. For example, SEEDA's responsibilities under the European Marine Science Application Consortium (EMSAC), which is a 1.6m Euro project involving 10 partners from the UK, France and Sweden, were novated to Portsmouth City Council to continue delivery and protect the outcomes for the South East.

SEEDA has also transferred several of its live European projects to the Department for Business, Innovation and Skills. The High Speed Trains Integration (HST4i) project completed activity in December 2008, but remains a live project until final payment is received from the European Commission and dispersed to partners. Financial closure activity is being managed by BIS. Activity on POWER has concluded and BIS will undertake financial closure. The PEOPLE project will close in Spring 2012, as planned.

In cases where SEEDA has been unable to close projects at the end of their natural lifetime due to the European Commission negotiations with the DCLG (the national Managing Authority in the UK), the projects transferred to BIS on the 30 March 2012 under the second statutory Transfer Order. BIS will undertake financial closure. This is the case for both the Connect to Compete (C2C) and Ports Adapting to Change (PATCH) projects.

In other cases, where projects are continuing, SEEDA has withdrawn and passed its role and responsibilities to another partner in the project, to ensure that the project continues. SEEDA withdrew from the Intelligent Transport in a Dynamic Environment (In-TraDE) project in May 2011 and transferred its future budget and activities to Lille Polytechnic, the project's lead partner. The rights in this agreement to monitor the delivery of activity were transferred to BIS PMO on 1 January 2012 under the first statutory Transfer Order. SEEDA withdrew from activities

on the Channel Arc Manche Integrated Strategy (CAMIS) project in March 2011 and transferred its budget and activities to another partner in the project, the University of Chichester.

Notwithstanding closure, this year some terrific achievements were delivered from our European projects. Amongst these the **Solent to Midlands Advancement of Rail Transport project (SMART)**, designed to provide access for larger containers on the Southampton to Midlands line, won the award from the Rail Freight Group for 'Project of the Year' for 2011. In addition, to help provide a legacy from SEEDA's work, European Programmes such as POWER (a 5.8m Euro programme bringing seven partners together to share their experience on moving towards a low carbon economy) delivered a successful final event in Brussels to an audience of 120 delegates from all over Europe. The outcomes of the project were presented and received extremely positively by partners; and the policy roadmaps for each of the regions involved, which are a product from the programme, have been incorporated into SEEDA's legacy work.

## Creating an economic legacy for the London 2012 Games

Since 2005 SEEDA has led the South East activity programme that aims to deliver a legacy from the London 2012 Games to the SE of England. SEEDA's Chief Executive chairs the South East Partnership Board. The Agency has hosted key posts to support the London Organising Committee of the London 2012 Olympic and Paralympic Games (LOCOG) and has also funded a number of programmes that are delivering outcomes and long-term legacy impact, such as business support to access and utilise the 2012 Games procurement portal, CompeteFor. This is one area of SEEDA's business that has for obvious reasons continued during 2011/12 in the run-up to the Games later in 2012.

South East businesses have secured around 1,200 contracts created by the London 2012 Games. This equates to some £2.5bn extra economic investment within the region. Many businesses have used the opportunity provided by these contracts to diversify into new services and products, to innovate, and to increase the skills of their workforce.

In 2011/12, in terms of its leadership role, SEEDA successfully supported and influenced LOCOG to secure a substantial **Torch Relay route** in the region over a period of 10 days, including nine major evening celebration events that will bring the torch to over 120 different communities on the route during July. This will be a great opportunity for the South East to use the power of the media focus on the London 2012 Games to showcase to potential overseas investors the very best of its region – from cultural and historical locations and attractions to its commerce and expertise.

SEEDA also funded a programme (until February 2012) through **Tourism South East (TSE)** to support the region to maximise the tourism opportunity. To date through this programme alone over 3,000 individuals have been trained in customer service - 500 of whom have also learned specifically how to deliver exceptional customer service to those with disabilities. TSE has also engaged numerous key overseas media channels that will be coming to the UK for the London 2012 Games and that have been shown the places and stories in the region to film. The evaluation of the programme, which is underway, will report on the economic and social impact of the pre-games training camp programme, which has thus far secured 60 training camp agreements for the South East. Each training camp provides a direct benefit to the local economy as well as giving opportunities to build trade links with other nations.

## Economic Growth through Transforming Places

SEEDA's significant land and property portfolio was the subject of much work during 2011/12 to establish and agree a clear way forward for SEEDA's many complex sites in the heart of some of the most deprived areas of the region. Under Statutory Order by the Government, all RDA land and property assets and liabilities, projects, and some staff transferred to the Homes and

Communities Agency (HCA) in August 2011 (for the Coalfields) and September 2011 (other assets and liabilities) to be taken forward as part of a new national Economic Assets Programme. However, much of the work SEEDA set in train when the portfolio was in the Agency's ownership has delivered significant outcomes for the region over the last 12 months.

### ***SusCon, Dartford***

In October, SEEDA's investment of £1.9m towards the development of 'SusCon' – a pioneering training and demonstration centre for the sustainable construction industry at The Bridge, Dartford – came to fruition with the official opening of this industry-leading centre. The building itself has attained an 'Outstanding' sustainability BREEAM rating. This project, which was led by Dartford Borough Council and ProLogis, was also funded by the Homes and Communities Agency and the Skills Funding Agency.

### ***'The Base' Business Centre, Dartford***

The Base Business Centre also opened its doors in July 2011 and provides 30,000 sq ft of contemporary and flexible workspace which, it is estimated, will create 270 new jobs. The building, which was constructed by SEEDA on its former site at Dartford, is being run by Base Point, who specialise in accommodation for small and start-up companies and this is their fifth business centre in Kent.

Constructed in a partnership between SEEDA and the HCA, 'The Base' offers high quality managed workspace, including offices and studio workshops, for up to 75 businesses. The centre is used to encourage and support small and start-up companies in the North West Kent and Dartford area and is part of the wider regeneration of the Northern Gateway West area of Dartford town centre. It is hoped that this will help to create a hub for local entrepreneurs and encourage the business community in the area to grow even further by offering regular networking events and support groups, which will drive the much-needed support for the growth of the local economy.

### ***Northfleet Embankment***

Prior to transferring the site to the HCA, SEEDA worked closely with Cross Rail – and HCA now continue to do so – in order to progress negotiations to secure spoil arising from the Cross Rail tunnelling works. The intention is that this material will be used to carry out the necessary raising of the Northfleet Embankment site which will in turn allow it to be developed for employment and mixed-use. Using the spoil will represent a considerable cost saving to the taxpayer and thereby allow development to proceed more quickly. It will have obvious environmental benefits over using virgin material to make the site safe for development.

### ***Chatham Maritime – No.1 The Smithery***

As part of the significant, long term regeneration of the former dockyard sites in Chatham, SEEDA part-funded the restoration and creation of "No 1 The Smithery", originally an iron-working building, restored and re-opened in July 2010. It houses temporary exhibitions, permanent displays and stores of objects from the Chatham Historic Dockyard itself and from the National Maritime Museum and Imperial War Museum, particularly paintings and ship models. As a result the former dilapidated historic building won two prestigious awards from the Royal Institute of British Architects in 2011, the accolades taking into account elements such as ingenuity of design, effect of setting on surrounding building, quality of work and craftsmanship. It also received credit for the use of heritage in regeneration at the national Regeneration and Renewal Awards.

The new use has created a modern museum facility for National Treasures and a touring exhibition gallery. The building, which is at the heart of The Historic Dockyard in Chatham, has undergone a remarkable transformation from a decaying 'at risk' Scheduled Ancient Monument to a centre for national maritime collections and a state-of-the-art cultural venue, forming part of the cultural regeneration of Medway and the Thames Gateway. It provides touring and

permanent galleries, facilities for the collections of approximately 4,000 ship models, and education, events and support facilities.

### ***Queenborough and Rushenden***

Work has continued on the Queenborough and Rushenden scheme, which is a major regeneration programme in Kent located within the Thames Gateway area. SEEDA had been working together with The Crown Estate for some time on a comprehensive approach to the area that includes the major employment area known as 'Neats Court' in conjunction with major residential opportunities on land acquired by SEEDA. A masterplan was produced and adopted that sets out the objectives for the area that will include around 2,000,000 sq.ft of employment space, education, health and community facilities and around 2,000 new homes.

This year has seen some key milestones achieved, including the opening of the Rushenden Relief Road (now called Thompsett Way) on 24 November 2011, an event that represents the end of around £13m of investment and seven years of work with the local authorities and DCLG. The opening of this road is also a major step forward in bringing about the implementation of the masterplan as it now provides access to the residential and employment sites identified within the scheme.

The mixed use scheme on part of the Neats Court site, which will include a new food store, non-food retail warehousing, approximately 70,000 sq.ft of employment space, restaurant and public house, also took a step closer to realisation with the granting of planning consent. Development work is due to start later in 2012.

### ***Medway Super-hub – a new manufacturing facility for off-shore wind turbines***

SEEDA's brokerage and facilitation to make the most of off-shore wind opportunities in North Kent delivered a fantastic result for the region when in June 2011 Vestas announced their intention to build a factory in Sheerness to manufacture off-shore wind turbines, which could create more than 2,000 jobs in the local area. The company signed an options agreement with Peel Ports following SEEDA's work to bring together Peel Holdings, Vestas and Locate in Kent to look at the possibilities of local manufacture of a specialised blade that Vestas has developed especially for use in the North Sea. SEEDA's former site at Queenborough and Rushenden on the Isle of Sheppey provides the gateway to the Medway Superhub. Located just 10km from Sheerness, Queenborough and Rushenden is ideally positioned to provide high quality HQ and R&D facilities. With SEEDA's closure, 'BIS Local' will provide strategic oversight of progress and will ensure any problems are resolved, so as to secure this exciting venture.

### ***Turner Contemporary, Margate***

The Turner Contemporary Gallery, which opened in April 2011, received a top prize in the Regeneration and Renewal (national) awards in 2011 for the best use of arts in regeneration.

The Gallery received £4m of funding from SEEDA as part of a collaboration between the Arts Council and Kent County Council. It boasts 2,900 sq.m of floor space consisting of four gallery spaces, a café, young persons' gallery and multifunctional spaces for conferences, lectures and community events. The Gallery celebrates Turner's links with Margate through an exhibition of Turner paintings as well as Contemporary Art.

As an international venue, it creates new opportunities for the people of Margate and the local economy. Since the opening of the Gallery, visitor numbers have far exceeded the original estimate of 156,000 visitors per annum with more than 300,000 by November 2011, including a significant number of repeat visits. The local economy has started to see positive results, with new shops and cafés opening in the Old Town of Margate and more than 200 direct and indirect jobs created.

### ***New Marlowe Theatre, Canterbury***

At the beginning of October 2011 the New Marlowe Theatre in Canterbury opened its doors - a project invested in by SEEDA and a catalyst for Canterbury, which has placed culture at the heart of its economic development. The new theatre boasts a 1,200 seat auditorium, a second smaller studio auditorium, foyers and bars, a restaurant and a riverside walk.

### ***West Medina Mills, Isle of Wight – Vestas R&D Centre***

In June 2011 Vestas opened its new global Research and Development centre near to their existing operation on the Isle of Wight, creating an additional 100 jobs with a further 275 to come. The centre will concentrate on developing blade technology for global application.

### ***Whippingham Isle of Wight***

Rolls Royce and GKN's £14.8m Composite Technology CTAL facility employs 70 highly skilled engineers on the Isle of Wight and was supported with £7.4m in funding from SEEDA (£2m of which will be paid by BIS following the transfer of the project). The funding is to pilot pioneering manufacturing processes for aero-engine fan blades and fan-cases made of composite materials. Lighter, but as strong as traditional metal components, composite blades and cases will improve aero-engine performance and reduce their environmental impact by reducing the overall weight of the engine. SEEDA also helped with the necessary planning and land assembly activities.

### ***Woolston Riverside***

The first units of the Centenary Quay development have been completed at Woolston Riverside as part of Crest Nicholson's £500 million development. When the development is completed the site is expected to provide 1,620 new homes (of which 25% will be affordable), a Marine Employment Quarter, a foodstore, a range of mixed use office and retail spaces for businesses, a hotel, restaurants and cafes. The development is also expected to create up to 1,000 permanent new jobs.

### ***Havant Enabling Infrastructure (Rusty Cutter)***

Access to Harts Farm Way site in Havant improved significantly in autumn 2011 with the opening of the Bedhampton (Rusty Cutter) junction. This joint scheme between SEEDA and Hampshire County Council to improve peak traffic flows across the Bedhampton Gyratory roundabout will enable the further development of the nearby Harts Farm Way site. The development of this strategic employment site is expected to create 800 new jobs.

### ***Tipner Gateway to Portsmouth***

SEEDA has worked closely with local partners, Portsmouth City Council and other landowners to bring this large derelict and under-utilised site at the gateway to Portsmouth City to the point at which it can be regenerated. Planning permission has been secured for a large mixed-use development and a new motorway junction. Subject to the DfT's final decision on the funding, works will start on the new motorway junction in late Summer 2012.

The part of the site owned by the Agency has been cleared and a preferred contractor has been appointed for decontamination work to deal with long-standing issues of environmental contamination, as set out in SEEDA's plans for 2011/12 investment handed over to the Homes and Communities Agency on the transfer of our portfolio.

## **Managing the Closure Programme**

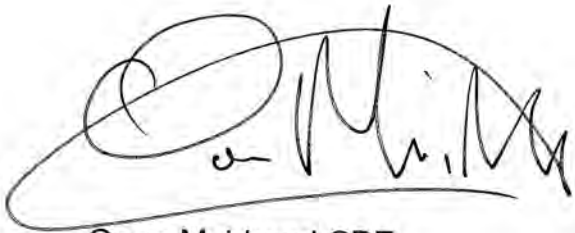
SEEDA's closure programme was designed in summer 2010 drawing on best practice in programme and project management. All SEEDA's activities and teams were focussed in cross-functional teams around the delivery of Agency closure through "closure workstreams". These workstreams have tackled everything that needs to be done to close a major and complex organisation cleanly: the review of some 4,000 archive boxes; closure of over 500 projects, with

just a handful remaining that will now transfer to the BIS Portfolio Management Office; closure or transfer of SEEDA-led websites and domain names; SEEDA has withdrawn from all partnerships with the exception of those relating to the 2012 Games; and withdrawn from nine special purpose vehicles. These are just some of the hundreds of tasks needed to close an Agency and SEEDA was pleased that its internally-commissioned independent Gateway Review of the programme concluded in May 2012 that SEEDA had delivered the objectives of its closure programme effectively and efficiently. The earlier assessment of the BIS-commissioned Office of Government Commerce Review of the total RDA Transition and Closure Programme was that the programme, while rated an 'amber/green' at the point of its writing, would move to Green on 31 March 2012 when all RDAs closed operationally. This is a terrific commendation for all the efforts made by RDA staff.

## **PROGRESS AGAINST CORE OUTPUT TARGETS**

At the point at which SEEDA's on-going projects and assets were transferred to other organisations so too have the related targets and outputs, for the recipient body to deliver from the date of transfer and to report on using their own reporting mechanisms. So, for example, the jobs to be created through development of SEEDA's land and property assets are now for the Homes and Communities Agency to deliver.

SEEDA has nonetheless been responsible for delivering outputs and targets from projects and activities prior to transfers and in relation to projects and functions that SEEDA has closed. In a number of other cases, outputs have been achieved in 2011/12 from funding provided by the Agency in earlier years. Overall, SEEDA has exceeded on most of its targets, for example on the amount of private sector leverage and numbers of businesses created and supported. This is a huge testimony to SEEDA's delivery partners during a challenging year.



Oona Muirhead CBE  
Chief Executive  
Date: 7 June 2012

# 4. DIRECTORS' REPORT

## 4.1 Introduction

The South East England Development Agency was established under the provisions of the Regional Development Agencies Act 1998. The Agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency became fully operational on 1 April 1999. On 22 June 2010 the Government announced its plans to close the Agency, along with all other RDAs, by the end of March 2012 in operational terms, with a small handful of staff remaining up to the end of June 2012 to finalise the accounts. The Agency's formal closure will be by means of an Abolition Order, likely to come into effect on 1 July after these accounts have been laid in Parliament.

### Principal Activities

The Agency's principal activities as set out in the 1998 RDA Act were as follows:

- to further the economic development and the regeneration of the South East;
- to promote business efficiency, investment and competitiveness;
- to promote employment;
- to enhance the development and application of skills relevant to employment; and
- to contribute to the achievement of sustainable development.

### Abolition of the Agency

The Agency ceased operations on 31 March 2012 and in preparation for closure transferred its interests in a number of functions to other Government bodies. The detail of the transfers are set out in pages 10-12 of the Management Commentary. Given the transfer-out or closure of all the Agency's operational functions by 31 March 2012, the Agency is deemed no longer to be a Going Concern and the financial statements have therefore been prepared on a basis other than Going Concern (see Accounting Policy 1.2 in the notes to the accounts).

### Audit Services

The Comptroller and Auditor General is appointed by statute to audit the South East England Development Agency, and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The costs incurred in relation to services provided by the Comptroller and Auditor General for the audit of SEEDA's financial statements in 2011/12 were £98,800. The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources. No other services were provided by the National Audit Office.

### Consultancy

No funding was spent on policy consultancy work which is the standard definition of consultancy. However, SEEDA has contracted for specialist and technical advice including for example external legal or contractual advice which in the public sector is sometimes also classed as consultancy.

### Financial instruments

At the reporting date, the financial assets of the Agency were held as bank balances. A description of SEEDA's risk management policies in relation to financial instruments is given in Note 21 to the accounts.

### Political and Charitable donations

No political or charitable donations were made by the Agency.



## **Transparency of Expenditure**

As part of our commitment to openness and transparency SEEDA publishes details of all financial transactions with a value of over £25,000 on our website. In line with guidance from the Department for Business, Innovation and Skills this information covers all parts of the Agency and includes both programme and administrative spend, except those staff-related payments that are exempt from publication.

## **4.2 SEEDA Board**

The SEEDA Board, appointed by the Secretary of State for Business, Innovation and Skills (BIS), comprised the Chairman, 11 members and 3 vacancies as at 31 March 2012. The Board is responsible for setting the strategic direction of the Agency and for establishing its policies. With the Chief Executive, the Board ensures that the public funds with which the Agency is trusted are used appropriately for the benefit of the region and deliver value for money in meeting the Agency's objectives, including the delivery of SEEDA's Closure Programme. The Board will continue in being until the Abolition Order comes into effect, likely to be on 1 July 2012, and will then be dissolved by the Department for Business, Innovation and Skills.

### **Accountability of the Board and Agency**

The Board is accountable to the Government and to Parliament. Since April 2010 and the announcement of RDA closure our parent Department, the Department for Business, Innovation and Skills (BIS), has taken a more direct role in the scrutiny of SEEDA's operations. For example, SEEDA's Accounting Officer has on a quarterly basis made a report to the Department on the Agency's operations and forecast financial commitments in relation to both SEEDA's 2011/12 Business Plan and the Agency's closure programme and costs.

SEEDA has also been subject to close external scrutiny in relation to our Closure Programme. The first 'Peer Review' by BIS to evaluate progress of individual RDA Closure Programmes, including the examination of risks, key performance indicators and issues, took place in March 2011. A second review took place in October 2011 to examine outstanding issues, risks and actions required to conclude the Agency's closure programme operationally by 31 March 2012, and for non-operational matters by June 2012.

SEEDA itself has subjected its Closure programme to internal scrutiny independent of the closure programme, through three "mini" OGC Gateway Reviews at the end of each phase of the programme. The first review took place in October 2010, followed by a second in summer 2011, and a final review between February and May 2012. The final review, led by SEEDA's Head of Internal Audit, tested whether the outcomes and objectives of the Closure Programme had been achieved, and also what governance arrangements were appropriate for the final few months up to June 2012. This review concluded that SEEDA had delivered the objectives of its closure programme and had carried out its business through to operational closure in full compliance with financial and other guidance from BIS.

Members of Parliament are able to raise Parliamentary Questions regarding SEEDA's activities. In 2011/12 SEEDA provided responses to six individual requests for information made via Parliamentary Questions.

SEEDA is also open to scrutiny by members of the public through Freedom of Information Act 2000 requests (Fols) and Complaints. During 2011/12 SEEDA received 36 Fols and 2 complaints. Neither of these complaints were accepted for investigation by the Parliamentary Ombudsman.

SEEDA maintains a Register of Board Member's Interests which is available on the SEEDA website (and now on the BIS website). In addition, Members declare their interests to the Board in any transaction involving the relevant organisations and may be withdrawn from participating

in any discussions or vote on any related matters. SEEDA complies with the standard RDA Code of Best Practice for Board members.

## SEEDA Board Members

The SEEDA Board members during 2011/2012 were:

Robert Douglas CBE	Chairman	
Keith Riley	Deputy Chairman	
Richard Ascough	Cllr Jeremy Birch	Dr. Dolores Byrne OBE
Pamela Charwood	Prof. Julian Crampton	Les Dawson OBE
Imtiaz Farookhi	Cllr Andrew Finney	Robert Goldfield
Cllr Keith House	Cllr Keith Mitchell CBE	Alex Pratt OBE

## SEEDA Non Executive Board Members at 31 March 2012

**Rob Douglas CBE**, appointed in 2009, is the SEEDA Chairman. He is a business consultant with wide experience in both the public, private and voluntary sectors. Prior to his consultancy Rob was a senior executive with Royal Dutch Shell where he held a number of senior general management positions. Rob is a member of SEEDA's Remuneration Committee. He is a Board Member of the Higher Education Funding Council for England and has been appointed as the Chair of the UK Space Agency Steering Board. He was a non-executive Director of SEEDA from 2001 to 2007, becoming a Deputy Chairman in 2003. Since 2004 he has been on various advisory boards at the Department for Business, Innovation and Skills and its predecessor bodies, DTI and BERR.

**Keith Riley**, appointed 2007, is SEEDA's Deputy Chairman. As Managing Director, Technology of Veolia Environmental Services plc, he has a wide experience in recycling & waste management, particularly working with local authorities. He is also a Board member of the Institute for Sustainability. Keith chairs the Assets and Liabilities Committee and the Remuneration Committee.

**Richard Ascough**, appointed 2009, is Regional Secretary of the GMB Southern Region. Richard is the Trade Union representative on the Board. He is a member of SEEDA's Remuneration Committee.

**Cllr Jeremy Birch**, appointed 2008, is Leader of Hastings Borough Council and is a member of East Sussex County Council. He also serves on the regional council of the Arts Council for the South East and is a non-executive director of Hastings and Rother Primary Care Trust. Jeremy served as a member of SEEDA's Audit Committee for part of 2011. Jeremy came to the end of his term as Board member in December 2011 and was not replaced.

**Dr. Dolores Byrne OBE**, appointed 2007, is a non-executive director of the Sector Skills Council for Science Engineering and Manufacturing Technology (SEMTA). She was MD Innovation for QinetiQ, an international defence and security company until 2010 and also Vice-President of the Association of Independent Research and Technology Organisations. Dolores is a member of the Assets and Liabilities Committee and of the Audit Committee.

**Pamela Charwood**, appointed 2006, brings to the Board the perspective of the voluntary and community sector. She is also a non executive director and Vice Chair on the Board of the Southern Health NHS Foundation Trust, and a governor of Treloar School and College for disabled young people. Pamela chairs the Audit Committee.

