

REPORT AND ACCOUNTS

The East of England Development Agency
Annual Report and Accounts - 2010/11

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Chair's statement:

Our 2009/10 annual report was published at a time when uncertainty around the future of regional development agencies (RDAs) commanded the front pages of national newspapers. As the dust settled on the May 2010 general election, and we entered a new era in British politics, the Chancellor of the Exchequer announced plans to abolish RDAs as part of the June 2010 emergency budget.

Over the last financial year, EEDA has delivered a reduced, yet hugely significant £78 million programme of work – the benefits of which will be felt by local people, businesses and communities for decades to come. This work has been delivered alongside preparations for closure (by March 2012) and planning for the closure or transition of programmes and projects to successor bodies.

2010/11 marked the end of EEDA's three-year corporate plan period. Despite a 25 per cent budget cut in the final year we are proud to report we exceeded all our targets, creating 22,000 jobs, improving the skills of 114,000 people and helping 7,700 businesses start up.

With EEDA's future now decided, this year's annual report provides a timely opportunity to consider EEDA's lead role in improving the economy of the East of England over the course of 11 years – to consider 'what is EEDA's legacy?'

A lasting legacy

As chair of EEDA since April 2010, and a serving board member for six years, I am proud to have played a part in EEDA's track record of success. In 11 years, EEDA has:

Transformed a fragmented business support landscape, presenting local businesses with a streamlined single access point to £100 million worth of publicly-funded support through our online Business Map. Under EEDA's management, Business Link advised 100,000 businesses every year, helping thousands of entrepreneurs to start-up businesses and pointing more established companies towards other forms of support where necessary.

Introduced targeted, high-quality business support programmes to help local businesses improve their productivity, develop new products and access global markets. The Manufacturing Advisory Service, for example