**Prof. Julian Crampton**, appointed 2009, is the Vice-Chancellor of the University of Brighton and has a special interest in molecular biology and biotechnology. He is Chairman of Hastings and

Bexhill Renaissance Limited; Chair of the Hastings Academies Trust; Vice Chair of the Royal Pavilion and Museums Foundation and a Board member of the NHS Postgraduate Deanery for Kent, Surrey and Sussex.

**Les Dawson OBE**, appointed 2008, retired in July 2010 as CEO of Southern Water, the largest supplier of water and waste water services in the South of England. Les is a member of the Assets and Liabilities Committee.

**Imtiaz Farookhi**, appointed 2004, was Chief Executive of the National House Building Council until 29 February 2012. NHBC provides warranty, risk management and regulatory services to the UK house building and construction industry. Imtiaz is a Board Member of London Thames Gateway Development Corporation. He is also a member of SEEDA's Assets and Liabilities Committee.

**Cllr Andrew Finney**, appointed 2009, was Conservative Leader of Basingstoke and Deane Borough Council until he stood down on 15 December 2011 to become Cabinet Member for Economic Strategy & Development. Andrew is currently Vice Chair of the Local Strategic Partnership; is a Board member for Enterprise M3 Economic Partnership; and Trustee of Queen Mary's Foundation Trust and education charity. Andrew is a member of the Audit Committee.

**Bob Goldfield**, appointed 2006, is Chief Executive of Dover Harbour Board and represents the business sector. Bob served as a member of the Assets and Liabilities Committee. Bob came to the end of his term as Board member in December 2011 and was not replaced.

**Cllr Keith House**, appointed 2009, is the Liberal Democrat Leader of Eastleigh Borough Council as well as a Hampshire County Councillor and a Board member of the Homes & Communities Agency. Keith was previously a SEEDA Board Member from 2002-2008. He is a member of the Assets and Liabilities Committee.

**Cllr Keith R Mitchell CBE**, appointed 2008, is a qualified Chartered Accountant. He has served as a County Councillor for the Bloxham Division comprising the villages of Adderbury, Bloxham, Bodicote, Milcombe and Milton and has been the Conservative Leader of Oxfordshire County Council since 2001. Keith is a member of the Remuneration Committee and the Audit Committee.

**Alex Pratt OBE**, appointed 2006, is founder of Serious Brands Ltd, which manufactures high-grade reading and task lights. He has worked in a number of areas including global innovation, exports, and business support for BIS and represents the business sector. Alex was awarded the Queens Award for Enterprise Promotion in 2011. Alex had chaired SEEDA's business advisory Board the Business Development Advisory Group and led a number of workshops for businesses and Local Enterprise Partnerships held as part of SEEDA's closure.

## 4.3 Board Committees

Since April 2011 the Board itself took on the role of detailed oversight of the closure programme. At each Board meeting the Board has considered an in-depth progress report on closure, including reviewing risks and KPIs and any necessary management action in hand. Senior BIS representatives have also attended Board meetings so as to have a good insight into progress on closure. The Board will continue in being until abolished by BIS through the RDA Abolition Order, expected to be on 1 July 2012 after all RDAs' Accounts have been laid in Parliament.

All other Board Committees have also focused on assisting in the strategic direction and delivery of SEEDA's Closure Programme. All 'Advisory' SEEDA Board Committees came to an end during 2010/11. Those Committees that remained were to assist in the management of the Agency's Closure Programme and related matters. During 2011/12 the Board Committee structure was as follows:

## Management Committees

**Assets and Liabilities Committee (formerly Major Projects Committee):** The Major Projects Committee was re-named in May 2011 to become the “Assets and Liabilities Committee” and had its Terms of Reference re-drafted to focus its role, under delegated authority from the SEEDA Board, on supporting and directing the delivery of SEEDA’s Assets and Liabilities Plan, in particular relating to land and property, as approved by the Department for Business, Innovation and Skills. The Committee also had oversight of the transfer of SEEDA’s land and property assets and liabilities to the Homes and Communities Agency. Following the transfer to the HCA in September 2011 the Committee has not needed to meet, but still formally existed until the end of the financial year.

Members as at 31 March 2012 were: Keith Riley (Chairman), Imtiaz Farookhi, Les Dawson OBE, Cllr Keith House and Dr. Dolores Byrne OBE. Bob Goldfield also served during 2011/12.

**Remuneration Committee:** As well as delivering in relation to its formal Terms of Reference, the Remuneration Committee provided scrutiny of SEEDA’s Workforce Plan over the period to closure, including of the size and shape of the leadership team. This provided both a critical friend to the structure to deliver the 2011/12 Business Plan, and also assurance to the Board on the staffing levels required, taking account of a 50% reduction in Administration budget allocation in 2011/12 by comparison with 2010/11. The Committee also reviewed and provided assurance around the payment of exit costs to members of the Agency’s top management team - SEEDA’s Executive Director Business Programmes Closure and Transfer and SEEDA’s HR and Corporate Services Director. The Remuneration Committee continued in existence after the end of March 2012 so as to provide further assurance about the release of staff exit payments.

Members as at 31 March 2012 were: Keith Riley (Chairman), Rob Douglas CBE, Cllr Keith Mitchell CBE and Richard Ascough. The Chair of the Audit Committee Pamela Charlwood attends meetings of the Remuneration Committee.

## 4.4 Audit Committee

### Role of the Audit Committee

The main purpose of the Committee is to give advice to the Accounting Officer and the Board on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk, control and governance. The Committee acts in an advisory capacity only on audit matters and has no executive powers. The Committee reviewed its Terms of Reference in May 2011 and made some amendments to ensure they provided robust assurance on a number of audit and governance matters relating to SEEDA’s closure. Its objectives are to advise the Accounting Officer on:

- the strategic processes for risk, control and governance;
- the accounting policies and accounts of the organisation;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity;
- assurances relating to the corporate governance requirements of the organisation.

Members of the Committee are appointed by the Board for fixed terms. Members as at 31 March 2012 were as follows:

- Pamela Charlwood (Chair)
- Cllr Andrew Finney
- Cllr Keith Mitchell CBE
- Dr. Dolores Byrne OBE
- Jeremy Birch also served during 2011.

## **Delivery of Formal Responsibilities**

During 2011/12 the Audit Committee met on seven occasions to perform its functions in accordance with HM Treasury's Audit Committee Handbook. The minutes of these meetings and an annual report on the Audit Committee's activities were presented to the full Board.

## **Key Performance Indicators**

Key performance indicators (KPIs) relevant to the Audit Committee are the grading given in internal audit reports and the number of outstanding internal audit recommendations. In addition, the Committee has a particular interest in the KPIs of the Finance, Assurance and Performance Management work stream of SEEDA's Closure Programme.

## **Stakeholder Relationships**

Effective working arrangements were in place with the National Audit Office whose representatives attend Audit Committee meetings on a regular basis. The National Audit Office particularly valued the insight it gets into SEEDA's operations from Audit Committee attendance, and SEEDA valued the advice and guidance provided by NAO representatives.

## **Internal Financial Control and Risk Management Systems**

In order to provide assurance the Audit Committee reviewed the Audit reports covering those areas which were presented to it by Internal Audit. The Committee also particularly reviewed the financial control issues presented by the Executive Director Business Programmes Closure and Transfer and by the Finance & Performance Director.

## **Internal Audit Function**

During 2011/12 the internal audit function was undertaken by South Coast Audit, a consortium hosted by the Sussex Community NHS Trust.

Internal Audit reviewed critically the Internal Audit Strategy and Plan in the light of SEEDA's closure to ensure it adequately focussed on the risks associated with closure. The Internal Audit Strategy and Plan, the executive summaries of individual Internal Audit assignments, reports on the implementation of recommendations, progress reports and the Internal Audit Annual Report and Assurance Statement were reviewed by the Audit Committee.

## **4.5 Senior Executive**

The Executive Directors were responsible in 2011/12 for driving forward and delivering a robust, professional, compliant and cost-effective closure of the Agency. This included continuing to deliver – through the closure period - the programmes through which the Agency supported economic development outcomes for the South East, and either transferring these to successor bodies or closing them down. The Executive Directors also had corporate responsibility, with the Chief Executive, for the running of the Agency.

Members of the SEEDA senior executive during 2011/12 were:

Oona Muirhead CBE	Accounting Officer (from 5 April 2011) and Chief Executive from 5 July 2011; Senior Responsible Owner for SEEDA's Closure Programme. Prior to July 2011 she was SEEDA's Group Executive Director Strategy & Resources.
Pam Alexander OBE	Chief Executive until 5 July 2011 when she stood down and was subsequently made redundant.
Lee Amor	Executive Director, Enabling Infrastructure and Development until 18 September 2011, when he transferred to the Homes

and Communities Agency.

Dr. Susan Priest

Executive Director, Business Programmes Closure and Transfer (previously Executive Director Business Development)

In March 2011 the Board agreed that the move to closure had changed the role of Chief Executive significantly from its original remit and that Pam Alexander would step down as Chief Executive on 5 July 2011 at the same time as a significant number of staff were made redundant.

The Board also agreed that – to provide clarity over accountability and decision-making - at the start of the consultation period on 5 April the role of Accounting Officer and Chief Executive Designate should be taken on by Oona Muirhead. On 5 July Oona assumed the role of Chief Executive and the executive team thereby reduced further, from four to three. Lee Amor subsequently transferred to the Homes and Communities Agency on 19 September 2011 along with SEEDA's land and property portfolio, reducing the size of the Executive team to two, supported by the HR Director and the Finance & Performance Director.

## 4.6 Human Resources

The Human Resources team led on the design and implementation of the 2011/12 Workforce Plan to support achievement of the objectives of the Closure Programme. To give assurance to the Executive Closure Board, the following Performance Measures were implemented and monitored through the financial year:

### **i) Employee Engagement:**

*To develop a highly motivated 'single team' culture that ensures the effective delivery of the SEEDA 2011/12 Closure Business Plan.*

### **ii) Employee Support:**

*In support of objective 1, to provide robust outplacement interventions to enable staff to feel confident in securing their future and motivated to deliver the closure.*

### **iii) Resource Management:**

*To maximise the impact of SEEDA's overall resources in order to deliver closure objectives.*

### **Workforce Plan and Closure incentives**

All Closure tasks were allocated to staff individually and the timing of each employee's exit on redundancy was decided against their closure activities (Closure Check List). Decisions on the completion of the Closure Checklist were taken by the Executive collectively, emphasising the importance placed on assurance at the point of an individual's departure. Confirmation of the completion of closure tasks was a precursor to the release of payment of any compensation in lieu of notice, a key incentive to ensure that all individuals were focussed on their SEEDA closure tasks right up to the point of their departure. Decisions on the departure of the Chief Executive, the Finance Director and other remaining staff will be taken by the SEEDA Board in June 2012 in the light of the completion of this Annual Report and Accounts and their certification by the Comptroller and Auditor General.

During the course of 2011/12 staff numbers were reduced as closure milestones and objectives were achieved. Our non-permanent workforce was reduced from 18 on 1 April 2011, to 6 on 6 July 2011. Our permanent workforce numbers reduced in stages throughout the financial year as programmes were closed or transferred: from 213 permanent staff (205 Full Time Equivalents) and 10 non-permanent workforce on 31 March 2011 to 20 permanent staff (19.81 Full Time Equivalents) and 0 non-permanent workforce on 31 March 2012.

Staff absence due to sickness was 2.66% during the 2011 calendar year, 0.09% below SEEDA's target (2.75%) and 0.25% below 2010/11 (2.91%). This was a significant achievement at a time of unsettling change for the Agency's workforce, with each individual having to cope with the loss of their employment.

### **Organisational Development**

SEEDA's organisational development priorities during the financial year were to prepare the Agency for moving to closure while keeping staff motivated up to their departure on redundancy, through for example the provision of support for their futures post-SEEDA. A significant outplacement programme was put in place in March 2011, working with various partners in the locale, including Guildford College, with over 600 attendances at various workshops throughout the year.

SEEDA also continued, as in 2010/11, to support the loan of individuals to partner organisations where this could be managed alongside delivering closure tasks. This approach, supported by BIS in SEEDA's second Peer Review, has helped knowledge transfer and thereby to deliver legacy, as well as energising and motivating staff seeing their experience and knowledge being put to good use by others.

Through discussions with Government departments and successor bodies, SEEDA was also able to transfer 48 staff to other bodies, thereby securing employment for individuals, and contributing to a reduction in SEEDA's staff related Closure budget from that originally estimated by around £1.5m.

### **Remuneration and Pension**

SEEDA continued to implement the Public Sector Pay Freeze throughout 2011/12.

The treatment of pension liabilities and the relevant pension scheme details are set out in Note 7 to the Annual Accounts and in the Remuneration Report on page 35 of this Annual Report.

Contractual bonuses for performance in 2010/11 for the Chief Executive and Executive Directors were evaluated and approved by SEEDA's Remuneration Committee in accordance with the respective contracts of employment of the individuals concerned and paid during 2011/12. Contractual bonus decisions by SEEDA's Remuneration Committee were required to be submitted to the Senior Remuneration Oversight Committee of the Department for Business, Innovation and Skills for the three Directors whose salary was more than £100,000. These three bonuses for performance in 2010/11 were approved but reduced. Contractual bonuses for performance in 2010/11 were not paid to any Executive Director who left the Agency prior to July 2011, in line with SEEDA's policy. SEEDA's Remuneration Committee also agreed the Agency's proposals for non-contractual bonuses for staff performance in 2010/11 in line with the Agency's delegated authority from BIS. In particular, the Committee endorsed the recommendation that bonuses should be paid only to those individuals demonstrating the very highest level of performance (no more than 5% of staff), or to those who delivered time limited projects to an exceptional quality, with the latter receiving 'Special Recognition Payments' of £1,000. This resulted in the payment of a total of £58,442 to 28 employees for performance in 2010/11: 10 bonus awards and 18 Special Recognition Payments.

The Executive, with the support of the Remuneration Committee, decided not to pay end-year bonuses at the end of 2011/12 for performance in the same year (2011/12), but – in line with SEEDA's delegated authority from BIS - to reward a small number of individuals who had delivered special achievements through in-year 'Special Recognition Payments'. Seventeen staff received payments of up to £500 each; a total of £7,300. No payments were made at Executive Director level.

## **Exit Payments**

All SEEDA staff are entitled to receive redundancy compensation in line with the Civil Service Compensation Scheme (CSCS). SEEDA received approval from the Government to offer voluntary redundancy terms to all staff being made redundant as a result of SEEDA's closure. These terms, in line with the terms of the CSCS, provide for the payment to all staff up to 3-months Compensation in Lieu of Notice on the completion of all closure tasks and activities. The total cost of Compensation in Lieu of Notice for 138 of SEEDA staff made redundant under these terms since 1 April 2011 is some £1.7m, including costs accrued for staff leaving in 2012/13.

In order to ensure the effective closure of the Agency, work was carried out at the start of the closure process to determine those staff with very highly specialist skills and corporate knowledge and experience. It was concluded that securing the retention of these staff to oversee the smooth and solvent closure of the Agency would ensure particular value for money, safeguard the taxpayer's interest in making best use of the significant public assets that the RDAs have owned, and negate the need for engagement of consultancy resource which would have been at a greater cost.

Following the identification of a very small number of staff at the end of 2010 as having especially important skills and experience needed to achieve the cost-effective and compliant closure of the Agency, the Agency received agreement from the Government to offer retention incentives to these staff. In the event some staff transferred with their functions to other bodies taking their critical skills and experience with them, leaving nine staff in receipt of retention payments at a total cost, should all nine receive the payments, of £343,307. Four members of staff were awarded retention payments totalling £144,336 in 2011/12 in line with the government's framework, with five others potentially due to receive payments in 2012/13 up to a maximum of £198,971.

## **Staff Consultation**

SEEDA's Joint Staff Council met regularly during 2011/12 to discuss a range of employee-related issues, including the organisation-wide Redundancy Consultation period, the closure of SEEDA and implications on staff, efficiency savings and outplacement programme. SEEDA also maintained a productive working relationship with its recognised union, PCS. The Joint Staff Committee was closed in March 2012 with the agreement of the staff side.

## **Equality and Diversity**

As defined in guidance from BIS dated 19 January 2012, SEEDA was given an exemption from including an Equality and Diversity Statement as SEEDA's headcount for 2011/12 fell below the statutory minimum required to report.

## **Health and Safety Policy**

The Health and Safety Policy adopted by SEEDA met the legal requirements to provide and maintain a safe working environment. The policy was approved by the Chief Executive and Executive Management Team and implementation was monitored by the Head of Facilities. The management process involved training and cooperation of all employees to identify hazards that could be a risk, and production of risk assessments including control measures. These control measures were used to assist in implementing standards to consistently improve the workplace.

## **Better Payment Practice Code**

Since April 2011, 95% of undisputed invoices were paid within 3 days, against the Government's target of 80% within five days.

## **Communications**

Throughout SEEDA's closure programme the Agency maintained regular engagement with over 600 stakeholders. This included letters to update partners and stakeholder on matters relating to budgets and the transfer of programmes and functions to successor bodies, so as to help partners and stakeholders engage with the new economic development landscape and to



support the transfer of knowledge. In line with statutory requirements, SEEDA held an Open Public Meeting on 13 December 2011. SEEDA's external website was maintained and updated with information on legacy and transferred functions; it has now been permanently preserved by The National Archive for future reference.

### **Sustainability Policy and Environmental Management**

As defined in BIS Guidance dated 19 January 2012 SEEDA was given an exemption from including a Sustainability Policy and Environmental Management statement as SEEDA's headcount for 2011/12 fell below the statutory minimum required to report.

### **SEEDA's Office Estate and Office Assets**

SEEDA disposed of its office in Brussels in June 2011 and in September handed over its Chatham Office to BIS for the use by the Skills Funding Agency and the Homes and Communities Agency. The Agency retained its office in Guildford, which was handed over to the Department for Business, Innovation and Skills on 31 March 2012. SEEDA's surplus furniture and ICT equipment was disposed of via a contractor approved by the Disposal Services Authority, a government agency responsible for the disposal of surplus public sector assets at best value for the taxpayer. Receipts from the sale of office equipment during 2011/12 were returned to SEEDA and any receipts from the sale of equipment taking place after the 31 March 2012 will be returned to the Department for Business, Innovation and Skills (BIS).

## **4.7 Risk Management**

The Agency's Risk Management Strategy and details of the key risks facing the Agency throughout the transition to closure are described within the Governance Statement at page 43.

## **4.8 Subsidiary Companies**

A list of subsidiary companies is included in the full financial statements at Note 13, together with a description of SEEDA's withdrawal from each of these companies.

## **4.9 Financial Review**

The financial results for the period ended 31 March 2012 are set out in the attached Financial Statements. Most expenditure was covered by Grant-in-Aid from the Government, which is taken directly to Taxpayers' Equity. The format of the Accounts conforms to the Government Financial Reporting Manual.

SEEDA was mainly funded by Central Government via the Department for Business, Innovation and Skills. The funding resource for RDAs was indicated in the Treasury's Comprehensive Spending Review. A 'Single Pot funding' formula was then applied by BIS, which provided the total allocation of the annual resource – including direct Grant-in-Aid and capital receipts. The BIS resource allocation was provided in a 'Single Pot', including any ring fenced amounts.

Apart from the BIS resource allocation described above, SEEDA acted as accounting body for a number of other funding streams until the point at which they were transferred or closed. These included the Kent Coalfields programme, which was administered by SEEDA on behalf of the Homes and Communities Agency; the ERDF Competitiveness Programme; the European Social Fund; EU Interreg Programme; the Rural Development Programme for England; and the CLG Sustainable Communities Fund for growth areas in Kent. These programmes all transferred from SEEDA during the course of 2011/12. SEEDA did not draw down the maximum European Social Fund receipt potentially available to the programme, following a financial adjustment decided by the European Social Fund Division of the Department for Work and Pensions (DWP), and funded the shortfall from its Single Pot budget.

SEEDA carried out its operations in such a manner as to ensure that spending commitments did not exceed the indicative level of funding as laid out in the Treasury Spending Reviews, as notified by BIS.

The capital structure of SEEDA is shown by way of Taxpayers' Equity, mainly funded through the BIS annual Grant-in-Aid allocation. The attached audited Financial Statements provide more information about the specific figures for SEEDA as at 31 March 2012. The value of Taxpayers' Equity as at 31 March 2012 was £2.4m for SEEDA. By comparison with last year this was a decrease in Taxpayers' Equity of £18.3m (2011 £20.7m restated).

### **SEEDA's 2011/12 Budget**

SEEDA's Single Pot programme budget from BIS for 2011/12 was £26.987m with a further £5.5m funded through rental receipts. A total budget of £8.138m was transferred to the Homes and Communities Agency under the transfer of SEEDA's infrastructure activities. There was a further reduction of £7.582m in the Winter Supplementary budget reallocation, leaving a programme budget for the year of £16.767m (with spend against budget of £16.5m).

SEEDA had an administration budget for the year of £10.357m; 50% of its 2010/11 allocation. BIS also allocated a closure budget of £14.4m to SEEDA. During the year regular monitoring of the Workforce Plan and the implementation of staff transfers to other organisations enabled SEEDA to reduce staff and admin costs, and closure costs. Staff/admin costs reduced to £8.9m (including costs transferred in year to the HCA for transferred staff) saving some £600K, and closure costs reduced to £11.4m including future lease costs and dilapidations (now transferred to BIS) saving just over £3m.

SEEDA continued to apply the available funds to achieve performance targets and operational requirements as set out by the Government in previous years as well as to professional and clean closure.

### **4.10 Audit and Controls**

The Agency and the Chief Executive are responsible for ensuring that there are appropriate controls over any publication of the financial statements, including the publication of the National Audit Office audit report on the Agency's website and in other electronic forms.

As far as the Chief Executive is aware, there is no relevant audit information of which SEEDA's auditors are unaware, and the Chief Executive has taken all the steps she ought to have taken to make herself aware of any relevant information and to establish that the Agency's auditors are aware of that information.



Oona Muirhead CBE  
Chief Executive  
Date: 7 June 2012

# 5. REMUNERATION REPORT

## 5.1 Remuneration Committee

The SEEDA Remuneration Committee comprises four Board members: Keith Riley, the Chairman of this Committee, Rob Douglas CBE, (SEEDA Chairman), Cllr Keith Mitchell CBE, and Richard Ascough. In 2011/12 the Chair of the Audit Committee Pamela Charlwood was also in attendance during meetings, to ensure the linkage between workforce planning and assurance around closure. The formal duties of the Committee are to:

- consider proposals for the Chief Executive's and Executive Directors' salary scales and terms and conditions;
- consider the performance and remuneration of the Chief Executive and, if they wish, the performance and remuneration of the Executive Directors; and
- to comment/advise on Agency-wide remuneration strategy and policy and issues which SEEDA's executive feel it is appropriate to bring to the Committee's attention.

Remuneration of the Chief Executive and Executive Directors is set by the Board and agreed by the Department for Business, Innovation and Skills and takes into account recommendations of the Senior Salaries Review Body. Senior staff were and are on permanent contracts and subject to six months notice for the Chief Executive and three months notice for Executive Directors. In view of the voluntary redundancy terms agreed by the Government for SEEDA as set out on page 32, the Chief Executive waived her six months notice period and has retained only the three months notice period available to all other staff.

In 2011 SEEDA, along with all other Government Departments, were required to put any contractual bonus payments to staff earning over £100,000 to the Department for Business, Innovation and Skills' Senior Remuneration Oversight Committee (SROC).

No significant awards or compensation or payments to third parties for services of past senior staff were made in the last year.

Alongside the Remuneration Committee's formal duties, the Committee extended its remit in the light of the closure of the Agency to include scrutiny and advice on the preparation and delivery of the SEEDA Workforce Plan. This provided a critical friend to the Agency's structure and shape to deliver the 2011/12 Business Plan, assurance to the Board on the staffing levels required to deliver an effective and professional closure, and assurance to the Board on the release of exit payments.

## 5.2 Emoluments of Board Members (Audited)

Name	Position	Date of Appointment	Contract Expiry Date	Salary per annum £000	Pension Contribution 2011/12 £000	Total inc. pension contributions 2011/12 £000	Total inc. pension contributions 2010/11 £000
<b>Rob Douglas CBE</b>	Chairman	2.11.09	13.12.12	50 – 55	10 - 15 *	65 - 70	55 – 60
<b>Keith Riley</b>	Board Member and Deputy Chair	14.12.07	13.12.12	15 – 20	0	15 – 20	15 - 20
<b>Richard Ascough</b>	Board Member	14.12.09	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Cllr Jeremy Birch</b>	Board Member	15.12.08	13.12.11	5 – 10	0	5 – 10	5 – 10
<b>Dr. Dolores Byrne OBE</b>	Board Member	14.12.07	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Pamela Charwood</b>	Board Member	14.12.06	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Prof. Julian Crampton</b>	Board Member	14.12.09	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Les Dawson OBE</b>	Board Member	15.12.08	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Imtiaz Farookhi</b>	Board Member	14.12.04	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Cllr Andrew Finney</b>	Board Member	14.12.09	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Robert Goldfield</b>	Board Member	14.12.06	13.12.11	5 – 10	0	5 – 10	5 – 10
<b>Cllr Keith House</b>	Board Member	14.12.09	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Cllr Keith Mitchell CBE</b>	Board Member	15.12.08	13.12.12	5 – 10	0	5 – 10	5 – 10
<b>Alex Pratt OBE</b>	Board Member	14.12.06	13.12.12	5 – 10	0	5 – 10	5 – 10

\* Includes backdated payments from 02/11/2009 - 31/08/2010 of £4948.51 due to delay in confirming pension arrangements and a delay in processing by payroll provider until July 2011.

Board Members are appointed for a fixed term of three years and contracted to carry out two days work per month. The Chairman is contracted to carry out two days work per week. The Deputy Chairman is contracted to carry out work for one day per week. At the end of their first fixed term period, Board Members may be re-appointed for a further period of up to three years. No Board Members are entitled to receive performance related pay or any other taxable benefit as a result of employment with the Agency. Salaries are taxed at source.

The Chairman is entitled to receive pension contributions, which were paid into a private pension scheme. In 2011/12 Rob Douglas' pension contribution was £13,555.99.

Jeremy Birch and Bob Goldfield came to the end of their term during 2011/12.

## 5.3 Emoluments of Chief Executive and Executive Directors (Audited)

Name	Salary per annum £000	Salary 2011/12 £000	Bonus for performance in 2010/11 £000	Sub Total £000	Car Benefit £00	Employer Pension Contribution £000	Redundancy and Compensation payments inc. accrued costs for 2012/13 exits £000	Total 2011/12 inc. Pension Contribution and Other Benefits and inc. accrued costs for 2012/13 exits £000	Total 2010/11 inc. Pension Contribution and Other Benefits £000
<b>Pam Alexander OBE*</b> Chief Executive	145 – 150	75 – 80	10 – 15 *****	90 – 95	0	20 – 25	170 – 175	285 – 300	190 – 195
<b>Lee Amor**</b> Executive Director - Enabling Infrastructure and Development	115 – 120	50 – 55	10 – 15 *****	65 – 70	0	10 - 15	0	75 – 80	140 – 145
<b>Oona Muirhead CBE ***</b> Group Executive Director Strategy & Resources and then Chief Executive	135 - 140	135 - 140	10 – 15 *****	145 – 150	0	30 – 35	280 – 285	460 - 465	150 – 155
<b>Dr. Susan Priest ****</b> Executive Director Business Programmes Closure and Transfer	95 - 100	95 - 100	10 – 15	105 - 110	4475	20 - 25	170 – 175	305 – 310	120 – 125

\* Stood down as Chief Executive on 5 July 2011 but was employed for part of the contractual notice period to 5 October 2011. Received a salary of £76,609 up to 5 October 2011 (pro-rated equivalent to full year salary of £149,775). Redundancy compensation costs incurred by SEEDA were £173,193 compensation entitlement and other exit cost entitlements (remaining 3-months compensation in lieu of notice and untaken leave).

\*\* Transferred to HCA on 19 September 2011. Received a salary of £53,476 up to 19 September 2011 (pro-rated equivalent to full year salary of £115,589).

\*\*\* Accounting Officer and Chief Executive Designate from 5 April 2011, Chief Executive from 5 July 2011. Salary prior to 5 April was £123,010. Due to leave SEEDA on early retirement on grounds of redundancy at the end of June 2012. Redundancy compensation costs incurred by SEEDA have been accrued in 2011/12 and include £282,054 compensation entitlement and other exit cost entitlements (up to 3-months compensation in lieu of notice and any untaken leave). Actual payments to the individual will result from the terms of early retirement under the Civil Service Compensation and Pension Schemes.

\*\*\*\* Left SEEDA on grounds of redundancy on 31 March 2012 and received £125,898 redundancy compensation and other entitlements (compensation in lieu of notice and untaken leave); and £47,577 retention special payment.

\*\*\*\*\* As approved by the Department for Business, Innovation and Skills' Senior Remuneration Oversight Committee (SROC) in respect of performance in 2010/11.

SEEDA's Executive scaled down from six Executive Directors in 2010/11 to four at 1 April 2011 in line with the downsizing of the Agency to closure. During 2010/11 the two Executive Directors who departed, Robert Crawford and Paul Lovejoy, received total emoluments

including compensation entitlement and other exit cost entitlements of £182,121 and £202,294 respectively.

In 2011/12 numbers in the top management team were further reduced with Pam Alexander stepping down as Chief Executive on 5 July 2011, leaving three Executive Directors, identified in bold in the table above, remaining beyond 5 July 2011. One of the Executive Directors, Oona Muirhead, was appointed as Chief Executive from 5 July 2011, having assumed the role of Accounting Officer from 5 April 2011. The Executive Director Enabling Infrastructure and Development post transferred to the HCA on 19 September 2011 leaving two staff members in the Executive team up to the end of March 2012.

The Chief Executive and Executive Directors are on permanent contracts and salaries are taxed at source under Pay As You Earn (PAYE); there are no senior managers on fixed term contracts. The Chief Executive's pay is agreed by the Secretary of State and Executive Directors are covered by the annual pay remit approved by BIS and the Treasury. Bonuses are determined following reviews based on the individual's performance against agreed objectives and competencies for the previous year. The main element within "Other Benefits" relates to the taxable charge of using a lease car or other travel entitlement.

The Chief Executive's bonus, which is contractual to a maximum of 20%, is determined by the Chairman in consultation with the Remuneration Committee, and is subject to approval by the Secretary of State. Executive Directors have contractual entitlements, subject to performance, to a bonus up to 15% as determined by the Chief Executive in consultation with the Remuneration Committee.

In 2011 SEEDA, along with all other Government Departments and Agencies, was required to submit any bonus payments for performance in the period 2010/11 to staff earning over £100,000 to the Senior Remuneration Oversight Committee (SROC) of its parent Department, the Department for Business, Innovation and Skills. Bonus proposals for the three relevant members of staff were reduced by the SROC.

The Agency did not award contractual bonuses to the Chief Executive and Executive Directors for performance in 2011/12.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in SEEDA and the median remuneration of the organisation's workforce. Remuneration is to include all payments to an employee, including salary, bonus, compensation in lieu of notice, and all redundancy payments including retention payments where applicable.

The calculations are required to be taken at 31 March 2012 to reflect the workforce at this time which for SEEDA was 20 employees on 31 March 2012. During 2010/11 numbers reduced from 213 employees at 31 March 2011 due to the closure of the Agency. There was no increase in salary for the highest paid Director, due to the Public Sector Pay freeze, first implemented by SEEDA in early 2010. All calculations are taken from the point at which the monies were paid, not accounted for.

The banded remuneration of the highest-paid Director in SEEDA in the financial year 2011/12, including redundancy costs for 2011/2012 and accrued redundancy costs for 2012/2013, was £400,000 - £450,000. This represents 4.63 times the median remuneration of the workforce on 31 March 2012, including redundancy costs both paid and accrued, which was £90,915. In 2010/11 the comparative figure, which also includes redundancy costs (there were no accrued Redundancy costs in 2010/2011), was £180,000 - £185,000 being 4.43 times the median remuneration of the workforce, which was £41,137). The inclusion as at 31 March 2012 of accrued redundancy costs for 2012/2013 exits means the comparator is accordingly distorted.

In 2011/12 no employees received remuneration in excess of the highest paid director on 31 March 2012. This was the same in 2010/11. Remuneration for all Agency staff ranged between

£44,335 and £420,617 including redundancy costs. Comparative figures in 2010/11 were a range of £19,350 - £182,122, including redundancy costs, demonstrating the higher numbers of staff in the Agency across a broader range of staff grades at the start of the closure process.

## 5.4 Pension of Chief Executive and Executive Directors (Audited)

All senior managers and the Chief Executive are members of the Principal Civil Service Pension Scheme. Oona Muirhead and Susan Priest are members of the Classic scheme. Pam Alexander and Lee Amor are members of the Premium Scheme.

The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) were changed in 2011/12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

### Pension Information (Audited)

Name	Real increase in projected pension (£2.5k ranges)	Real increase in projected lump sum (£2.5k ranges)	Projected Pension at 31/03/12 (£5k ranges)	Projected Lump sum at 31/03/12 (£5k ranges)	Cash Equivalent Transfer Value at 31/3/11 (nearest £k)	Cash Equivalent Transfer Value at 31/3/12 (nearest £k)	Employee contributions and Transfers in (£)	Real increase in CETV Funded by Employer (nearest £k)
<b>Pam Alexander OBE*</b> Chief Executive	0 – 2.5	0	80 - 85	0	1,422	1,527	30,629	-5
<b>Lee Amor**</b> Executive Director - Enabling Infrastructure and Development	0 – 2.5	0	5 - 10	0	124	140	1,872	12
<b>Oona Muirhead CBE ***</b> Chief Executive	2.5 - 5	10 – 12.5	50 - 55	160 - 165	957	1,118	1,936	79
<b>Dr. Susan Priest ****</b> Executive Director Business Programmes Closure and Transfer	0 – 2.5	2.5 - 5	10 - 15	40 - 45	179	206	1,427	10

#### Notes to Pension Information

\* Stood down as Chief Executive on 5 July 2011 and was employed for part of contractual notice period up to 5 October 2011 when she received exit payments.

\*\* Transferred to HCA on 19 September 2011.

\*\*\* Accounting Officer and Chief Executive Designate from 5 April 2011, promoted to Chief Executive from 5 July 2011. Due to leave on grounds of redundancy by the end of June 2012, on 3 months notice.

\*\*\*\* Left the Agency on 31 March 2012 on grounds of redundancy.

#### Cash Equivalent Transfer Value

Columns 5 & 6 of the preceding table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in

the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

### **Real increase in CETV**

The eighth column in the table above reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Civil Service Pension Scheme**

Although not 'civil servants', SEEDA staff as public servants are able to take part in the Civil Service pension arrangements. From October 2002 SEEDA staff may be in one of four statutory based 'final salary' defined benefit schemes (Classic, Premium, Classic Plus and Nuvos). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes to the Consumer Price Index. Entrants to the scheme after 30 July 2007 may choose between membership of Nuvos or a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

The Principal Civil Service Pension Scheme is an unfunded multi-employer defined scheme. The scheme actuary, Aon Hewitt (formerly Hewitt Bacon & Woodrow), valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

#### *Classic Scheme*

Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions of 1.5% of pensionable salary. On death, pensions are payable to the surviving spouse at a rate of 50% of the late member's pension. On death in service, the scheme pays a lump sum of twice the pensionable pay and also a service enhancement on calculating the spouse pension. The enhancement depends on length of service to a maximum of 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are paid immediately without actuarial reduction and with service enhanced as for the widow(er) pensions.

#### *Premium Scheme*

Benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times the pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purpose of pensions disclosures the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation).

On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on calculating the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the



event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them under taking any gainful employment, service is enhanced to what they would have accrued at age 60.

#### *Classic Plus Scheme*

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. Pensions payable under Classic, Premium and Classic Plus are increased in line with the Consumer Prices Index.

#### *Nuvos Scheme*

Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. The maximum that Nuvos will provide is 75% of pensionable earnings. As with the Premium scheme, there is no automatic lump sum but members may commute part of their pension for a lump sum up to a maximum of 7/30<sup>th</sup> of their pension. Unlike the other schemes, which have a pension age of 60, Nuvos has a pension age of 65. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are paid to the surviving spouse, civil partner or eligible partner at the rate of 37.5% of the member's pension (before any commutation) for the rest of their life. Children's pensions are paid to children up to the age of 18 (or up to age 23, if they are in full-time education).

On death in service the scheme pays a lump-sum benefit of twice annual pay and also provides a service enhancement on calculating the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them under taking any gainful employment, service may be enhanced to what they would have accrued at age 65.

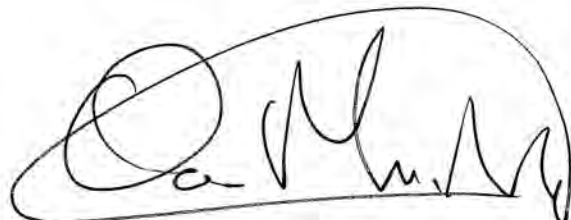
#### *Partnership Pension Account*

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 21.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk](http://www.civilservice.gov.uk).



Robert Douglas CBE  
Chairman  
Date: 7 June 2012



Oona Muirhead CBE  
Chief Executive and Accounting Officer  
Date: 7 June 2012

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

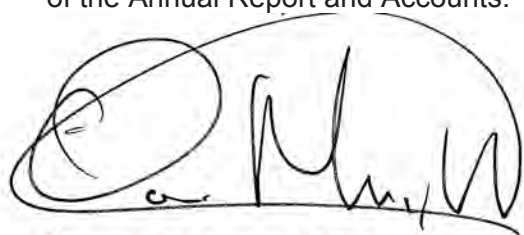
Under Section 14 of the Regional Development Agencies Act 1998, the Board is required to prepare statements of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of Treasury. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end, of its income and expenditure, 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's 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 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 accounts on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer for the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of the South East England Development Agency. Her responsibilities include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding SEEDA's assets, and are set out in the 'Non-Departmental Public Bodies Accounting Officer's memorandum' issued by the Treasury and published in *Managing Public Money*.

The Accounting Officer and the Management concluded that these accounts should be prepared on a basis other than Going Concern; the rationale for this decision is set out in Note 1.2 of Part 2 of the Annual Report and Accounts.



Oona Muirhead CBE  
Chief Executive  
Date: 7 June 2012

# 7. Governance Statement

## Scope of Responsibilities and Context

The South East England Development Agency (SEEDA/the Agency) is a Regional Development Agency (RDA), classified as a non-departmental public body and is sponsored by the Department for Business, Innovation and Skills (BIS). The Secretary of State is accountable to Parliament for the activities and performance of the Agency. The Agency was created under the Regional Development Agencies Act 1998 and will be abolished under the Public Bodies Act 2011 which received Royal Assent on 14 December 2011.

Throughout 2011/12 the Agency has continued the work it began in summer 2010 to implement its Closure and Transition plan. The Accounting Officer established, in agreement with BIS and in light of the Government's strategic aims, the Agency's Closure Business Plan (Closure Plan). SEEDA's Closure Plan sets out how the Agency will manage an orderly closure including effective and timely transition of functions and associated staff (such as assets and liabilities, functions and staff) to successor bodies.

At the start of the year SEEDA had 166 live projects under 15 programmes, a portfolio of 67 land and property assets, and a large quantity of economic development knowledge assets. SEEDA's primary task has been to cleanly, efficiently and cost-effectively transfer or close all these assets and functions, to meet the Government's target for achieving RDA operational closure by 31 March 2012.

Under section 5(2)(c) of the Regional Development Agencies Act 1998 SEEDA is permitted, subject to Secretary of State consent, to hold an interest in other bodies corporate. At the start of the financial year SEEDA held an interest in nine such Section 5 companies as set out in Note 13 of the Financial Statements. Together with the Agency these companies form the SEEDA Group. Whilst the focus of this Governance Statement is the Agency, its scope extends to the whole of the Group.

As Accounting Officer I have responsibility for ensuring that there is a sound system of governance and internal control structures; and that the Agency's business is conducted in accordance with *Managing Public Money* to ensure public money is safeguarded and properly accounted for and used economically, efficiently and effectively. I share responsibility with SEEDA's Board for ensuring that the Agency operates within the RDA Accountability and Financial Framework. This has included ensuring compliance with the revised Framework effective from 1 October 2011, the purpose of which is to reflect accountability and governance in the changed circumstances of RDAs during the closure period. I have also, to the extent relevant and practical, ensured that the Agency and its Board complies with the revised Corporate Governance Code for Central Government Departments – Code of Good Practice 2011.

One of SEEDA's key goals for 2011/12 and beyond is to ensure that the Agency is closed in a way that provides value for tax payers' money and minimal impact on the public purse. To that end the existing robust governance and assurance structures at SEEDA were reviewed and strengthened in 2010/11 and again during 2011/12, to ensure that the Agency could clearly demonstrate to the government and other stakeholders that closure objectives had been met.

## The Purpose of the Governance Statement

The Governance Statement, for which as Accounting Officer I take personal responsibility, aims to give a clear picture of the dynamics of the business and its control structure. It records the stewardship of the organisation, providing an understanding of the organisation's performance in managing internal controls and risk, and of how successfully the Agency has coped with the issues and challenges it faces.

This Statement sets out the Agency's performance against its Governance Framework which includes the Board, its Committees, and Senior Managers. It sets out how SEEDA has complied

with the principles of Good Governance and reviews the effectiveness of these arrangements. It particularly addresses governance and assurance, and associated risks arising from an organisation's closure.

## **The Agency's Governance Framework**

### ***Role of the Board***

SEEDA's Board (the Board) has corporate responsibility for ensuring that SEEDA fulfils the aims and objectives set by the Secretary of State, and for promoting the efficient and effective use of resources. The Board has provided oversight of the Agency's closure progress through regular reports by the Accounting Officer against the Agency's Closure Programme Plan (Closure Plan), and the Board has discharged its governance responsibilities as set out below. The structure and governance of SEEDA's Closure Plan has been reviewed by BIS, including in peer reviews, and BIS has confirmed they judge the Agency's approach to provide an appropriate framework for an orderly closure and transition process.

### ***Executive-level Governance Framework***

As a result of the Government's decision to close RDAs operationally by 31 March 2012 (with abolition expected on 1 July 2012), the Agency's priorities have been to ensure an orderly and compliant closure. As part of further strengthening of the Agency's governance framework to focus on these priorities and on the changing risk environment, as well as continuing to meet day to day business requirements, an Executive Closure Board, chaired by the Chief Executive and consisting of all Executive Directors and key transition officers, has met regularly throughout 2011/12 to review all aspects of closure and transition.

SEEDA's Closure Plan is organised by 'workstreams', which cover the Agency's key closure and transition activities. Each workstream is led by a Senior Responsible Owner (SRO) who attends the Executive Closure Board and is personally accountable for performance. Activity on each workstream is monitored on a day to day basis by a Workstream Manager who works closely with the SRO to identify risk within the workstream and to develop and monitor the effectiveness of mitigating actions. A series of Key Performance Indicators relating to closure and transition have been used to monitor the Agency's progress towards achievement of Closure Plan objectives.

### ***Compliance policies and procedures***

The Agency has comprehensive policies and procedures in place to ensure compliance with legal and policy requirements, covering financial, legal, human resource and information security management, together with appropriate appraisal and approval procedures governing its programmes and projects. These include:

- Financial Procedures Manual supplemented by regular Financial Memorandums;
- Delegation Letters (including details of budget, output and risk management responsibilities);
- Statements of Assurance to confirm compliance with above;
- ICT Security Policy & Information Risk Policy;
- Codes of Conduct for Staff and Board Members including Declarations of Interests.

The Agency learns from best practice in relation to governance arrangements through close working with a range of stakeholders and external organisations, including:

- the National Audit Office (NAO), who attend all Audit Committee meetings;
- other RDAs via the Chief Executives and Chairs networks;
- BIS, via the National RDA Transition Board, and BIS' attendance at SEEDA Board and Audit Committee meetings.

### ***Independent Internal Audit***

The Agency's independent Internal Audit service, which is provided through contract with an NHS Consortium, operates in accordance with Government Internal Audit Standards and delivers an Internal Audit plan as part of the Assurance Strategy as approved by SEEDA's Audit Committee.

### ***Accountability to BIS***

The inter-relationship between the Agency and BIS is detailed in formal documents issued by BIS, such as the RDA Accountability & Financial Framework. This was revised in October 2011 to reflect the closure of the RDAs. Closure has also been reflected in a continual review of the Agency's Financial Regulations and Delegations to ensure decision making on final programme investments, transfers and disposals are at the appropriate senior level and meet the standards specified in the new Accountability & Financial Framework. BIS engagement with the Agency has been more intensive during the closure period. This has included ongoing monitoring by the BIS RDA National Transition Board, providing guidance and monitoring progress via the Action Note process, and Peer Reviews to carry out in-depth reviews of the effectiveness of the Agency's closure work and of associated risks. The Agency's implementation of Action Notes is monitored to ensure all are responded to fully within the required timeframe. The Agency also complies with Managing Public Money, relevant Dear Accounting Officer letters, and the Government Financial Reporting Manual (FRoM) all issued by HM Treasury.

### ***Governance across the SEEDA Group***

The Agency has held an interest in subsidiary, associate, and Joint Venture Section 5 companies. The relationship between the parties had been codified within each company's Memorandum & Articles of Association, the companies' lists of members and any contracts or grant funding agreements made between the Agency and the companies. A key focus during 2011/12 has been for the Agency to agree and implement sustainable exit strategies from each company. This has required the close involvement of senior Agency staff, direction from the Accounting Officer and oversight from the Board. During 2011/12 senior members of Agency staff continued to serve as Board members of remaining Section 5 companies, to ensure appropriate governance arrangements were maintained through to the Agency's withdrawal. SEEDA has provided relevant Directors with guidance as to how to undertake this role during the transition to closure and how to manage any potential conflict of interests.

### ***Statements of Assurance***

Statements of Assurance are requested from senior Agency officers and companies within the SEEDA Group, as appropriate. During 2011/12, Statements of Assurance have been received at the seven month point and at year end (or when a senior officer leaves the Agency). All Statements of Assurance expected as of 31 March 2012 have been received. Audited Accounts to the point of SEEDA's exit have been received for relevant SEEDA Group companies and none have been 'qualified'.

### ***The Board and Sub-Committee Structure and Effectiveness***

The structure of SEEDA's Board and its sub committees is described in sections 4.2 to 4.4 of the Directors' Report. The Board meets regularly to provide oversight of all major decisions arising from the implementation of the Closure Plan, particularly with regard to the trajectory to closure and performance against key objectives and milestones.

### ***Strengthening the Sub-Committee Structure for closure***

At the start of the closure programme in 2010/11 the Board decided to set up a new sub-Committee, the Board Transition Sub-Committee, to strengthen governance in the key early design phase. The Sub-Committee provided the Executive with support and challenge during the early months of designing and establishing the closure programme, developing and managing the Closure Risk Register, and determining the governance and assurance structures and processes.

In the second half of 2010/11 the main Board decided that as the closure programme was by that stage the main focus of the Agency, it would provide the strategic leadership and assurance. Every Board meeting has received a detailed paper on the closure programme, including reviewing the Dashboard and Key Performance Indicators. The role of the Board and its sub-Committees has been considered in each of the three mini-Gateway reviews of SEEDA's Closure Programme.

The Board delegates the detailed review of assurance of the Agency's systems of Corporate Governance, Risk Management and Internal Control to the Audit Committee. The Board delegates the consideration of the performance, compensation and appointments of the Chief Executive and Executive Directors and any revised terms and conditions of Board members to the Remuneration Committee. The Remuneration Committee is also made aware of the review of pay and other personnel policies relating to the Agency's staff and has provided ongoing challenge with respect to SEEDA's workforce plan and contingency plans in place to cover loss of key staff. Both Committees were strengthened for closure, with the terms of reference and membership of the Audit Committee expanded, and the attendance of the Chair of Audit at meetings of the Remuneration Committee.

Attendance at all Board and Sub-Committee meetings is recorded and absences and interests declared are reported. In addition, the Board has a 'closed session' at the end of every Board meeting to consider the Board's input and effectiveness, focus and agenda, as well as to review the meeting that has just taken place and draw out any lessons learnt.

### ***Board and Sub-Committee Performance and Effectiveness***

Both SEEDA's Board and Audit Committee have carried out reviews of their performance and effectiveness during the transition and closure period of the Agency.

Performance was assessed by reference to best practice guidance from the National Audit Office. For the Board, a review of compliance was undertaken with the Corporate Governance Code for Central Government Departments – Code of Good Practice 2011. The Audit Committee also considered their compliance with the relevant parts of the Code and also used the Audit Committee Self-Assessment Checklist within the Audit Committee handbook. The assessments also included a review of compliance with the relevant sections of the RDA Audit and Accountability Framework. These measures have all helped to ensure that the Board is meeting the standards of the Cabinet Office Code of Good Practice 2011 in relation to Arms Length Bodies: ie that it is delivering in line with Departmental policy, is effective, and is providing value for money.

The Chairman's own performance has been the subject of a review coordinated by the Deputy Chairman to which every Board member contributed. In turn, the Chairman has carried out a thorough round of individual performance reviews with every Board member, to discuss their performance, training requirements and any actions arising.

In reviewing its performance and effectiveness, the Board concluded that it had in all key areas met accepted good practice in respect of good governance during 2011/12. The board was satisfied that it had complied with the Corporate Governance Code, in so far as it applied to the Agency in its last year of operation, and that the corporate responsibilities of the Board as set out in the RDA Accountability and Financial Framework had been met. The Government's Office of Government Commerce Review of the RDA Closures programme has reinforced this assessment of the Board's effectiveness.

The Audit Committee concluded that it had in all key areas met accepted good practice in respect of good governance and its scrutiny arrangements during 2011/12. The Audit Committee likewise assessed that it had met the expectations set out in the RDA Accountability and Financial Framework, in particular in considering the new requirements relating to assurance over the transition and closure arrangements of the Agency.

The Board and Audit Committee were also confident that they could continue to operate effectively and in accordance with good governance principles to the final closure date of the Agency. This has been facilitated by the Agency from February 2012 through back-to-back meetings of the Board and Audit Committee, with all Board members being invited to be in attendance at the Audit Committee to consider the Financial Statements and this Governance Statement. BIS and NAO officials have attended all meetings.

Throughout the Closure Programme attendance at the Board and its sub-committees has been strong. Attendance of individual Board Members is detailed in the minutes of SEEDA's Board Meetings. Minutes for all SEEDA Board Meetings in 2011/12 are publicly available from the BIS website at: <http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies/rda-boards>

Details of attendance of SEEDA's Board and its sub-committees are set out below:

#### SEEDA Board:

Date of meeting	Attendance (actual / invited attendees)	Attendance (percentage)
16/05/2011	11/14	79%
12/07/2011	9/12	75%
06/09/2011	6/12	50%
20/10/2011	9/12	75%
13/12/2011	11/14	79%
14/02/2012	7/12	58%

#### Audit Committee:

Date of meeting	Attendance (actual / invited attendees)	Attendance (percentage)
27/05/2011	5/5	100%
05/07/2011	3/5	60%
12/07/2011	2/4	50%
06/09/2011	2/4	50%
21/11/2011	3/4	75%
31/01/2012	4/4	100%
14/02/2012	3/4	75%

#### Assets & Liabilities Committee:

Date of meeting	Attendance (actual / invited attendees)	Attendance (percentage)
08/04/2011	3/6	50%
06/05/2011	4/6	67%
16/06/2011	3/6	50%
12/07/2011	4/6	67%
06/09/2011	5/6	83%

#### Remuneration Committee:

Date of meeting	Attendance (actual / invited attendees)*	Attendance (percentage)
20/05/2011	4/4	100%
27/03/2012	3/4	75%

\* The Chair of the Audit Committee was also in attendance at both meetings.

### Key Reports to the Board and Sub-Committees

Throughout 2011/12 the Board has:

- reviewed regular reports from the Closure Programme Senior Responsible Owner (SRO) on closure and transition progress including the withdrawal of the Agency's interest in its Section 5 Companies; transfers of assets, functions, services and projects to successor bodies, and the disposal of the Agency's office assets;
- reviewed financial, output and closure KPI performance;

- reviewed the work of the Audit Committee;
- approved the Annual Report and Accounts;
- received guidance on the implications of the Bribery Act; and
- approved the transfer to the Homes & Communities Agency.

Throughout 2011/12 the Remuneration Committee has reviewed:

- the Agency's workforce plan to ensure that all closure tasks were deliverable with a reducing number of staff;
- performance measures in place for the Chief Executive and Executive Directors;
- the Agency's Voluntary and Compulsory Redundancy policies;
- updates on staff transfers to successor bodies; and
- matters relating to the retention of key staff through to the Agency's final closure.

Throughout 2011/12 the Audit Committee has reviewed:

- matters relating to the production of the Agency's Annual Report and Accounts for 2010/11 and 2011/12, including the impact of Machinery of Government changes and accounting issues relating to the withdrawal of the Agency's interest in its section 5(2)(c) companies;
- reports on governance and assurance during closure, including propriety and probity especially with a reducing workforce providing challenges around eg separation of duties;
- the management of risks and issues relating to the closure of the Agency and its Section 5 companies (as detailed elsewhere within this Governance Statement);
- the Statement on Internal Control for 2010/11, this Governance Statement, and the impact of the new Code of Corporate Governance for Central Government Departments on the Agency;
- assurance provided from Internal Audit with respect to controls and processes in place throughout the closure period; and
- Compliance arrangements with the Bribery Act 2012 (which came into force on 1 July 2011).

## **The Risk and Internal Control Framework**

SEEDA has in place a well-established strategy for risk management which has been endorsed by the Audit Committee and SEEDA Board. The essential features include the following:

- compliance with the Treasury guidance on risk management (Orange Book) and the guidance for project appraisal (Green Book);
- delegated responsibility to Directors and teams within the agreed strategic framework and procedures;
- risk management concentrated on achievement of closure business plan objectives, budgets and output performance targets;
- risk management expanded to focus on achievement of the Agency's Closure Plan;
- risk management framework implemented to include identification and management of closure specific risks;
- provision of advice and training to staff on risk management approach and practices in the light of SEEDA closure;
- risk registers list the identified risks, mitigating actions, the accountable and responsible persons;
- hands-on and regular use of the Corporate Risk Register which is updated monthly and reviewed by the Executive Closure Board including the Accounting Officer. The SEEDA Board reviews movements in the risk profile and the Audit Committee considers the adequacy of risk mitigation at each of their meetings. Where appropriate, risks are escalated to BIS as SEEDA's sponsor department;
- legal and other professional advice taken on all significant contractual matters.

### ***Director Statements of Assurance***

At the end of each year the Executive Directors and key Directors must provide a Statement of Assurance to the Chief Executive that risk management has been properly handled during the year. The Statement of Assurance procedure has been reviewed and strengthened during the year around closure assurance.



The end-year Statements of Assurance provided by Executive Directors and key Directors show that all but one of the issues identified within part-year Statements of Assurance were resolved prior to 31 March 2012. The one outstanding issue related to SEEDA's complete exit from its Associate Brownfield Land Assembly Company Ltd (BLAC). Since the end-year Statements of Assurance were finalised SEEDA has received notification from Companies House that the voluntary striking-off of this company was completed on 10 April 2012.

### ***Risk Policy and key risks and uncertainties***

The transition to closure has resulted in significant changes to the risks facing the organisation, with specific risks arising from closure related issues. These have been fully reflected in our risk registers. Our risk policy is structured around the mitigation of risks falling beyond our defined risk appetite – those risks which are seen as critical/severe and imminent/highly likely to occur. The principal risks set out in the Corporate Risk Register relate to:

- the loss of key staff impacting SEEDA's ability to meet closure targets;
- delays in the transfer of ongoing activities to successor bodies;
- delays in transferring SEEDA's property assets to a successor body;
- loss of key economic development skills across the South East;
- the reduced ability to meet output targets due to the closure of programmes and the distraction of staff and partners by closure issues;
- reduced capacity to support London 2012 Games activities in the South East.

### ***Communications-related Risk***

The key communications related risks for the Agency in 2011/12 related to staff and stakeholders not understanding the Agency's closure and in particular not understanding the value for money achieved, with consequential implications for the reputation of the Agency and its staff. As mitigation, SEEDA's Executive Closure Board reviewed the Agency's 2011/12 strategy to focus communications on two key areas of activity:

- Internal Communications – regular all-staff meetings and email updates to ensure timely, accurate and consistent provision of information to staff, and personal one-to-one sessions with each staff member by the Chief Executive;
- Stakeholder Management - regular stakeholder letters, website updates and discrete events to ensure that SEEDA's customers, strategic and operational partners were suitably informed of the closure process, and in particular the result of SEEDA's work to close cost effectively whilst retaining economic value for the region.

### **Complaints**

During 2011/12 the Agency received only two formal complaints which were handled in line with our published complaints procedure. Under the complaints procedure any individual who remains dissatisfied with the Agency's handling of their complaint is entitled to appeal to the Parliamentary Ombudsman through their Member of Parliament. During the period 1 April 2011 to 31 March 2012 no complaints relating to SEEDA were accepted for investigation by the Parliamentary Ombudsman.

### **Information Security**

In July 2011/12 the role of SEEDA's Senior Information Risk Owner (SIRO) transferred to the Executive Director Business Programmes Transfer and Closure on Oona Muirhead's appointment as Chief Executive. Dr Priest provided the Audit Committee with regular reports on information related risks and associated mitigation activities. Throughout the closure period dedicated Information Asset Owners have undertaken risk assessments for information assets holding personal or sensitive data to ensure that access controls remain appropriate and that data is being held securely. In line with the Agency's Information Security Policy all SEEDA staff undertake appropriate Protecting Information training on an annual basis, and during 2011/12 this training was also made available to staff in some delivery bodies.

During 2011/12 internal information security processes were strengthened including through the monitoring and implementation of agreed actions to improve the Agency's compliance with the requirements of the HMG Security Policy Framework. This has included providing support staff with training on handling protectively marked documents, and reviewing contracts in place for ICT services. Throughout the transition to closure the Agency has focussed on ensuring that information assets are transferred to receiving bodies, or closed, in line with the requirements of the Data Protection Act 1998 and the HMG Security Policy Framework. Written Transfer Agreements have detailed receiving bodies' agreed obligations with respect to future handling of information assets and data. As part of the Agency's exit from Section 5 Companies, SEEDA has also undertaken a series of data audits to verify compliance with contractual information security requirements and best practice. During 2011/12 there have been no lapses of data security, other than those considered to be trivial, and no incidents of personal data loss.

## Internal Audit Opinion

An internal audit plan for the period 1 April 2011 to 31 March 2012 was developed and regularly reviewed to provide management and the Audit Committee with independent assurance on the adequacy of SEEDA's system of internal control, based on the principles outlined in the Government's Internal Audit Standards. The plan reflected the changing operational environment and risk profile of SEEDA, in the context of diminishing activities and resources as SEEDA moves to operational closure in March 2012. In addition to discrete audit assignments, Internal Audit has provided systems and internal control advice on a regular basis. The table below details the individual audits undertaken and guidance provided during 2011/12 and the level of assurance provided as a result of these:

Audit title	Assurance provided
<b>Financial Assurance</b>	
Phase 1 - Review of key financial controls	Good
Phase 2 - Review of key financial controls	Good
Phase 3 - Review of key financial controls	Good
Phase 4 - Review of key financial controls	Good
Phase 5 - Review of key financial controls and Agresso data interrogation using CAATS	Good
<b>Other Reviews and Assurances (including consultancy reviews)</b>	
Paper Records-Records management, Storage and Archiving	Satisfactory
Independent Assurance on the Security Risk Management Overview Return	Satisfactory
RDPE Accreditation Compliance Review	Satisfactory
HR-Leavers Checklist and Compensation Payments	Satisfactory
ESF Programmes-Review of assurance over records management and retention by participant organisations	Good
Systems Access Controls and Management (PMS and Agresso)	Satisfactory
HR/Payroll Segregation of Duties-post 5 July 2011	Advice
Finance Segregation of Duties	Advice
Risk Management and Governance Review-New Arrangements	Good
<b>Information Management Audits</b>	
IT Service provision during the transition to closure	Good
Electronic Records-Records management, Storage and Archiving	Satisfactory

To support this Governance Statement the Head of Internal Audit has provided an internal audit opinion of 'Good' and has confirmed that, in his view, there *"exists an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved"*. In particular the Head of IA identified that SEEDA had robust internal controls operating within the key financial systems, including payroll and non-pay expenditure systems; had managed to continue to deliver its day to day activities and maintain an effective control environment against a background of significant organisational change characterised by a significant workforce reduction; and had maintained a robust risk management process through the use of Statements of Assurance from senior staff and through Accounting Officer letters sent from SEEDA's Chief Executive to the Accounting Officer of receiving bodies for SEEDA's assets and functions.

During 2011/12 there were 14 separate audit reports each of which included an overall assessment. Six (43%) were rated as 'Satisfactory' and eight (57%) as 'Good'. This is an improvement from 2010/11 for which 80% were rated as 'Satisfactory' and 20% were rated as 'Good'. In addition, there were two pieces of consultancy work (relating to financial controls and segregation of duties) which resulted in advice and guidance issues, but did not include an overall assessment rating. The Head of Internal Audit's overall opinion of 'Good' in 2011/12 is an improvement from the 2010/11 assessment of 'Satisfactory' and testimony to the considerable work that has been delivered by the assurance workstream.

## **Peer Reviews**

The Agency has been subject to two 'peer reviews' by BIS accompanied by the Chief Executive of One North East (ONE), our peer review partner, and the NAO. The first review in March 2011 considered arrangements for governance, financial management, profile of staff exits, closure of projects and disposal of assets. It considered transfers from the Agency, our internal capacity to resolve Human Resources, Finance and Legal issues and exit strategies for the Agency's Section 5(2)(c) companies. The review team acknowledged the complexity of closure and concluded that it was satisfied that the Agency's closure plans were robust, with the staff and Board focussed and engaged, and that the Agency was open to learning from others.

The second and final Peer Review of SEEDA's Closure Programme took place in November 2011 and considered progress toward meeting Closure Plan objectives. It confirmed that the Agency was on course to achieve a timely and clean closure. The outcomes of this review focussed on resolving remaining issues relating to exits from Section 5 Companies and accounting treatment of transferred activities.

The actions arising from these reviews were monitored on a fortnightly basis by the Executive Closure Board and reported to each meeting of the Board and Audit Committee. All of the risks identified as a result of the peer review and associated desk based assurance activity are identified as part of the Agency's risk management processes and continue to be managed accordingly.

## **Ministerial Directions**

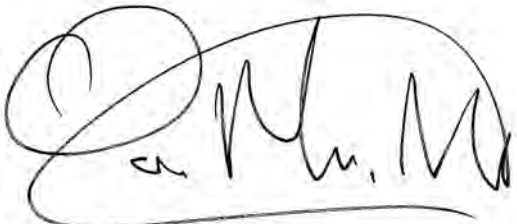
During 2011/12 no Ministerial Directions were issued.

## **Review of effectiveness of governance and controls**

As Accounting Officer/Executive Officer, I have responsibility for conducting an annual review of effectiveness of the system of the organisation's governance, risk management and internal control. My review is informed by the work of Internal Audit and other assurance providers, Executive Directors and other senior staff, who have responsibility for the development and maintenance of the governance structures and internal control framework, and comments made by the National Audit Office in their management letter and other reports. This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

During 2011/12 there were no significant control issues and key risks relating to the transfer of the Agency's activities and assets to receiving bodies were successfully managed and mitigated. The Agency has continued to 'horizon scan' risks to achieving a clean and timely closure. As a result it has reviewed the workforce and internal audit plan for 2012/13 to ensure that there are suitable controls, segregation of duties and assurance throughout the final phase of the closure programme.

On the basis of the information provided above, the conclusion of my review is that SEEDA's governance framework and structure is appropriate and effective, and that a robust system of internal control has been in place within SEEDA for the financial year ending 31 March 2012.

A handwritten signature in black ink, appearing to read 'Oona Muirhead', with a large, stylized initial 'O' on the left and a horizontal line underneath the name.

Oona Muirhead CBE  
Accounting Officer/Chief Executive Officer  
Date: 7 June 2012

## 8. Audit Report of the Comptroller and Auditor General To The Houses of Parliament

I have audited the financial statements of the South East England Development Agency for the year ended 31 March 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Group and Agency Statements of Comprehensive Net Expenditure, Statements of Cash Flows and the Statements of Changes in Taxpayers' Equity, as well as the Agency Statement of Financial Position; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. This includes an assessment of: whether the accounting policies are appropriate to the group's and the South East England Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South East England Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income 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.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the South East England Development Agency's affairs as at 31 March 2012 and of the group's and the parent's net expenditure after tax for the year then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

### **Emphasis of Matter – Preparation on a basis other than Going Concern**

Without qualifying my opinion, I have considered the adequacy of the disclosures made in note 1.2 concerning management's decision to apply a basis other than going concern in the preparation of the financial statements. This was made following Royal Assent to the Public Bodies Act 2011 which contains provision for the abolition of all Regional Development Agencies.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Regional Development Agencies Act 1998; and
- the information given in the Management Commentary, Directors' Report and Remuneration 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 part of the Remuneration 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.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 12 June 2012

# **South East England Development Agency**

## **Part Two**

### **Financial Statements 2011-12**

# GROUP STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2012

Expenditure	Notes	2011/12 £000	2010/11 £000 Restated
Programme expenditure	6	(17,014)	(64,753)
European funded programme expenditure		(3,447)	(11,317)
Staff costs including costs of severance	7	(10,422)	(13,347)
Other administration expenditure	8	(3,357)	(4,224)
Depreciation	12	(259)	(301)
Impairments and other losses	10	(279)	(115)
Loss on disposal of PPE sold		(251)	-
Loss on disposal of Joint Ventures & Associates		(994)	-
Loss on disposal of Subsidiaries	13	(9,313)	-
Loss on transfer order 1	3	(120)	-
<b>Total Expenditure</b>		<u>(45,456)</u>	<u>(94,057)</u>
Income			
Profit on transfer order 2	3	1,377	-
Fair value adjustment on associate	13	516	-
European funded income	9	5,236	10,717
Other income	9	1,670	10,699
<b>Total income</b>		<u>8,799</u>	<u>21,416</u>
<b>Net expenditure</b>		<u>(36,657)</u>	<u>(72,641)</u>
Interest receivable	9	37	68
Surplus/(deficit) from share in Joint Ventures / Associates	13	(168)	(158)
<b>Net expenditure before tax</b>		<u>(36,788)</u>	<u>(72,731)</u>
Taxation	11	(3)	52
<b>Net expenditure after tax</b>		<u>(36,791)</u>	<u>(72,679)</u>
Minority Interest		4,168	(45)
<b>Net expenditure after tax and Minority Interests</b>		<u>(32,623)</u>	<u>(72,724)</u>
<b>Results of discontinued operations</b>	5	(13,636)	(56,729)
<b>Other comprehensive Expenditure for the year</b>			
Net gain / (loss) on revaluation of Utility Loan		(824)	324
<b>Total comprehensive expenditure for the year</b>		<u>(33,447)</u>	<u>(72,400)</u>

Not all activities are continuing. For further details see note 5

The notes on pages 65 to 111 form part of these financial statements

Restatement is due to the transfer under merger accounting of projects, staff, assets and liabilities to the Homes and Communities Agency (HCA). See notes 1.18 and 2.



# AGENCY STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD ENDED 31 MARCH 2012

<b>Expenditure</b>	Notes	2011/12 £000	2010/11 £000 Restated
Programme expenditure	6	(17,014)	(64,753)
European funded programme expenditure		(3,447)	(11,317)
Staff costs including costs of severance	7	(10,422)	(13,347)
Other administration expenditure	8	(3,000)	(3,567)
Depreciation	12	(259)	(301)
Impairments and other losses	10	(1,550)	(115)
Loss on disposal of PPE sold		(251)	-
Loss on disposal of investments in Subsidiaries, Joint Ventures & Associates		(6,174)	
Loss on transfer order 1		(120)	-
<b>Total Expenditure</b>		<u>(42,237)</u>	<u>(93,400)</u>
Income			
Profit on transfer order 2		1,377	-
European funded income	9	5,236	10,717
Other income	9	1,392	9,981
<b>Total income</b>		<u>8,005</u>	<u>20,698</u>
<b>Net expenditure</b>		<u>(34,232)</u>	<u>(72,702)</u>
Interest receivable	9	35	60
<b>Net expenditure before tax</b>		<u>(34,197)</u>	<u>(72,642)</u>
Taxation	11	-	-
<b>Net expenditure after tax</b>		<u>(34,197)</u>	<u>(72,642)</u>
<b>Results of discontinued operations</b>	5	(13,911)	(57,567)
<b>Other comprehensive Expenditure for the year</b>		-	-
<b>Total comprehensive expenditure for the year</b>		<u>(34,197)</u>	<u>(72,642)</u>

The notes on pages 65 to 111 form part of these financial statements

Restatement is due to the transfer under merger accounting of projects, staff, assets and liabilities to the Homes and Communities Agency (HCA). See notes 1.18 and 2.

# GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

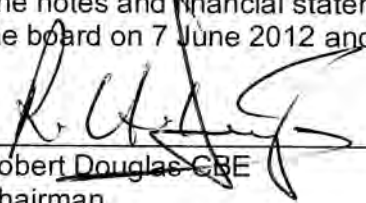
As at 31 March 2012 SEEDA had no Group assets and was therefore no longer a Group. The table below does not therefore show figures for 31 March 2012. This table is for comparative purposes only.

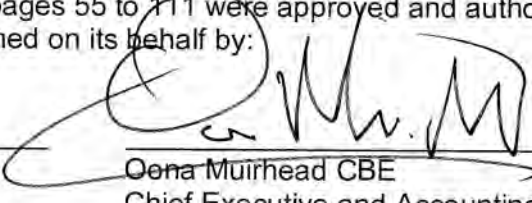
	Notes	31-March-11		01-April-10	
		£000	£000	£000	£000
		Restated	Restated	Restated	Restated
<b><u>Non-current Assets</u></b>					
Property , Plant & Equipment	12	2,310		2,330	
Financial Assets					
- Investments in associates	13	646		1,803	
- Investments in joint ventures	13	-		(56)	
- Utility Loans		6,396		5,858	
Trade and other receivables due > 1 year		199		59	
<b>Total non-current assets</b>			9,551		9,994
<b><u>Current Assets</u></b>					
Utility Loans		-		1,625	
Trade & Other Receivables due < 1 year	14	13,861		7,214	
Cash & Cash Equivalents	15	17,023		21,207	
<b>Total Current Assets</b>			30,884		30,046
<b>Total assets</b>			40,435		40,040
<b><u>Current liabilities</u></b>					
Trade & Other Payables due < 1 year	16	(13,527)		(17,006)	
Provisions for Liabilities and Charges	17	(362)		(263)	
<b>Total Current Liabilities</b>			(13,889)		(17,269)
<b>Total assets less current liabilities</b>			26,546		22,771
<b><u>Non current liabilities</u></b>					
Provisions for Liabilities and Charges	17	(1,477)		(1,039)	
Trade & Other Payables due > 1 yr		(349)		-	
<b>Total Non Current Liabilities</b>			(1,826)		(1,039)
<b>Assets less liabilities</b>			<u>24,720</u>		<u>21,732</u>
<b><u>Reserves</u></b>					
General Reserve		(20,644)		(18,806)	
Minority Interest		(4,076)		(2,926)	
			<u>(24,720)</u>		<u>(21,732)</u>

# AGENCY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Notes	31-March-12		31-March-11		01-April-10	
		£000	£000	£000	£000	£000	£000
				Restated	Restated	Restated	Restated
<b><u>Non-current Assets</u></b>							
Property , Plant & Equipment	12	-		510		811	
Financial Assets							
- Investment in Subsidiary undertakings	13	-		6,799		7,309	
- Investments in Associates	13	-		646		1,803	
- Investments in Joint Ventures	13	-				(56)	
Trade and Other Receivables due > 1 year		-		49		59	
<b>Total non-current assets</b>			-		8,004		9,926
<b><u>Current Assets</u></b>							
Trade & Other Receivables due < 1 year	14	578		13,727		6,871	
Cash & Cash Equivalents	15	3,505		14,425		19,982	
<b>Total Current Assets</b>			4,083		28,152		26,853
<b>Total assets</b>			4,083		36,156		36,779
<b><u>Current liabilities</u></b>							
Trade & Other Payables due < 1 year	16	(1,685)		(13,324)		(16,671)	
Provisions for Liabilities and Charges	17	-		(362)		(263)	
<b>Total Current Liabilities</b>			(1,685)		(13,686)		(16,934)
<b>Total assets less current liabilities</b>			2,398		22,470		19,845
<b><u>Non current liabilities</u></b>							
Provisions for Liabilities and Charges	17	-		(1,477)		(1,039)	
Trade & Other Payables due > 1 yr		-		(349)			
			-		(1,826)		(1,039)
<b>Assets less liabilities</b>			<u>2,398</u>		<u>20,644</u>		<u>18,806</u>
<b><u>Reserves</u></b>							
General Reserve		(2,398)		(20,644)		(18,806)	
			<u>(2,398)</u>		<u>(20,644)</u>		<u>(18,806)</u>

The notes and financial statements on pages 55 to 111 were approved and authorised for issue by the board on 7 June 2012 and were signed on its behalf by:

  
Robert Douglas CBE  
Chairman

  
Oona Muirhead CBE  
Chief Executive and Accounting Officer

Date 7 June 2012

Date 7 June 2012

The notes on pages 65 – 111 form part of these financial statements.

## GROUP STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

	Note	2011/12 £000	2010/11 £000 Restated
<b>Net expenditure after tax and minority interest</b>		<b>(32,623)</b>	<b>(72,724)</b>
Depreciation	12	259	301
Fair value adjustment on associate	13	(516)	-
Write (up) / off on revaluation of PPE	12	-	(281)
(Profit)/ Loss on disposal of PPE		2,051	-
(Profit)/ Loss on disposal of investments	13	994	-
(Increase)/ Decrease in trade & other receivables		13,482	(6,787)
Increase/ (Decrease) in trade & other payables		(12,191)	(3,131)
Increase/ (Decrease) in provisions	17	(1,839)	537
Change in other financial assets		6,396	2,188
Share in results of Associates and Joint Ventures		168	(942)
Movement on receivables not passed through SOCNE		(1,482)	514
Minority Interest		(4,168)	45
<b>Net Cash Outflow From Operating Activities</b>		<b>(29,469)</b>	<b>(80,280)</b>
<b>Net Cash Outflow From Operating Activities</b>		<b>(29,469)</b>	<b>(80,280)</b>
<b>Cash Flows From Investing Activities</b>		-	-
<b>Net Cash Outflow From Investing Activities</b>		-	-
<b>Cash Flows From Financing Activities</b>			
Grant in Aid received		15,951	76,096
<b>Net Financing</b>		<b>15,951</b>	<b>76,096</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents in the period</b>		<b>(13,518)</b>	<b>(4,184)</b>
<b>Cash and Cash Equivalents At The Beginning Of The Period</b>	15	17,023	21,207
<b>Cash And Cash Equivalents At The End Of The Period</b>	15	<b>3,505</b>	<b>17,023</b>

## AGENCY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

	Note	2011/12 £000	2010/11 £000 Restated
<b>Net expenditure after tax</b>		<b>(34,197)</b>	<b>(72,642)</b>
Depreciation	12	259	301
Impairment of investments in subsidiaries and associates and Joint Venture	10	1,271	-
(Profit)/ Loss on disposal of Fixed Assets	12	251	-
(Profit)/ Loss on disposal of investments	13	6,174	-
(Increase)/ Decrease in trade & other receivables		13,198	(6,846)
Increase/ (Decrease) in trade & other payables		(11,988)	(2,998)
Increase/ (Decrease) in provisions	17	(1,839)	537
Movement on receivables not passed through SOCNE		-	(5)
<b>Net Cash Outflow From Operating Activities</b>		<u>(26,871)</u>	<u>(81,653)</u>
<b>Net Cash Outflow From Operating Activities</b>		<u>(26,871)</u>	<u>(81,653)</u>
<b>Cash Flows From Investing Activities</b>		-	-
<b>Net Cash Outflow From Investing Activities</b>		<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>			
Grant in Aid received		15,951	76,096
<b>Net Financing</b>		<u>15,951</u>	<u>76,096</u>
<b>Net Increase/(decrease) In Cash and Cash Equivalents in the period</b>		<u>(10,920)</u>	<u>(5,557)</u>
<b>Cash and Cash Equivalents at beginning of period</b>	15	14,425	19,982
<b>Cash And Cash Equivalents at the end of the period</b>	15	<u>3,505</u>	<u>14,425</u>

## GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2012

	Reval Reserve £000	General Reserve £000	Minority Interest £000	Total Reserves £000
<b>Balance at 01/04/11</b>	-	20,644	4,076	24,720
<b>Changes in Taxpayers' Equity 2011 - 2012</b>				
Grant in aid from Parent		15,951		15,951
Total Comprehensive Expenditure for the year	-	(33,447)	(4,168)	(37,615)
Movements In Reserves				
Decrease in Minority interest in year			(658)	(658)
Change in EKSD Control		(750)	750	0
<b>Balance at 31/03/12</b>	<u>-</u>	<u>2,398</u>	<u>-</u>	<u>2,398</u>

## AGENCY STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2012

	Reval Reserve £000	General Reserve £000	Total Reserves £000
<b>Balance at 01/04/11</b>	-	20,644	20,644
<b>Changes in Taxpayers' Equity 2011 - 2012</b>			
Grant in aid from Parent		15,951	15,951
Total Comprehensive Expenditure for the year		(34,197)	(34,197)
<b>Balance at 31/03/12</b>	<u>-</u>	<u>2,398</u>	<u>2,398</u>

## GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2011

	Govt. Grant Reserve £000 Restated	Reval Reserve £000 Restated	General Reserve £000 Restated	Minority Interest £000 Restated	Total Reserves £000 Restated
<b>Balance at 01/04/10</b>	37,450	7,128	84,751	2,926	132,255
Prior year adjustment regarding FREM change in treatment of grants received	(37,450)		37,450		-
Machinery of Government transfer to Homes & Communities Agency	-	(7,128)	(103,395)		(110,523)
Restated balance at 01/04/10	-	-	18,806	2,926	21,732
<b>Changes in Taxpayers' Equity 2010 - 2011</b>					
Grants in aid from Parent	-	-	76,096	-	76,096
Total Comprehensive Expenditure for the year	-		(72,400)	(45)	(72,445)
Movements In Reserves					
Reversal of discounting	-	-	(5)	-	(5)
Increase in investment in Joint Ventures and Associates	-	-	(942)	-	(942)
Change in Minority interest	-	-	-	284	284
Change in EKSD Control	-		(911)	911	0
<b>Balance at 31/03/11</b>	-	-	20,644	4,076	24,720

## AGENCY STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2011

	Govt. Grant Reserve £000 Restated	Reval Reserve £000 Restated	General Reserve £000 Restated	Total Reserves £000 Restated
<b>Balance at 01/04/10</b>	36,297	7,128	85,903	129,328
Prior year adjustment regarding FREM change in treatment of grants received	(36,297)		36,297	-
Machinery of Government transfer to Homes & Communities Agency	-	(7,128)	(103,394)	(110,522)
Restated balance at 01/04/10	<u>-</u>	<u>-</u>	<u>18,806</u>	<u>18,806</u>
<b>Changes in Taxpayers' Equity 2010 - 2011</b>				
Grant in aid from Parent	-	-	76,096	76,096
Total Comprehensive Expenditure for the year	-		(72,642)	(72,642)
<b>Movements In Reserves</b>				
Reversal of discounting	-	-	(5)	(5)
Decrease in investment in Subsidiaries, Joint Ventures and Associates	-	-	(1,611)	(1,611)
<b>Balance at 31/03/11</b>	<u>-</u>	<u>-</u>	<u>20,644</u>	<u>20,644</u>



**NOTES TO THE ACCOUNTS**

## **1. STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury and Accounts Direction. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of SEEDA for the purpose of giving a true and fair view has been selected. The particular policies adopted by SEEDA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### **1.1 Accounting convention**

In prior years, these accounts were prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

### **1.2 Going Concern**

The Public Bodies Act, which paves the way for the abolition of all Regional Development Agencies (RDAs) received Royal Assent on 14 December 2011. The Department for Business, Innovation and Skills (BIS) issued two individual Transfer Schemes for each RDA under the Act in 2011/12. The first came into effect on 1 January 2012, transferring remaining projects and some staff to BIS so that tasks could be completed. A second Transfer Scheme was made on 30 March to take away any remaining assets and liabilities so that RDAs achieved operational closure by 31 March 2012. BIS is currently drafting the formal Abolition Order which is expected to take effect on 1 July 2012 after a final Transfer Order on 30 June transferring any remaining administrative commitments such as paying final bills.

Based on this knowledge, and the fact that the Agency's operational functions, assets and liabilities ceased in year, with a small number being transferred to other parts of government or to partner entities, it is management's view that the accounts for 2011/12 should be prepared on a basis other than that of a Going Concern. Therefore, the annual report and financial statements have been drawn up on a break-up basis. Given the transfer and/or closure of SEEDA's activities and assets, the changes to the valuations of the Agency's remaining current assets and liabilities arising from the change of status are not deemed to be material. The value of SEEDA's assets is now held by other bodies and is therefore shown as a loss in SEEDA's SOCNE.

We have reviewed the impact of this on the accounting policies. Given the transfer or cessation of all functions during the year (see notes 2 and 3) and the operational closure of the Agency by 31 March, achieved by the transfer to BIS of all residual operational assets and liabilities at 30 March (see note 3), little remains on the Agency's Statement of Financial Position. For those current assets and liabilities remaining, we have reviewed the related accounting policies and we are content that these continue to be appropriate in the period to closure.

A small team of people remain employed after 31 March 2012 in order to conclude the 2011/12 Annual Report and Accounts for certification, and to prepare draft accounts for the final period until abolition which will be passed to the Department for Business, Innovation and Skills for completion.

**NOTES TO THE ACCOUNTS**

## **1.3 Basis of consolidation**

The group financial statements incorporated those of the Agency and its subsidiary undertakings, Ryde Business Park Management Company Ltd and East Kent Spatial Development Company Ltd, and are based on audited accounts from East Kent Spatial Development Company up to the point of disposal.

The group's joint ventures and associate undertakings were all incorporated entities in which the group has 20% or more of the equity voting rights and over which it has either joint control or significant influence. The share of net assets, and profit or loss of the associates is based on audited financial statements drawn up to the date of disposal for material joint ventures and associates. In the group financial statements investments in joint ventures and associates are accounted for using the equity method. The disposal of SEEDA's holdings in joint ventures and associates to partner bodies took place for nil consideration and hence has been reflected as a loss in SEEDA's accounts. Partner bodies will show a corresponding gain in their accounts. Full details of SEEDA's withdrawal are given in note 13.

Adjustments have been undertaken in respect of East Kent Spatial Development Company Ltd and Hastings and Bexhill Renaissance Ltd to align their accounting policies with those of SEEDA.

## **1.4 Property, plant and equipment**

Information technology and fixtures and fittings were recognised at depreciated historic cost as they were all assets with a short life or low value. Items of property, plant and equipment costing over £1,000 were capitalised and any balances remaining at 31 March 2012 have been written off. Expenditure on software licences and website development was written off in the year in which it was incurred.

## **1.5 Depreciation**

Depreciation was provided to write off the cost of items of property, plant and equipment over their anticipated useful lives on a straight line basis at the following annual rates.

Information Technology - 3 years

Fixtures and Fittings - 5 years

Buildings - 30 years

Land was not depreciated as it was considered to have an unlimited useful life.

## **1.6 Investments**

The Agency held investments in a number of subsidiaries, associates and joint ventures, from which the Agency withdrew during the course of 2011/12 with the agreement of BIS. The investments complied with section 5 of the Regional Development Agencies Act 1998 and enabled the Agency to undertake activities with partners in specific areas. Investments were valued at fair value (represented by net assets) rather than cost and transferred at nil value resulting in a loss on disposal.

**NOTES TO THE ACCOUNTS**

## **1.7 Government grants received**

The Agency's activities are funded primarily by the Grant-in-Aid provided by the Department for Business, Innovation and Skills for specified types of expenditure. Grant-in-Aid received to finance activities and expenditure is treated as financing and credited to the General Reserve because it is regarded as contributions from a controlling party.

## **1.8 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a defined benefit scheme; further information is included in the Remuneration Report within the Annual Report.

The Agency recognises the expected cost of providing pension benefits on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. The Agency's contributions to the Scheme are charged to the Statement of Comprehensive Net Expenditure. Liability for payment of future benefits is a charge on the PCSPS.

## **1.9 Revenue recognition**

Following IAS 18 any revenue is accounted for only when it is due.

## **1.10 Reserves**

### *General Reserve*

Grant-in-Aid is credited directly to the General Reserve as it is regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest in the Agency.

### *Revaluation Reserve*

The Revaluation Reserve reflected any upward valuation of development assets and property, plant and equipment. Downward valuations were charged directly to the Statement of Comprehensive Net Expenditure to the extent that there was no credit on the Revaluation Reserve against which such losses could be charged.

### *Minority Interest*

This deduction in reserves represented the external interest in the ownership of East Kent Spatial Development Company Ltd and so does not form part of the group position.

## **1.11 Financial instruments**

The Agency has no borrowings; it relies primarily on Grant in Aid for its cash requirements, and is therefore not exposed to liquidity risk. All remaining material assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

**NOTES TO THE ACCOUNTS**

## **1.12 Leases**

Operating lease rentals were spread over the period of the lease term. There are no finance leases.

## **1.13 Foreign currency transactions**

Transactions in foreign currencies were recorded in sterling at the rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currency were translated into sterling at the rate prevailing at year end. Resulting exchange gains and losses were taken to the Statement of Comprehensive Net Expenditure.

## **1.14 Provisions**

Provisions for future liabilities were recognised when there was a present obligation arising from past events, the settlement of which was expected to result in a probable outflow of resources and the amount of which could be reliably estimated.

## **1.15 Value Added Tax**

The financial statements are prepared net of recoverable VAT.

## **1.16 Impact of future accounting policy changes**

SEEDA has considered, in accordance with IAS 8, whether there have been any changes to accounting policies (either voluntary or arising from IFRS and the FReM) which have an impact on the current or prior period, or may have an effect on future periods. SEEDA has also reviewed new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS that are or will be applicable (references to 'new IFRS' includes new interpretations and any new amendments to IFRS and Interpretations).

**The following changes in accounting policies brought about by changes to the FReM which are effective in 2011-12 have been applied to these accounts:**

IAS 24 (revised) - 'Related party disclosures' effective date 1 January 2011. The standard requires that transactions and balances between the reporting entity and its related parties be disclosed in the financial statements. However, exemption has been given to government entities from disclosing details of transactions. Government entities are required to disclose: the name of the parent department and a note on the main entities within government with which the entity has had dealings.

There are no other changes effective this financial year which are applicable to SEEDA. There are also no changes effective in 2012-13 which are applicable to SEEDA.

## **1.17 Transfer of assets**

Coalfield assets and liabilities, and investment and development land and property, inventories, projects and some staff, transferred to the Homes and Communities Agency (HCA) on 1 August and 19 September 2011 respectively. These transfers have been accounted for using merger

**NOTES TO THE ACCOUNTS**

accounting, under which functions transferred are deemed always to have been delivered by the transferee; therefore, all transactions are removed from both the current year and prior-year comparative figures.

Investments in subsidiaries, joint ventures and associates, and activities which have been transferred to recipient bodies have been accounted for using acquisition accounting, under which activities up to the date of disposal are shown in the Statement of Comprehensive Net Expenditure. Assets were transferred at fair value for nil consideration at the date of transfer. Transfers in ownership are shown as losses in SEEDA's Group and Agency Accounts, and partners receiving the assets will show a corresponding gain.

## **1.18 Restatement of 2010/11 figures**

Under merger accounting all transferred functions and transactions are deemed always to have been delivered by the recipient. Therefore, all transactions are removed from both the current year and comparative figures and the balances restated accordingly. Reconciliations between the figures given in SEEDA's published 2010/11 financial statements and the comparatives included in these financial statements are given in note 2 to the accounts. Consequently, all financial statements and notes to the accounts affected by the transfer have been restated to reflect these transfers. Note 2 reconciles the original figures given in the published 2010/11 financial statements with the comparatives shown in this year's financial statements.

There has been a change in accounting policy with respect to grants. Grants received are now taken through the Statement of Comprehensive Net Expenditure unless specific repayment conditions exist. Changes to prior periods resulting from this change are shown in note 22.

NOTES TO THE ACCOUNTS

**2. RESTATEMENT OF THE STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND STATEMENT OF FINANCIAL POSITION AS A RESULT OF MACHINERY OF GOVERNMENT (MOG) CHANGES**

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR COALFIELD AND STEWARDSHIP TRANSACTIONS TO THE DATES OF TRANSFER**

	MOG transfer to HCA (Coalfields) To 31 Jul 11 £000	MOG transfer to HCA (Land & Property) To 18 Sept 11 £000
<b>Expenditure</b>		
Programme expenditure	90	1,982
Staff costs including costs of severance	-	1,005
Other administration expenditure	-	237
<b>Total Expenditure</b>	<u>90</u>	<u>3,224</u>
<b>Income</b>		
Other income	(15)	(3,435)
<b>Total income</b>	<u>(15)</u>	<u>(3,435)</u>
<b>Net expenditure</b>	<u>75</u>	<u>(211)</u>
Interest receivable	-	(18)
<b>Net expenditure before tax</b>	<u>75</u>	<u>(229)</u>
Taxation	-	-
<b>Net expenditure after tax</b>	<u>75</u>	<u>(229)</u>
Minority Interest	-	-
<b>Net expenditure after tax and Minority Interests</b>	<u>75</u>	<u>(229)</u>
<b>Total transferred expenditure</b>	<u>75</u>	<u>(229)</u>

The amounts shown in this note reflect balances transferred from SEEDA's accounts to the HCA. Expenditure is therefore shown as positive transactions and income as negative.

**NOTES TO THE ACCOUNTS**

**STATEMENT OF GROUP COMPREHENSIVE NET EXPENDITURE:  
RECONCILIATION BETWEEN PUBLISHED ACCOUNTS FOR 2010/11 AND  
RESTATED COMPARATIVES**

	Original 31 Mar 2011 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 31 Mar 2011 £000
<b>Expenditure</b>				
Programme expenditure	(98,189)	223	33,213	(64,753)
European funded programme expenditure	(11,317)	-	-	(11,317)
Staff costs including costs of severance	(15,687)	-	2,340	(13,347)
Other administration expenditure	(4,763)	-	539	(4,224)
Depreciation	(301)	-	-	(301)
Impairments and other losses	(34,052)	739	33,198	(115)
Book value of inventories sold	(2,450)	-	2,450	-
<b>Total Expenditure</b>	<b>(166,759)</b>	<b>962</b>	<b>71,740</b>	<b>(94,057)</b>
<b>Income</b>				
European funded income	10,717	-	-	10,717
Other income	30,070	(50)	(19,321)	10,699
Proceeds from sale of inventories	6,059	-	(6,059)	-
<b>Total income</b>	<b>46,846</b>	<b>(50)</b>	<b>(25,380)</b>	<b>21,416</b>
<b>Net expenditure</b>	<b>(119,913)</b>	<b>912</b>	<b>46,360</b>	<b>(72,641)</b>
Interest receivable	176	(2)	(106)	68
Share in surplus/(deficit) from Joint Ventures / Associates	(209)	-	51	(158)
<b>Net expenditure before tax</b>	<b>(119,946)</b>	<b>910</b>	<b>46,305</b>	<b>(72,731)</b>
Taxation	52	-	-	52
<b>Net expenditure after tax</b>	<b>(119,894)</b>	<b>910</b>	<b>46,305</b>	<b>(72,679)</b>
Minority Interest	(45)	-	-	(45)
<b>Net expenditure after tax and Minority Interests</b>	<b>(119,939)</b>	<b>910</b>	<b>46,305</b>	<b>(72,724)</b>
<b>Other Comprehensive Expenditure for the year</b>				
Net gain / (loss) on revaluation of inventories	(1,669)	-	1,669	-
Net gain / (loss) on revaluation of Property Plant and Equipment	(80)	-	80	-
Net gain / (loss) on revaluation of Utility Loan	324	-	-	324
<b>Total comprehensive expenditure for the year</b>	<b>(121,364)</b>	<b>910</b>	<b>48,054</b>	<b>(72,400)</b>

The opening balances for both other income and minority interest include changes from those previously published. Refer to note 22 'Prior period adjustments' for further details.

NOTES TO THE ACCOUNTS

**STATEMENT OF AGENCY COMPREHENSIVE NET EXPENDITURE:  
RECONCILIATION BETWEEN PUBLISHED ACCOUNTS FOR 2010/11 AND  
RESTATED COMPARATIVES**

	Original 31 Mar 2011 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 31 Mar 2011 £000
<b>Expenditure</b>				
Programme expenditure	(98,189)	223	33,213	(64,753)
European funded programme expenditure	(11,317)	-	-	(11,317)
Staff costs including costs of severance	(15,687)	-	2,340	(13,347)
Other administration expenditure	(4,106)	-	539	(3,567)
Depreciation	(301)	-	-	(301)
Impairments and other losses	(34,052)	739	33,198	(115)
Book value of inventories sold	(2,450)	-	2,450	-
<b>Total Expenditure</b>	<u>(166,102)</u>	<u>962</u>	<u>71,740</u>	<u>(93,400)</u>
<b>Income</b>				
European funded income	10,717	-	-	10,717
Other income	29,352	(50)	(19,321)	9,981
Proceeds from sale of inventories	6,059	-	(6,059)	-
<b>Total income</b>	<u>46,128</u>	<u>(50)</u>	<u>(25,380)</u>	<u>20,698</u>
<b>Net expenditure</b>	<u>(119,974)</u>	<u>912</u>	<u>46,360</u>	<u>(72,702)</u>
Interest receivable	168	(2)	(106)	60
<b>Net expenditure before tax</b>	<u>(119,806)</u>	<u>910</u>	<u>46,254</u>	<u>(72,642)</u>
Taxation	-	-	-	-
<b>Net expenditure after tax</b>	<u>(119,806)</u>	<u>910</u>	<u>46,254</u>	<u>(72,642)</u>
<b>Other Comprehensive Expenditure for the year</b>				
Net gain / (loss) on revaluation of inventories	(1,669)	-	1,669	-
Net gain / (loss) on revaluation of Property Plant and Equipment	(80)	-	80	-
<b>Total comprehensive expenditure for the year</b>	<u>(121,555)</u>	<u>910</u>	<u>48,003</u>	<u>(72,642)</u>

The opening balance for other income has changed from that previously published. Refer to note 22 'Prior period adjustments' for further details.



NOTES TO THE ACCOUNTS

**STATEMENT OF FINANCIAL POSITION: BALANCES TRANSFERRED TO THE HCA AT DATE OF TRANSFER**

	MOG transfer to HCA (Coalfields) At 31 Jul 2011 £000	MOG transfer to HCA Land & Property) At 18 Sept 2011 £000
<b><u>Non-current Assets</u></b>		
Property , Plant & Equipment	-	10,669
Financial Assets		
- Investments in joint ventures	-	257
Trade and other receivables due > 1 year	-	6,027
<b>Total non-current assets</b>	<b>-</b>	<b>16,953</b>
<b><u>Current Assets</u></b>		
Utility Loans		
Inventories	1,900	75,513
Trade & Other Receivables due < 1 year	489	6,231
Cash & Cash Equivalents	-	3,847
<b>Total Current Assets</b>	<b>2,389</b>	<b>85,591</b>
<b>Total assets</b>	<b>2,389</b>	<b>102,544</b>
<b><u>Current liabilities</u></b>		
Trade & Other Payables due < 1 year	(703)	(697)
Provisions for Liabilities and Charges	-	(1,560)
<b>Total Current Liabilities</b>	<b>(703)</b>	<b>(2,257)</b>
<b>Assets less liabilities</b>	<b>1,686</b>	<b>100,287</b>
<b><u>Reserves</u></b>		
Revaluation Reserve	-	(5,378)
General Reserve	(1,686)	(94,909)
	<b>(1,686)</b>	<b>(100,287)</b>

NOTES TO THE ACCOUNTS

**STATEMENT OF GROUP FINANCIAL POSITION AS AT  
31 MARCH 2011: RECONCILIATION BETWEEN PUBLISHED 2010/11  
ACCOUNTS AND RESTATED COMPARATIVES**

	Original balance 31 Mar 2011 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 31 Mar 2011 £000
<b><u>Non-current Assets</u></b>				
Property , Plant & Equipment	12,980	-	(10,670)	2,310
Financial Assets				
- Investments in associates	646	-	-	646
- Investments in joint ventures	257	-	(257)	-
- Utility Loans	6,396	-	0	6,396
Trade and other receivables due > 1 year	8,195	-	(7,996)	199
<b>Total non-current assets</b>	<b>28,474</b>	<b>-</b>	<b>(18,923)</b>	<b>9,551</b>
<b><u>Current Assets</u></b>				
Utility Loans	-	-	-	-
Inventories	73,908	(1,900)	(72,008)	-
Trade & Other Receivables due < 1 year	26,107	(503)	(11,743)	13,861
Cash & Cash Equivalents	19,520	-	(2,497)	17,023
<b>Total Current Assets</b>	<b>119,535</b>	<b>(2,403)</b>	<b>(86,248)</b>	<b>30,884</b>
<b>Total assets</b>	<b>148,009</b>	<b>(2,403)</b>	<b>(105,171)</b>	<b>40,435</b>
<b><u>Current liabilities</u></b>				
Trade & Other Payables due < 1 year	(28,845)	713	14,605	(13,527)
Provisions for Liabilities and Charges	(1,922)	-	1,560	(362)
<b>Total Current Liabilities</b>	<b>(30,767)</b>	<b>713</b>	<b>16,165</b>	<b>(13,889)</b>
Non current assets plus Net current assets	117,242	(1,690)	(89,006)	26,546
<b><u>Non current liabilities</u></b>				
Provisions for Liabilities and Charges	(1,477)	-	-	(1,477)
Trade & Other Payables due > 1 yr	(349)	-	-	(349)
<b>Total Non Current Liabilities</b>	<b>(1,826)</b>	<b>-</b>	<b>-</b>	<b>(1,826)</b>
<b>Assets less liabilities</b>	<b>115,416</b>	<b>(1,690)</b>	<b>(89,006)</b>	<b>24,720</b>
<b><u>Reserves</u></b>				
Revaluation Reserve	(5,379)	-	5,379	-
General Reserve	(105,961)	1,690	83,627	(20,644)
Minority Interest	(4,076)	-	-	(4,076)
	<b>(115,416)</b>	<b>1,690</b>	<b>89,006</b>	<b>(24,720)</b>

Government grant reserve has been removed due to a retrospective change in accounting policy. Refer to note 22.

NOTES TO THE ACCOUNTS

**STATEMENT OF AGENCY FINANCIAL POSITION AS AT  
31 MARCH 2011: RECONCILIATION BETWEEN PUBLISHED 2010/11  
ACCOUNTS AND RESTATED COMPARATIVES**

	Original balance 31 Mar 2011 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 31 Mar 2011 £000
<b><u>Non-current Assets</u></b>				
Property , Plant & Equipment	11,180	-	(10,670)	510
Financial Assets				
- Investments in subsidiary undertakings	6,799	-	-	6,799
- Investments in associates	646	-	-	646
- Investments in joint ventures	257	-	(257)	-
Trade and other receivables due > 1 year	8,045	-	(7,996)	49
<b>Total non-current assets</b>	<b>26,927</b>	<b>-</b>	<b>(18,923)</b>	<b>8,004</b>
<b><u>Current Assets</u></b>				
Inventories	73,908	(1,900)	(72,008)	-
Trade & Other Receivables due < 1 year	25,973	(503)	(11,743)	13,727
Cash & Cash Equivalents	16,922	-	(2,497)	14,425
<b>Total Current Assets</b>	<b>116,803</b>	<b>(2,403)</b>	<b>(86,248)</b>	<b>28,152</b>
<b>Total assets</b>	<b>143,730</b>	<b>(2,403)</b>	<b>(105,171)</b>	<b>36,156</b>
<b><u>Current liabilities</u></b>				
Trade & Other Payables due < 1 year	(28,642)	713	14,605	(13,324)
Provisions for Liabilities and Charges	(1,922)	-	1,560	(362)
<b>Total Current Liabilities</b>	<b>(30,564)</b>	<b>713</b>	<b>16,165</b>	<b>(13,686)</b>
Non current assets plus Net current assets	113,166	(1,690)	(89,006)	22,470
<b><u>Non current liabilities</u></b>				
Provisions for Liabilities and Charges	(1,477)	-	-	(1,477)
Trade & Other Payables due > 1 yr	(349)	-	-	(349)
<b>Total Non Current Liabilities</b>	<b>(1,826)</b>	<b>-</b>	<b>-</b>	<b>(1,826)</b>
<b>Assets less liabilities</b>	<b>111,340</b>	<b>(1,690)</b>	<b>(89,006)</b>	<b>20,644</b>
<b><u>Reserves</u></b>				
Revaluation Reserve	(5,379)	-	5,379	-
General Reserve	(105,961)	1,690	83,627	(20,644)
	<b>(111,340)</b>	<b>1,690</b>	<b>89,006</b>	<b>(20,644)</b>

Government grant reserve has been removed due to a retrospective change in accounting policy. Refer to note 22.

NOTES TO THE ACCOUNTS

**STATEMENT OF GROUP FINANCIAL POSITION AS AT  
1 APRIL 2010: RECONCILIATION BETWEEN PUBLISHED 2009/10  
ACCOUNTS AND RESTATED COMPARATIVES**

	Opening Original 1 April 2010 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 1 April 2010 £000
<b><u>Non-current Assets</u></b>				
Property , Plant & Equipment	12,820	-	(10,490)	2,330
Financial Assets				
- Investments in associates	1,803	-	-	1,803
- Investments in joint ventures	246	-	(302)	(56)
- Utility Loans	5,858	-	-	5,858
Trade and other receivables due > 1 year	1,376	-	(1,317)	59
<b>Total non-current assets</b>	<b>22,103</b>	<b>-</b>	<b>(12,109)</b>	<b>9,994</b>
<b><u>Current Assets</u></b>				
Utility Loans	1,625	-	-	1,625
Inventories	97,406	(2,625)	(94,781)	-
Trade & Other Receivables due < 1 year	15,887	(498)	(8,175)	7,214
Cash & Cash Equivalents	24,538	-	(3,331)	21,207
<b>Total Current Assets</b>	<b>139,456</b>	<b>(3,123)</b>	<b>(106,287)</b>	<b>30,046</b>
<b>Total assets</b>	<b>161,559</b>	<b>(3,123)</b>	<b>(118,396)</b>	<b>40,040</b>
<b><u>Current liabilities</u></b>				
Trade & Other Payables due < 1 year	(25,248)	725	7,517	(17,006)
Provisions for Liabilities and Charges	(263)	-	-	(263)
<b>Total Current Liabilities</b>	<b>(25,511)</b>	<b>725</b>	<b>7,517</b>	<b>(17,269)</b>
Non current assets plus Net current assets	136,048	(2,398)	(110,879)	22,771
<b><u>Non current liabilities</u></b>				
Provisions for Liabilities and Charges	(3,793)	-	2,754	(1,039)
Trade & Other Payables due > 1 yr	-	-	-	-
<b>Total Non Current Liabilities</b>	<b>(3,793)</b>	<b>-</b>	<b>2,754</b>	<b>(1,039)</b>
<b>Assets less liabilities</b>	<b>132,255</b>	<b>(2,398)</b>	<b>(108,125)</b>	<b>21,732</b>
<b><u>Reserves</u></b>				
Revaluation Reserve	(7,128)	-	7,128	-
General Reserve	(122,201)	2,398	100,997	(18,806)
Minority Interest	(2,926)	-	-	(2,926)
	<b>(132,255)</b>	<b>2,398</b>	<b>108,125</b>	<b>(21,732)</b>

Government grant reserve has been removed due to a retrospective change in accounting policy. Refer to note 22.

NOTES TO THE ACCOUNTS

**STATEMENT OF AGENCY FINANCIAL POSITION AS AT  
1 APRIL 2010: RECONCILIATION BETWEEN PUBLISHED 2009/10  
ACCOUNTS AND RESTATED COMPARATIVES**

	Opening Original 1 April 2010 £000	MOG transfer to HCA (Coalfields) £000	MOG transfer to HCA (Land & Property) £000	Restated 1 April 2010 £000
<b><u>Non-current Assets</u></b>				
Property , Plant & Equipment	11,301	-	(10,490)	811
Financial Assets				
- Investments in subsidiaries	7,309	-	-	7,309
- Investments in associates	1,803	-	-	1,803
- Investments in joint ventures	246	-	(302)	(56)
Trade and other receivables due > 1 year	1,376	-	(1,317)	59
<b>Total non-current assets</b>	<b>22,035</b>	<b>-</b>	<b>(12,109)</b>	<b>9,926</b>
<b><u>Current Assets</u></b>				
Inventories	97,406	(2,625)	(94,781)	-
Trade & Other Receivables due < 1 year	15,543	(498)	(8,174)	6,871
Cash & Cash Equivalents	23,313	-	(3,331)	19,982
<b>Total Current Assets</b>	<b>136,262</b>	<b>(3,123)</b>	<b>(106,286)</b>	<b>26,853</b>
<b>Total assets</b>	<b>158,297</b>	<b>(3,123)</b>	<b>(118,395)</b>	<b>36,779</b>
<b><u>Current liabilities</u></b>				
Trade & Other Payables due < 1 year	(24,913)	725	7,517	(16,671)
Provisions for Liabilities and Charges	(263)	-	-	(263)
<b>Total Current Liabilities</b>	<b>(25,176)</b>	<b>725</b>	<b>7,517</b>	<b>(16,934)</b>
Non current assets plus Net current assets	133,121	(2,398)	(110,878)	19,845
<b><u>Non current liabilities</u></b>				
Provisions for Liabilities and Charges	(3,793)	-	2,754	(1,039)
Trade & Other Payables due > 1 yr	-	-	-	-
<b>Total Non Current Liabilities</b>	<b>(3,793)</b>	<b>-</b>	<b>2,754</b>	<b>(1,039)</b>
<b>Assets less liabilities</b>	<b>129,328</b>	<b>(2,398)</b>	<b>(108,124)</b>	<b>18,806</b>
<b><u>Reserves</u></b>				
Revaluation Reserve	(7,128)	-	7,128	-
General Reserve	(122,200)	2,398	100,996	(18,806)
	<b>(129,328)</b>	<b>2,398</b>	<b>108,124</b>	<b>(18,806)</b>

Government grant reserve has been removed due to a retrospective change in accounting policy. Refer to note 22.

**NOTES TO THE ACCOUNTS**

**STATEMENT OF CASH FLOWS TRANSFERRED TO THE HCA**

	HCA (Coalfields) To 31.08.11 £000	HCA (Land & Property) To 18.09.11 £000
<b>Net expenditure after tax</b>	(75)	229
(Increase)/(Decrease in trade and other receivables	(14)	7,506
Increase in inventories	-	(3,505)
Increase/(Decrease) in trade and other payables	10	(13,925)
<b>Net Cash Outflow from Operating Activities</b>	(79)	(9,695)
<b>Cash Flows from Investing activities</b>		
Purchase of fixed assets	-	1
<b>Net cash outflow from Investing Activities</b>	-	1
<b>Financing</b>		
Grant-in-aid received	79	8,775
Grants from HCA	-	2,269
<b>Net cash inflow from financing activities</b>	79	11,044
<b>Net increase in cash and cash equivalents in the period</b>	-	1,350

**3. TRANSFERS UNDER ACQUISITION ACCOUNTING**

In addition to the Machinery of Government changes covered in note 2, a number of activities were transferred to other bodies under acquisition accounting during the year.

Programme Transfers

On 1 May, SEEDA's inward investment activity transferred to PA Consulting Services Limited, resulting in the transfer of 12 members of staff. No assets or liabilities were transferred.

On 1 July, SEEDA's activities under the European Regional Development Fund (ERDF) transferred to the Department for Communities and Local Government (DCLG), resulting in the transfer of 8 members of staff. No assets or liabilities were transferred.

On 1 July, the Rural Development Programme for England (RDPE) transferred to the Department for the Environment, Farming and Rural Affairs (DEFRA), resulting in the transfer of 7 members of staff. The Agency acted solely as a managing agent for these activities and no assets or liabilities were transferred and no expenditure was recorded in SEEDA's accounts.

On 1 August, the Grants for Research and Development programme transferred to the Technology Strategy Board (TSB). No members of staff were transferred and there was no transfer of assets or liabilities. No new money will be put into SEEDA's former programme of grants.

**NOTES TO THE ACCOUNTS**

On 1 September, the Grants for Business Investment programme transferred to the Department for Business, Innovation and Skills. No members of staff were transferred and there was no transfer of assets or liabilities. No new money will be put into SEEDA's former programme of grants.

On 15 September programmes covering research and development in the aerospace sector were transferred to the Technology Strategy Board. No members of staff were transferred and there was no transfer of assets or liabilities. No new money will be put into SEEDA's former programme of grants. Expenditure to the transfer date on grants for Aerospace, Grants for Research and Development and Grants for Business Investment were £1.124m, £0.329m and £0.153m respectively.

Special Purpose Entities

During the year, the agency withdrew from all its holdings in Special Purpose Entities (SPEs) - subsidiaries, joint ventures and associate companies, other than BLAC which was struck off at Companies House after the year-end, on 10 April 2012. The assets were transferred at fair value for nil consideration, meaning that the assets continue to exist at the point of hand-over, with the value at transfer being available to the recipient or to remaining partners. For accounting reasons the values are shown as losses in SEEDA's Group and Agency Accounts. Partners receiving the investments will show a corresponding gain. Disposals are set out in detail for each company in Note 13.

With the exception of Ryde Business Park Management Co Ltd and South East England Properties Limited, all SEEDA's SPEs are companies limited by guarantee and have articles of association which preclude the transfer of membership for consideration and therefore SEEDA's share of the company's assets will be transferred to the remaining members for the benefit of the South East. Whilst a loss on disposal is shown in SEEDA's accounts, the underlying net assets will continue to be used to deliver the objectives set out in the company's articles and are reflected in partner's accounts.

South East England Properties was a dormant company and was struck off at Companies House on 17 January 2012. Ryde Business Park Management Co Ltd was transferred to the tenants of the Business Park. Full details are given in note 13.

Transfers to the BIS Portfolio Management Office (PMO) under Transfers Orders 1 and 2

On 1 January 2012 SEEDA transferred debtor balances of £3.23m and creditor balances of £3.109m remaining on the Agency's balance sheet to the Department for Business, Innovation and Skills for nil consideration. These relate to payments due from European programmes and amounts due to partners under those programmes. The net of these transfers was a loss to SEEDA of £0.120m

On 30 March 2012 SEEDA transferred debtor balances of £0.323m and creditor balances of £0.245m remaining on the Agency's balance sheet to the Department for Business, Innovation and Skills for nil consideration, together with a provision of £1.486m in respect of future pension provisions. The net of the transfer was a gain to SEEDA of £1.408m.

Excess Cash Holdings

Cash balances totalling £5.696m reflecting surpluses generated on European funded programmes were also handed over to BIS outside the transfer order process and this has offset the Grant-in-aid received in the year.

**NOTES TO THE ACCOUNTS**

**4. ANALYSIS OF GROUP NET EXPENDITURE BY SEGMENT**

2011/12

	Gross Expenditure £000	Income £000	Net Expenditure £000
Business Operations	24,787	(4,766)	20,021
Sectors & Cluster	2,968	(186)	2,782
Transition	628	(1,027)	(399)
Infrastructure	101	(28)	73
Strategy & Communications	954	(49)	905
Resources	5,300	(1,748)	3,552
Other & Subsidiaries	411	(995)	(584)
Loss on disposal of Joint Ventures, Associates and Subsidiaries	10,307		10,307
	<u>45,456</u>	<u>(8,799)</u>	<u>36,657</u>

2010/11

	Gross Expenditure £000 Restated	Income £000 Restated	Net Expenditure £000 Restated
Business Operations	59,487	(19,785)	39,702
Sectors & Cluster	18,707	(774)	17,933
Transition	724		724
Hastings and Bexhill	663		663
Infrastructure	328		328
Strategy & Communications	5,128	(2)	5,126
Resources	8,051	(136)	7,915
Other & Subsidiaries	969	(719)	250
	<u>94,057</u>	<u>(21,416)</u>	<u>72,641</u>



**NOTES TO THE ACCOUNTS**

## **5. DISCONTINUED OPERATIONS**

Following the general election in 2010, the Coalition Government outlined a series of proposed changes to how local economic development would be delivered, including its intention to abolish Regional Development Agencies. To this end, the Government published the Public Bodies Bill in Parliament on 29 October 2010, which was approved by the House of Lords on 14 December 2011. Whilst a final abolition date has still to be agreed, management have been working towards the closure of the Agency, expected on 1 July 2012. As part of the closure and transfer of programmes, the majority of functions previously undertaken have now been discontinued. This includes Business Support, Tourism, Transport and Planning, Urban Regeneration, Employment, Learning and Skills, and Strategy.

Notes 2 and 3 to the accounts provides details of those functions and activities that have transferred to other bodies during the financial year. The Coalfield programme and Stewardship transfers to the Homes and Communities Agency are accounted for under merger accounting and all transfers and balances are removed from 2011/12 and comparatives. The European Regional Development Fund transferred to the Department for Communities and Local Government, and the Rural Development Programme for England to the Department for the Environment, Food and Rural Affairs.

As these transfers are to other public sector bodies, although no longer undertaken by the Agency, they are considered to be a continuing operation. This is in line with the 2011-12 Government Financial Reporting Manual (FRM).

Other transfers that have taken place during the year are inward investment activity to PA Consulting Ltd; the Grants for Research and Development programme (GRD) to the Technology Strategy Board; the Grants for Research and Development programme (GRD) to the Department for Business, Innovation and Skills; and residual activity to the Department for Business, Innovation and Skills Portfolio Management Office. SEEDA also closed its other major economic development programmes such as Business Link and the Manufacturing Advisory Service.

These activities are considered to be discontinued. In the case of inward investment this is now undertaken by a private sector organisation which will carry out inward investment under a different model going forward. In the case of the GRD and GBI programmes, although existing commitments will be met, no new funding will be available to extend the programmes that SEEDA formerly owned. These are therefore considered to be discontinued.

No disposal proceeds have been received for the transfer of discontinued operations.

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2012**

**NOTES TO THE ACCOUNTS**

The results of discontinued and continuing operations are as follows:

**Continuing / discontinued operations**

Group	2011/12		2010/11	
	£000	£000	£000	£000
	Continuing	Discontinued	Restated Continuing	Restated Discontinued
<u>Expenditure</u>				
Programme expenditure	(1,855)	(15,159)	(593)	(64,160)
European funded programme expenditure	(3,303)	(144)	(7,929)	(3,388)
Staff costs	(10,422)	-	(13,347)	-
Other Admin costs	(3,357)	-	(4,224)	-
Depreciation	(259)	-	(301)	-
Impairments and other losses	(279)	-	(115)	-
Loss on disposal of PPE sold	(251)	-	-	-
Loss on disposal of JV and associates	(994)	-	-	-
Loss on transfer order 1	(120)	-	-	-
Loss on disposal of subsidiaries	(9,313)	-	-	-
<b>Total Expenditure</b>	<b>(30,153)</b>	<b>(15,303)</b>	<b>(26,509)</b>	<b>(67,548)</b>
<u>Income</u>				
Profit on transfer order 2	1,377	-	-	-
Fair value adjustment on associate	516	-	-	-
European funding	5,236	-	10,717	-
Other income	-	1,670	-	10,699
<b>Total income</b>	<b>7,129</b>	<b>1,670</b>	<b>10,717</b>	<b>10,699</b>
<b>Net Expenditure</b>	<b>(23,024)</b>	<b>(13,633)</b>	<b>(15,792)</b>	<b>(56,849)</b>
Interest Receivable	37	-	-	68
Share in Surplus/(deficit) from joint ventures/associates	(168)	-	(158)	-
<b>Net Expenditure after interest and before tax</b>	<b>(23,155)</b>	<b>(13,633)</b>	<b>(15,950)</b>	<b>(56,781)</b>
Taxation	-	(3)	-	52
<b>Net Expenditure after Tax</b>	<b>(23,155)</b>	<b>(13,636)</b>	<b>(15,950)</b>	<b>(56,729)</b>
Minority interest	4,168	-	(45)	-
<b>Net Gain/loss after tax and minority interests</b>	<b>(18,987)</b>	<b>(13,636)</b>	<b>(15,995)</b>	<b>(56,729)</b>
<b>Net gain/(loss) on revaluation of Utility Loan</b>	<b>(824)</b>	<b>-</b>	<b>324</b>	<b>-</b>
<b>Total comprehensive net expenditure for the year</b>	<b>(19,811)</b>	<b>(13,636)</b>	<b>(15,671)</b>	<b>(56,729)</b>

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2012**

**NOTES TO THE ACCOUNTS**

Group cashflows from continuing and discontinued operations are as follows:

Group	2011/12		2010/11 Restated	
	Continuing £000	Discontinued £000	Continuing £000	Discontinued £000
Cashflows from Operating Activities	(12,084)	(17,385)	(18,464)	(61,817)
Cashflows from Investing Activities	-	-	-	-
Cashflows from Financing Activities	15,951	-	76,096	-
	<u>3,867</u>	<u>(17,385)</u>	<u>57,632</u>	<u>(61,817)</u>
Net increase/(decrease) in Cash and Cash equivalents				

**Continued / discontinued operations**

Agency	2011/12		2010/11	
	Continuing £000	Discontinued £000	Continuing Restated £000	Discontinued Restated £000
<u>Expenditure</u>				
Programme expenditure	(1,855)	(15,159)	(593)	(64,160)
European funded programme expenditure	(3,303)	(144)	(7,929)	(3,388)
Staff costs	(10,422)	-	(13,347)	-
Other Admin costs	(3,000)	-	(3,567)	-
Depreciation	(259)	-	(301)	-
Impairments and other losses	(1,550)	-	(115)	-
Loss on disposal of PPE sold	(251)	-	-	-
Loss on disposal of JV and associate	(994)	-	-	-
Loss on transfer order 1	(120)	-	-	-
Profit on transfer order 2	-	-	-	-
Loss on disposal of subsidiaries	(5,180)	-	-	-
<b>Total Expenditure</b>	<u>(26,934)</u>	<u>(15,303)</u>	<u>(25,852)</u>	<u>(67,548)</u>
<u>Income</u>				
Profit on transfer order 2	1,377	-	-	-
European funding	5,236	-	10,717	-
Other income	-	1,392	-	9,981
<b>Total income</b>	<u>6,613</u>	<u>1,392</u>	<u>10,717</u>	<u>9,981</u>
<b>Net Expenditure</b>	<u>(20,321)</u>	<u>(13,911)</u>	<u>(15,135)</u>	<u>(57,567)</u>
Interest Receivable	35	-	60	-
<b>Net Expenditure after interest and before tax</b>	<u>(20,286)</u>	<u>(13,911)</u>	<u>(15,075)</u>	<u>(57,567)</u>

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2012**

**NOTES TO THE ACCOUNTS**

Agency cashflows from continuing and discontinued operations are as follows:

<b>Agency</b>	2011/12		2010/11 Restated	
	Continuing £000	Discontinued £000	Continuing £000	Discontinued £000
Cashflows from Operating Activities	(9,129)	(17,742)	(18,464)	(63,188)
Cashflows from Investing Activities	-	-	-	-
Cashflows from Financing Activities	15,951	-	76,096	-
	<u>6,822</u>	<u>(17,742)</u>	<u>57,632</u>	<u>(63,188)</u>
Net increase/(decrease) in Cash and Cash equivalents				

**6. EXPENDITURE**

	2011/12 £000	2010/11 £000 Restated
<b><u>Programme expenditure</u></b>		
Programme costs	3,522	8,026
Public sector grants	1,579	3,065
Private sector grants	11,913	53,662
	<u>17,014</u>	<u>64,753</u>

**NOTES TO THE ACCOUNTS**

**7. STAFF NUMBERS AND RELATED COSTS**

**4 Staff numbers and related costs**

Staff costs comprise	2011/12			2010/11
	Total	Permanent Staff	Others	Restated Total
	£000	£000	£000	£000
Wages and salaries	3,582	3,492	90	9,414
Wages and salaries severance	5,529	5,529		892
<b>Sub Total</b>	<b>9,111</b>	<b>9,021</b>	<b>90</b>	<b>10,306</b>
Social security	358	358		807
Social security severance	224	224		
	<b>582</b>	<b>582</b>		<b>807</b>
Other pension costs	714	714		1,721
Other pension costs severance	50	50		580
<b>Sub Total</b>	<b>764</b>	<b>764</b>		<b>2,301</b>
<b>Sub Total</b>	<b>10,457</b>	<b>10,367</b>	<b>90</b>	<b>13,414</b>
Less recoveries in respect of outward secondments	(35)	(35)		(67)
<b>Total Net Costs</b>	<b>10,422</b>	<b>10,332</b>	<b>90</b>	<b>13,347</b>

The average number of full-time equivalent employees employed during the year was as follows:-

	2011/12	2010/11
	Total	Restated Total
Permanent staff	75	199
Non permanent employees	-	18
<b>Total</b>	<b>75</b>	<b>217</b>

As outlined in Part One, Section 4.6, SEEDA reduced its workforce during the course of 2011/12 as part of moving to operational closure by 31 March 2012. SEEDA's redundancy scheme was approved by the Cabinet Office through the Department for Business, Innovation and Skills in March 2011, and in full compliance of the Principal Civil Service Compensation Scheme. Details of the costs incurred by SEEDA from staff redundancies are shown in the table below. Severance costs include retention payments to four individuals in 2011/12 totalling £144,336.

NOTES TO THE ACCOUNTS

**Reporting of Civil Service and other compensation schemes:  
Exit packages – 2011/12**

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed	
	2010/2011	2011/2012	2010/2011	2011/2012
<£10,000		1	6	
£10,000 - £25,000			13	49
£25,000 - £50,000			8 (1)	59
£50,000 - £100,000			4	23
£100,000 - £150,000			3 (2)	3
£150,000 - £200,000				2
£200,000 - £250,000				1
£250,000 - £300,000				1
£300,000 - £350,000			1 (1)	
£350,000 - £400,000				
£400,000 - £450,000				
£450,000 - £500,000				
<b>Total number of exit packages</b>	<b>0</b>	<b>1</b>	<b>35 (4)</b>	<b>138</b>
<b>Total Cost £000</b>	<u>£ -</u>	<u>£ -</u>	<u>£1,518</u>	<u>£5,731</u>

Following approval from the Government and 3-month statutory consultation SEEDA introduced a redundancy scheme on 5 July 2012 for all staff in order to effect SEEDA's closure. Although staff were encouraged to accept voluntary terms, their departure on redundancy was due to the closure of the Agency.

The exit costs listed relate to the staged reductions in headcount required under the Agency's closure. The cost to SEEDA of making each individual redundant is accounted for in the year the departure is agreed and when the departure date is certain. Each cost band therefore includes the total cost to SEEDA of all exit payments due for staff leaving in 2011/12 and 2012/13, other than any retention payments payable in 2012/13 for staff leaving in that financial year: these costs cannot be accrued as

## **NOTES TO THE ACCOUNTS**

payment is not certain. Further retention payments may be payable for the remaining staff as at 30 June 2012.

Redundancy and other departure costs have been paid in accordance with the provisions of the Principal Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972, and any other relevant government frameworks such as retention payments, which 4 staff received in 2011/12.

Following changes to the Principal Civil Service Compensation Scheme and Principal Civil Service Pension Schemes in December 2010 individuals opting to take retirement on grounds of redundancy may use their compensation payment to buy out abatement to their early pension, rather than receiving the compensation payment due from SEEDA. A top-up is allowable under the Principal Civil Service Schemes and if required this will be included in the costs borne by SEEDA. This applies in one case only. The numbers shown in parentheses are the number of staff in that band who opted for early retirement on grounds of redundancy. Ill health retirement costs are met by the Pension Scheme and are not included in the table.

### **Disclosure of Salary**

Pension and compensation information for 2011/12 is required under Employers' Pension Notice EPN 327.

### **Pensions**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined scheme. The scheme actuary, Aon Hewitt (formerly Hewitt Bacon & Woodrow), valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2011/12, employers contribution of £688,097 were payable to the PCSPS (2010/11 £2,032,502) at one of four rates in the range of 16.7% to 24.3% (2010/11: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews the employer contributions every four years following a full valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred and they reflect past experience of the scheme.

Employer contributions of £25,239 (2010/11: £61,019) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2010/11: 3% - 12.5%) of pensionable pay. Employers match employee contributions of up to 3% (2010/11: 3%) of pensionable pay. In addition, employer contributions of £1,314 (2010/11: £3,414), 0.8% (2010/11: 0.8%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due or prepaid to the partnership pension providers at the date of the Statement of Financial Position.

**NOTES TO THE ACCOUNTS**

**8. OTHER EXPENDITURE**

	2011/12 £000	2010/11 £000 Restated
<b><u>Other administration expenditure</u></b>		
Travel and subsistence	49	198
Other staff costs (recruitment, training etc.)	50	198
Office and rent expenses	2,096	2,195
Operating lease rentals (excluding Office Leases)	40	52
Publications, events and media	47	120
Professional fees	153	229
IT and communication	323	384
Auditor's remuneration - statutory	99	62
Auditor's remuneration - Other	7	28
Auditor's remuneration - ISR		9
Auditor's remuneration - Internal audit (SCA)	138	87
Irrecoverable VAT	(2)	5
Total Agency	<u>3,000</u>	<u>3,567</u>
Subsidiary company expenditure	357	657
Total Group	<u>3,357</u>	<u>4,224</u>



**SOUTH EAST ENGLAND DEVELOPMENT AGENCY**  
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**NOTES TO THE ACCOUNTS**

**9. INCOME**

	2011/12 £000	2010/11 £000 Restated
<b><u>European grant funding</u></b>		
European Regional Development Fund	6,259	6,653
European Social Fund	(1,117)	3,024
European Commission (7th Framework Programme)	94	1,040
	<u>5,236</u>	<u>10,717</u>
<b><u>Other Income</u></b>		
Rental Income	24	116
Clawback from grants	1,476	3,623
Skills South East / Skills Funding Agency	(674)	4,884
HCA (CLG) growth areas	0	754
Other contributions	566	604
	<u>1,392</u>	<u>9,981</u>
Total Agency	<u>1,392</u>	<u>9,981</u>
Subsidiary company income	278	718
	<u>1,670</u>	<u>10,699</u>
Total Group	<u>1,670</u>	<u>10,699</u>
<b><u>Interest receivable</u></b>		
Bank Interest	35	60
	<u>35</u>	<u>60</u>
Total Agency	<u>35</u>	<u>60</u>
Share of Interest Receivable by Subsidiaries	2	8
	<u>37</u>	<u>68</u>
Total Group	<u>37</u>	<u>68</u>

The negative income shown for Skills South East represents VAT repaid following a decision by HMRC that the original payment to Skills South East should not have been liable to VAT. SEEDA are now in the process of recovering the output VAT paid on the original receipt from the Skills Funding Agency.

European Social Fund income includes project funding in respect of the final two claims against SEEDA's 2007-10 European Social Fund Co-financing programme. This had been delayed while the final audits of the programme were completed and outstanding issues were resolved; receipts of £4.716m were received via the Managing Authority the Department for Work and Pensions in 2011/12. SEEDA expended some £1.439m to compensate for a reduction in potential European Social Fund receipts. The reduction in receipts resulted from a reversal in accrued income – expected refunds on programmes were not obtained, based on a decision by the ESF Managing European Social Fund Division of the Department for Work and Pensions (DWP).

**NOTES TO THE ACCOUNTS**

**10. IMPAIRMENTS**

	2011/12 £000	2010/11 £000
<b>Agency</b>		
Impairments to investments		
Investment in subsidiary East Kent Spatial Development Company	1,619	-
Investment in associate Finance South East Group	(395)	-
Investment in associate Hastings and Bexhill Renaissance Group	64	-
Investment in associate Aylesbury Vale Advantage Ltd	(19)	-
Investment in joint venture Ashford Future Company Ltd	2	-
	<u>1,271</u>	<u>-</u>
Foreign Exchange Loss	279	115
	<u>1,550</u>	<u>115</u>
<b>Group</b>		
Foreign Exchange Loss	279	115
	<u>279</u>	<u>115</u>

**11. TAXATION**

The Group taxation charge is based on Group taxable profits for the year.

	2011/12 £000	2010/11 £000
Current year taxation charges in subsidiaries	(3)	52
	<u>(3)</u>	<u>52</u>

There is no deferred tax liability for 2011/12

NOTES TO THE ACCOUNTS

**12. PROPERTY PLANT & EQUIPMENT**

	<b>2011/12</b>				
<b>Agency</b>	Land	Buildings	Information Technology	Fixtures and fittings	Total
<b>Cost</b>	£000	£000	£000	£000	£000
At 1 April 2011	-	-	2,170	2,745	4,915
Additions in year	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposals	-	-	(2,170)	(2,745)	(4,915)
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2011	-	-	2,109	2,296	4,405
Charge in year	-	-	76	183	259
Revaluation	-	-	-	-	-
Disposals	-	-	(2,185)	(2,479)	(4,664)
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>449</b>	<b>510</b>
Asset Financing - owned	-	-	-	-	-

NOTES TO THE ACCOUNTS

**PROPERTY PLANT & EQUIPMENT (Contd)**

2010/11

**Group (Restated)**

	Land	Buildings	Information Technology	Fixtures and fittings	Total
<b>Cost</b>	£000	£000	£000	£000	£000
Restated balance at 01/04/10	-	1,569	2,178	2,747	6,494
Additions in year	-	-	-	-	-
Revaluation	-	281	-	-	281
Disposals	-	-	(8)	-	(8)
<b>At 31 March 2011</b>	-	1,850	2,170	2,747	6,767

<b>Depreciation</b>	£000	£000	£000	£000	£000
Restated balance at 01/04/10	-	51	2,013	2,100	4,164
Charge in year	-	60	104	197	361
Back log depreciation	-	(60)	-	-	(60)
Disposals	-	-	(8)	-	(8)
<b>At 31 March 2011</b>	-	51	2,109	2,297	4,457

**Net book value at 31 March 2011** - 1,799 61 450 2,310

**Net book value at 31 March 2010** - 1,518 165 647 2,330

Asset Financing - owned - 1,799 61 450 2,310

2010/11

**Agency (Restated)**

	Land	Buildings	Information Technology	Fixtures and fittings	Total
<b>Cost</b>	£000	£000	£000	£000	£000
Restated balance at 01/04/10	-	-	2,178	2,745	4,923
Additions in year	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposals	-	-	(8)	-	(8)
<b>At 31 March 2011</b>	-	-	2,170	2,745	4,915

<b>Depreciation</b>	£000	£000	£000	£000	£000
Restated balance at 01/04/10	-	-	2,013	2,099	4,112
Charge in year	-	-	104	197	301
Revaluation	-	-	-	-	-
Disposals	-	-	(8)	-	(8)
<b>At 31 March 2011</b>	-	-	2,109	2,296	4,405

**Net book value at 31 March 2011** - - 61 449 510

**Net book value at 31 March 2010** - - 165 646 811

Asset Financing - owned - - 61 449 510

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The Agency's coalfields and land and property assets were transferred to the Homes and Communities Agency on 1 August 2011 and 19 September 2011 respectively, and were accounted for under merger accounting rules. This requires transferred functions and transactions to be deemed always to have been delivered by the recipient. Therefore, all transactions are removed from both the current year and comparative figures. Reconciliations between the figures given in SEEDA's 2010/11 published financial statements and the comparatives included in these financial statements is given in note 2 to the accounts. The value of land and buildings transferred were £2.67m and £85.413m respectively, which was based on the valuation at 31 March 2011 and additional investment to the date of transfer.

SEEDA's surplus furniture and ICT equipment was disposed of via a contractor approved by the Disposal Services Authority, a government agency responsible for the disposal of surplus public sector assets at best value for the taxpayer. Receipts from the sale of office equipment during 2011/12 were returned to SEEDA and any receipts from the sale of equipment taking place after 31 March 2012 will be returned to the Department for Business, Innovation and Skills (BIS).

**NOTES TO THE ACCOUNTS**

**13. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Name of Undertaking	Interest	Class of shares	Value	Nature of Business	SEEDA Share of net assets (£000)		
					31.03.12	31.03.11 Restated	01.04.10 Restated
<b><u>Subsidiaries</u></b>							
Ryde Business Park Management Co. Ltd	100%	Ordinary Share £1	£2	Property Management	-	5	6
East Kent Spatial Development Co Ltd	55.6% (04.05.11) 62.5 % (31.03.11) 71.4%	Nil Limited by Guarantee		Regeneration of Thanet and Dover	-	6,794	7,303
South East England Properties Ltd	100%	Ordinary Share £1	£100	Dormant	-		
Total Investment in Subsidiaries					-	6,799	7,309
<b><u>Associates</u></b>							
Finance South East Group	50%	Nil Limited by Guarantee		Venture Capital Management	-	(675)	(853)
Hastings and Bexhill Renaissance Group	20%	Nil Limited by Guarantee		Regeneration of Hasting & Bexhill	-	1,278	2,618
Aylesbury Vale Advantage Ltd	20%	Nil Limited by Guarantee		Regeneration of Aylesbury Vale	-	43	38
Brownfield Land Assembly Co Ltd	20%	Nil Limited by Guarantee		Land Assembly	-		
Total Investment in Associates					-	646	1,803
<b><u>Joint Ventures</u></b>							
Ashford's Future Company Ltd	25%	Nil Limited by Guarantee		Regeneration of Ashford	-		(56)
Total Investment in Joint Ventures					-		(56)

NOTES TO THE ACCOUNTS

## INVESTMENT IN SUBSIDIARIES ASSOCIATES AND JOINT VENTURES (Contd)

During the year SEEDA withdrew from all investments in subsidiaries, joint ventures and associates. With the exception of Countryside Maritime Limited all disposals were dealt with under IFRS 3: Business Combinations, whereby the net assets have been adjusted for at fair value at the date of disposal. The losses on disposal are shown in the table below.

Countryside Maritime Ltd is a joint venture with Countryside Properties PLC to build houses on St Mary's Island, Chatham. SEEDA's 50% share in the company was transferred to the Homes and Communities Agency on 19 September 2011 as part of the Machinery of Government transfer of SEEDA' land and property assets to the HCA and is consequently removed from SEEDA's accounts.

### Disposal of investments under acquisition accounting (losses to Agency)

	Share of Net assets at 1 April 2011	Movements due to changes in ownership 01.04.11 to date of disposal	Change in Net Asset Value 01.04.11 to date of disposal	Net assets at disposal	Loss on disposal
	£000	£000	£000	£000	£000
<u>Subsidiaries</u>					
Ryde Business Park Mgmt Co Ltd	5			5	(5)
East Kent Spatial Development Co Ltd	6,794	(750)	(869)	5,175	(5,175)
South East England Properties Limited	-				-
	<u>6,799</u>	<u>(750)</u>	<u>(869)</u>	<u>5,180</u>	<u>(5,180)</u>
<u>Associates</u>					
Aylesbury Vale Advantage Ltd	43		19	62	(62)
Hastings & Bexhill Renaissance Ltd	1,278		(64)	1,214	(1,214)
Finance South East	(675)	516	(121)	(280)	280
Brownfield Land Assembly Co Ltd	-				-
	<u>646</u>	<u>516</u>	<u>(166)</u>	<u>996</u>	<u>(996)</u>
<u>Joint Ventures</u>					
Ashford's Future Limited	-		(2)	(2)	2
	<u>7,445</u>	<u>(234)</u>	<u>(1,037)</u>	<u>6,174</u>	<u>(6,174)</u>

**NOTES TO THE ACCOUNTS**

**AGENCY INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are calculated on the basis of the agency's share in net assets/ (liabilities) up to the date of disposal. Details of the subsidiaries income, expenditure, assets and liabilities up to the date of disposal are shown below.

**East Kent Spatial Development Company Ltd**

The 2011/12 figures are up to the date of disposal.

	To 19.09.11	2010/11	2009/10		19.09.11	31.3.11	1.4.10
	£000	£000	£000		£000	£000	£000
Turnover	278	711	1,502	Non Current Assets	1,800	1,800	1,517
Operating Profit/(loss)	(80)	61	1,209	Current assets	7,810	9,272	9,045
Interest receivable	3	8	2	Current Liabilities	(302)	(202)	(333)
Profit/(loss) before tax	(77)	69	1,211				
				Non Current	-	-	-
Taxation	(3)	53	9	Liabilities			
Profit/(loss) after taxation	(80)	122	1,220	Reserves	9,308	10,870	10,229
Minority interest	(36)	45	348	Minority interest	(4,132)	(4,076)	(2,926)
SEEDA share	(44)	77	872	SEEDA share	5,176	6,794	7,303

East Kent Spatial Development Co Ltd, a company limited by guarantee, was a subsidiary undertaking. The other participants were five Kent Local Authorities and the Homes and Communities Agency. During the year, SEEDA's representation changed from five members out of eight to five out of nine, reducing the percentage holding from 62.5% to 55.6%.

On 15 April 2011 the Agency received consent from the Department for Business, Innovation and Skills (BIS) to transfer assets from BLAC into East Kent Spatial Development Company. The disposal was achieved. The Agency's share of the company's net assets was £5.176m on the date of disposal and this is represented as a loss in the Statement of Comprehensive Net Expenditure as SEEDA received no consideration on resignation. The assets remain available to the Company after SEEDA's resignation. The Group share was £9.308m, also shown as a loss.

No conditions had been set in the original consent letter for EKSDC and no specific permission was therefore required from BIS for SEEDA to withdraw from membership. On 19 September 2011, the Agency resigned its membership of the Company following an increase in the local membership of the Company to take forward economic development through the localism agenda.



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**Calculation of loss on disposal and minority interest:**

Group	£000	Agency	£000
Group share of net assets at date of disposal	9,308	SEEDA Share of net assets at date of disposal	5,176
Disposal proceeds	<u>-</u>	Disposal proceeds	<u>-</u>
Loss on disposal	<u>(9,308)</u>	Loss on disposal	<u>(5,176)</u>

**Minority interest in SOCNE**

	£000
Share of loss for the period	(36)
Share of loss on disposal	<u>(4,132)</u>
Attribution	<u>(4,168)</u>

**Ryde Business Park Management Company Ltd**

The 2011/12 figures are as at the date of disposal.

	To 20.07.11	2010/11	2009/10		20.07.11	31.3.11	1.4.10
	£000	£000	£000		£000	£000	£000
Turnover	-	7	10	Non Current Assets	-	-	-
Operating Profit/(Loss)	-	(1)	1	Current Assets	6	6	7
Interest receivable	-	-	-	Current Liabilities	(1)	(1)	(1)
Profit/(Loss) before tax	-	(1)	1				
Taxation	-	-	-				
Profit/(Loss) after taxation	<u>-</u>	<u>(1)</u>	<u>1</u>	Reserves	<u>5</u>	<u>5</u>	<u>6</u>

Ryde Business Park Management Co Ltd was a 100% owned subsidiary undertaking. It has no fixed assets and collects rental and service income from tenants of the business park. On 28 June 2011 the Agency received the consent of the Department for Business, Innovation and Skills to resign its membership in favour of the lessees of the business park becoming members of the Company for nil consideration, and the change in ownership was completed on 20 July 2011.

**NOTES TO THE ACCOUNTS**

**AGENCY INVESTMENTS IN SUBSIDIARIES (Contd)**

**Calculation of loss on disposal**

	£000
SEEDA share of assets at date of disposal	5
Disposal proceeds	<u>-</u>
Loss on disposal	<u>(5)</u>

**Total loss on disposal for the Group**

	£000
East Kent Spatial	(9,308)
Ryde Business Park	(5)
	<u>(9,313)</u>

**South East England Properties Ltd** was a dormant company and was struck off at Companies House on 17 January 2012.

**Group Interest in joint ventures**

	2011/12 £000	2010/11 £000
Share of gross income of joint ventures	7	875
Share of gross expenditure of joint ventures	(9)	(867)
Share of operating (deficit) in joint ventures	<u>(2)</u>	<u>8</u>

**Ashford's Future Company Ltd (20% SEEDA)**

Ashford's Future Company Ltd, a company limited by guarantee was set up to undertake transformation in Ashford. Other members are Kent County Council, Ashford Borough Council and the Homes and Communities Agency. On 24 May 2011 the Agency received consent from the Department for Business, Innovation and Skills to withdraw from membership and on 30 June the Agency resigned its membership of the company. The Agency's share of the company's net liabilities was £2,000 on the date of disposal and this is represented as a gain in the Statement of Comprehensive Net Expenditure, as SEEDA received no consideration on resignation.

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**Ashford's Future Company Ltd**

The 2011/12 figures are up to the date of disposal and represent SEEDA's share.

	£000	£000	£000		£000	£000	£000
	To 30.06.11	2010/11	2009/10		30.06.11	31.03.11	01.04.10
Turnover	7	875	682	Non Current Assets	-	-	9
Operating Profit/(Loss)	(2)	-	-	Current Assets	42	321	377
Interest receivable	0	8	-	Current Liabilities	(44)	(321)	(393)
Profit/(Loss) before taxation	(2)	8	(2)				
Taxation	-	-	-	Non Current Reserves	-	-	(49)
Profit / (Loss) after taxation	(2)	8	(2)		(2)	-	(56)

**Calculation of loss on disposal**

£000

SEEDA share of assets at date of disposal (2)

Disposal proceeds -

Gain on disposal 2

**Group Interest in Associates**

	2011/12	2010/11
	£000	£000
Finance South East Group	(121)	178
Aylesbury Vale Advantage Ltd	19	5
Brownfield Land Assembly Company Ltd	-	-
Hastings & Bexhill Renaissance Ltd	(64)	(349)
Group share of operating profit/(deficit) after tax	<u>(166)</u>	<u>(166)</u>

**NOTES TO THE ACCOUNTS**

**SEEDA's share of the results of associate companies:**

**Hastings and Bexhill Renaissance Ltd (HBRL) (20% SEEDA)**

Hastings and Bexhill Renaissance Ltd (HBRL) a company limited by guarantee, is a regeneration company with membership drawn from the East Sussex County Council, Rother District Council, Hastings Borough Council, Sussex Enterprise, the University of Brighton and several private sector companies. HBRL has two joint ventures: Coastal Innovation Limited and Coastal Land Sussex Limited. On 29 September 2011 the Agency received consent from the Department for Business, Innovation and Skills (BIS) to withdraw from membership of the Company and its subsidiaries on repayment by HBRL of an outstanding loan of £1m to SEEDA. BIS also gave consent for HBRL to transfer assets and liabilities to East Sussex Energy Infrastructure and Development Limited. On 30 September 2011 the Agency resigned its membership of the company. The Agency's share of the company's net assets was £1,214,000 on the date of disposal and this is represented as a loss in the Statement of Comprehensive Net Expenditure as SEEDA received no consideration on resignation. The Agency's share of the company's assets remains available to the Company and therefore to local partners for economic development purposes after SEEDA's resignation.

**Hastings and Bexhill Renaissance Group (20% SEEDA)**

The 2011/12 figures are up to the date of disposal and represent SEEDA's share.

	To 30.09.11	2010/11	2009/10		30.09.11	31.03.11	01.04.11
	£000	£000	£000		£000	£000	£000
Turnover	87	1,719	2,440	Non Current Assets	892	895	2,109
Operating Profit/(Loss)	(26)	(229)	59	Current Assets	556	951	2,372
Interest receivable	1	2	4	Current Liabilities	-	(380)	(1,863)
Interest payable	(39)	(111)	-				
Profit/(Loss) before tax	(64)	(338)	63				
Taxation	-	(11)	(7)	Non Current Liabilities	(234)	(188)	-
Profit/(Loss) after taxation	(64)	(349)	56	Reserves	1,214	1,278	2,618

**Calculation of loss on disposal**

	£000
SEEDA share of assets at date of disposal	1,214
Disposal proceeds	-
Loss on disposal	(1,214)

**Brownfield Land Assembly Company Ltd (20% SEEDA)**

The Brownfield Land Assembly Company Ltd's principal activity was to acquire, carry out remedial works, service and develop brown field sites in the South East with the intention of providing new and affordable homes. On 15 April 2011 the Department for Business, Innovation and Skills agreed that SEEDA should wind up the company, claw back any residual assets, and transfer various parcels of land owned by BLAC to East Kent Spatial Development Company. In December 2011 the BLAC Board took the decision to cease trading and the company was struck off at Companies House on 10 April 2012.

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	2011/12	2010/11	2009/10		2011/12	2010/11	2009/10
	£000	£000	£000		£000	£000	£000
Turnover	-	136	-	Non Current Assets	-	-	-
Operating Profit/(Loss)	-	-	(6)	Current Assets	138	138	531
Interest receivable	-	-	-	Current Liabilities	(138)	(138)	(208)
Profit/(Loss) before tax	-	-	(6)				
Taxation	-	-	-	Non Current Liabilities	-	-	(323)
Profit/(Loss) after taxation	-	-	(6)	Reserves	-	-	-

**Finance South East Group (50% SEEDA)**

Finance South East Group is a joint venture with the Finance South East Executive. The Agency's share of the net assets at the start of the year was 50% and the management structure of the company allowed for it to be considered as an associate undertaking. The number of Members of Finance South East was increased from 2 to 6 on 13 September 2011 reducing our interest to 16.7%. This change of membership prior to disposal resulted in a reduction in SEEDA's share of FSE's net assets. On 11 January 2012 the Agency gave notice to resign its membership and directorship of Finance South East as at 31 January 2012. Consent from the Department for Business, Innovation and Skills had been given on 2 December 2011 following the Company's registration as a Community Interest Company (CIC) under the Companies (Audit, Investigations and Enterprise) Act 2004 and regulations on 6 January 2012. The share of the company's net liabilities at the date of disposal was £280,000, and this is represented as a gain in the Statement of Comprehensive Net Expenditure. SEEDA's financial interests in the Company, which had been managed through contract management of SEEDA's Venture Capital funds invested through Finance South East, had previously been transferred to Capital for Enterprise Limited on 30 September 2011.

The 2011/12 figures are up to the date of disposal and represent SEEDA's share.

	To 31.01.12	2010/11	2009/10		31.01.12	31.03.11	01.04.10
	£000	£000	£000		£000	£000	£000
Turnover	580	1,720	1,466	Non Current Assets	545	2,192	2,295
Operating Profit/(Loss)	(121)	174	(91)	Current Assets	619	1,413	986
Interest receivable	3	4	3	Current Liabilities	(342)	(796)	(605)
Profit/(Loss) before tax	(118)	178	(88)				
Taxation	(3)	-	-	Non Current Liabilities	(1,102)	(3,484)	(3,529)
Profit/(Loss) after taxation	(121)	178	(88)	Reserves	(280)	(675)	(853)

**Calculation of loss on disposal**

	£000
SEEDA share of assets at date of disposal	(280)
Disposal proceeds	-
Profit on disposal	280

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**Aylesbury Vale Advantage (20% SEEDA)**

Aylesbury Vale Advantage Ltd, a company limited by guarantee, is a regeneration management company for the Aylesbury Vale area. In addition to SEEDA, members of the company include Buckinghamshire County Council, Aylesbury Vale District Council, Homes and Communities Agency and the Vale of Aylesbury Primary Care Trust (NHS). On 2 June 2011 the Agency received consent from the Department for Business, Innovation and Skills to withdraw from membership and on 13 June the Agency gave 3 months notice of SEEDA's retirement as at 13 September 2011. The Agency's share of the company's net assets was £62,000 on the date of withdrawal and this is represented as a loss in the Statement of Comprehensive Net Expenditure as SEEDA received no consideration on resignation. The assets remain available to the company and hence to local partners.

The 2011/12 figures are up to the date of disposal and represent SEEDA's share.

	To 13.09.11	2010/11	2009/10		13.09.11	31.03.11	01.04.10
	£000	£000	£000		£000	£000	£000
Turnover	37	156	208	Non Current Assets	1	1	1
Operating Profit/(Loss)	19	5	26	Current Assets	69	51	44
Interest receivable	-	-	-	Current Liabilities	(8)	(9)	(7)
Profit/(Loss) before tax	19	5	26	Non Current Liabilities	-	-	-
Taxation	-	-	-	Reserves	62	43	38
Profit/(Loss) after taxation	19	5	26				

**Calculation of loss on disposal**

	£000
SEEDA share of assets at date of disposal	62
Disposal proceeds	-
Loss on disposal	(62)

**NOTES TO THE ACCOUNTS**

**14. TRADE RECEIVABLES AND OTHER CURRENT ASSETS DUE WITHIN ONE YEAR**

	31.03.12 £000	31.03.11 £000 Restated	01.04.10 £000 Restated
Trade receivables	60	5,906	3,022
Deposits and advances	1	-	-
Other receivables	-	1	9
Prepayments and accrued income	499	6,852	2,236
Value added tax	16	956	1,593
Income Tax	2	12	11
Agency Debtors	<u>578</u>	<u>13,727</u>	<u>6,871</u>
Subsidiary trade receivables		134	343
Group Debtors		<u>13,861</u>	<u>7,214</u>

**Receivables – Intra Government balances**

	31.03.12 £000	31.03.11 £000 Restated	01.04.10 £000 Restated
Receivables due within one year			
Balances with other central Government bodies	42	6,381	3,504
Balances with local authorities	-	320	
Sub total: intra-Government balances	<u>42</u>	<u>6,701</u>	<u>3,504</u>
Balances with bodies external to Government	<u>536</u>	<u>7,160</u>	<u>3,710</u>
	<u>578</u>	<u>13,861</u>	<u>7,214</u>

**NOTES TO THE ACCOUNTS**

**15. CASH AND CASH EQUIVALENTS**

	31.03.12 £000	31.03.11 £000 Restated	01.04.10 £000 Restated
Agency position			
Opening balance	14,425	19,982	23,986
Net change in cash and cash equivalent balances	(10,920)	(5,557)	(4,004)
Closing balance	<u>3,505</u>	<u>14,425</u>	<u>19,982</u>
		31.03.11 £000 Restated	01.04.10 £000 Restated
Group position			
Opening balance		21,207	21,599
Net change in cash and cash equivalent balances		(4,184)	(392)
Closing balance		<u>17,023</u>	<u>21,207</u>

All cash balances shown above were held in commercial banks on short term deposits and were available immediately.

**16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES DUE WITHIN ONE YEAR**

	31.03.12 £000	31.03.11 £000 Restated	01.04.10 £000 Restated
Other taxation and social security	50	325	304
Trade payables	1	-	484
Other payables	30	146	584
Accruals and deferred income	1,604	12,853	15,299
Agency Payables	<u>1,685</u>	<u>13,324</u>	<u>16,671</u>
Subsidiary Trade payables		18	46
Subsidiary Other payables		185	289
Group Payables		<u>13,527</u>	<u>17,006</u>



**NOTES TO THE ACCOUNTS**

**16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES DUE  
WITHIN ONE YEAR (Contd)**

**Payables – Intra Government balances**

	31.03.12 £000	31.03.11 £000 Restated	01.04.10 £000 Restated
Balance with other central Government bodies	71	1,890	639
Balances with local authorities	-	(87)	13
Sub total: intra-Government balances	<u>71</u>	<u>1,803</u>	<u>652</u>
Balances with bodies external to Government	<u>1,614</u>	<u>11,724</u>	<u>16,354</u>
	<u>1,685</u>	<u>13,527</u>	<u>17,006</u>

**NOTES TO THE ACCOUNTS**

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

**Provisions < 1 year**

	As at 1 April 2011	Provision in year	Amount written back not required	Provisions utilised in year	Transferred Under Transfer Order 2	As at 31 March 2012
	£000	£000	£000	£000	£000	£000
<b>2011/12</b>						
Future Pension Costs	362	12	-	(350)	(24)	-
<b>Total</b>	<b>362</b>	<b>12</b>	<b>-</b>	<b>(350)</b>	<b>(24)</b>	<b>-</b>

	As at 1 April 2010	Provision in year	Amount written back not required	Provisions utilised in year	Transfer from Provisions > 1 year	As at 31 March 2011
	£000	£000	£000	£000	£000	£000
<b>2010/11 (Restated)</b>						
Future Pension Costs	263	71	-	(356)	384	362
<b>Total</b>	<b>263</b>	<b>71</b>	<b>-</b>	<b>(356)</b>	<b>384</b>	<b>362</b>

**Provisions > 1 year**

	As at 1 April 2011	Provision in year	Amount written back not required	Provisions utilised in year	Transferred Under Transfer Order 2	As at 31 March 2012
	£000	£000	£000	£000	£000	£000
<b>2011/12</b>						
Future Pension Costs	1,477	36	(52)	-	(1,461)	-
<b>Total</b>	<b>1,477</b>	<b>36</b>	<b>(52)</b>	<b>-</b>	<b>(1,461)</b>	<b>-</b>

	As at 1 April 2010	Provision in year	Amount written back not required	Provisions utilised in year	Transfer from Provisions > 1 year	As at 31 March 2011
	£000	£000	£000	£000	£000	£000
<b>2010/11 (Restated)</b>						
Future Pension Costs	1,039	822	-	-	(384)	1,477
<b>Total</b>	<b>1,039</b>	<b>822</b>	<b>-</b>	<b>-</b>	<b>(384)</b>	<b>1,477</b>

**Future Pension Costs**

The provision for future pension costs relate to the future pension payments due to employees who took early retirement as part of a total restructuring of SEEDA in 2009/10 which led to a reduction in staff numbers and cost-efficiencies for the Agency. These represent pension payments due to employees from the date of termination of employment until they reach the age of 60.

**NOTES TO THE ACCOUNTS**

**18. COMMITMENTS UNDER LEASES**

Obligations under operating leases comprise:	31.03.12 £000	31.03.11 £000 Restated
<u>Buildings</u>		
Not later than 1 year	-	1,251
Later than 1 year and not later than 5 years	-	3,753
Later than 5 years	-	-
	<u>-</u>	<u>5,004</u>
<u>Cars</u>	£000	£000
Not later than 1 year	-	51
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>51</u>
<u>Office equipment</u>	£000	£000
Not later than 1 year	1	10
Later than 1 year and not later than 5 years	-	4
Later than 5 years	-	-
	<u>1</u>	<u>14</u>

The Agency does not hold any finance leases.

**19. RELATED PARTY TRANSACTIONS**

SEEDA is an Executive Non Departmental Public Body sponsored by the Department for Business, Innovation and Skills. BIS is regarded as a related party with which, during the year, the Agency has had significant number of material transactions. Other Regional Development Agencies are also sponsored by BIS and so are regarded as related parties.

The Agency also received growth area funding from the Homes and Communities Agency; ERDF funding via the Department for Communities and Local Government (DCLG); and European Social Fund (ESF) grants were received via the Department for Work and Pensions (DWP). All these bodies are regarded as related parties of SEEDA.

SEEDA has had a number of material transactions with other Government Departments and other central Government bodies. In addition, SEEDA has financial dealings with a large number of public and private sector organisations including Business Links, Skills Funding Agency, Local Authorities, Economic Partnerships, voluntary groups and private companies.

Board members are required to consider each item on the Board agenda and declare any interest at each Board meeting. All declarations are recorded in the Board minutes. In addition, a register is maintained of financial and other interests of Board Members. SEEDA staff are required to declare related party transactions if applicable and a central register is kept.

The list below covers all transactions with third party organisations in which SEEDA Board members have an interest. The payments are made to the third party organisation not the individual and it is SEEDA policy that where a conflict of interest exists the Board member would take no part in the decision to contract with that third party.

**NOTES TO THE ACCOUNTS**

*Rob Douglas CBE* – SEEDA provided £1,158 of secretarial support to the chairman relating to non-SEEDA business for which he reimbursed SEEDA by formal agreement.

*Prof. Julian Crampton* – (Chairman) Hastings and Bexhill Renaissance Ltd (HBRL). SEEDA paid £9,086 for accounting services and £18,462 in respect of rent. HBRL has repaid the £1,000,000 loan that was outstanding at the end of 2010/11.

*Cllr Andrew Finney* – (Board Member) Thames Valley Innovation and Growth Ltd which received £165,442 for grants

*Cllr Keith Mitchell CBE* – (Member of Court) Oxford Brookes University which received £39,465 for grants

*Keith Riley* – (Director) Veolia Environmental Services (UK) Ltd which received £2,559 in respect of cleaning, building maintenance & repairs

*Bob Goldfield* – (Chief Executive) Port of Dover Harbour Board which received £15,523 in respect of grants.

*Keith House* – (Opposition Leader) Hampshire County Council which received £214,338 of grants and paid £18,793.38 in respect of unutilised funds and interest on advances. (Director) Homes and Community Agency which received £8,222 for insurance brokerage fees and paid £108,392 in respect of monies disbursed relating to the Thames Gateway Project.

As at 31 March 2012 none of SEEDA's Executive Directors have any disclosable outside interests.

## **20. EVENTS AFTER THE REPORTING PERIOD**

A commencement order is expected to be laid in the house, formally abolishing SEEDA on 1 July 2012, under the Public Bodies Act 2011.

A third statutory Transfer Order will be executed on 30 June 2012 and will transfer any remaining assets and liabilities to SEEDA's sponsor department BIS. This transfer forms the final part of the transition to closure of SEEDA and is in addition to those set out in Note 3 to the accounts.

SEEDA's financial statements will be laid before the Houses of Parliament by the Secretary of State for Business, Innovation and Skills (BIS). IAS 10 – Events after the Reporting Period - requires SEEDA to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the audit report is signed by the Comptroller & Auditor General.

The Brownfield Land Assembly Company (BLAC) in which SEEDA held a 20% share was struck off at Companies House on 10 April 2012.

**NOTES TO THE ACCOUNTS**

## **21. FINANCIAL INSTRUMENTS**

The Financial Assets of the Agency consist of cash, and trade and other receivables. Receivables have fixed and determinable payments which are not quoted in an active market.

The Financial Liabilities of the Agency consist of short term trade and other payables.

SEEDA's treasury policy was to use cash to make grant payments and to pay for goods and services. Generally it did not make use of any other financial instruments. SEEDA had no borrowings and relied primarily on departmental funding for its cash requirements so was not exposed to liquidity risks.

SEEDA led a number of European projects and managed the risk from exposure to foreign currency fluctuations between the Euro and the Pound by holding in Euro bank accounts the required level of cash to fund project activities on an ongoing basis. The European projects have now either been closed or transferred to the Department for Business, Innovation and Skills (BIS) and all balances held in Euros were translated into Pounds and transferred to BIS before 31 March 2012.

There is no material difference between the book value and fair value of assets and liabilities as at 31 March 2012.

## **22. PRIOR PERIOD ADJUSTMENT**

In addition to the MoG transfer set out in note 2, changes to FReM require a change in accounting policies with respect to grants. These should now be recognised fully through SOCNE unless specific repayment conditions exits. The Government Grant Reserve has been restated to apply this change retrospectively. This also affects the minority interest and other income lines in SOCNE.

### **2010/11 GROUP**

	Previously Reported £000	FREM Change £000	MOG £000	Restated £000
SOCNE				
Other Income	33,034	(2,964)	(19,371)	10,699
Minority Interest	(36)	(9)	-	(45)
SOCITE				
Government Grant Reserve O/bal	37,450	(37,450)	-	-
General Reserve O/Bal	84,751	37,450	(103,395)	18,806

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2012**

**NOTES TO THE ACCOUNTS**

**2010/11 AGENCY**

	Previously Reported £000	FREM Change £000	MOG £000	Restated £000
SOCNE				
Other Income	32,343	(2,991)	(19,371)	9,981

SOCITE

Government Grant Reserve O/bal	36,297	(36,297)	-	-
General Reserve O/Bal	85,903	36,297	(103,394)	18,806

**01/04/10 GROUP**

	Previously Reported £000	FREM £000	MOG £000	Restated £000
SOCITE				
Government Grant Reserve O/bal	40,470	(40,470)	-	-
Government Grant Reserve Movements	(3,020)	3,020	-	-
	<u>37,450</u>	<u>(37,450)</u>	-	-
General Reserve O/Bal	83,481	40,470	(107,278)	16,673
General Reserve Movements	1,270	(3,020)	3,883	2,133
	<u>84,751</u>	<u>37,450</u>	<u>(103,395)</u>	<u>18,806</u>

**01/04/10 AGENCY**

	Previously Reported £000	FREM £000	MOG £000	Restated £000
SOCITE				
Government Grant Reserve O/bal	40,180	(40,180)	-	-
Government Grant Reserve Movements	(3,883)	3,883	-	-
	<u>36,297</u>	<u>(36,297)</u>	-	-
General Reserve O/Bal	83,772	40,180	(107,277)	16,675
General Reserve Movements	2,131	(3,883)	3,883	2,131
	<u>85,903</u>	<u>36,297</u>	<u>(103,394)</u>	<u>18,806</u>

**NOTES TO THE ACCOUNTS**

## **23. LOSSES AND SPECIAL PAYMENTS**

The Agency incurred no losses during the year requiring disclosure under the guidance contained in 'Managing Public Money'.

In order to ensure an effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to remain with the Agency through the process. This scheme was approved by the Department for Business, Innovation and Skills (BIS) in conjunction with HM Treasury on 15 December 2010.

During the year, four (2010/11, nil) employees duly completed their closure tasks and received a total of £144,336 (2010/11 £nil).



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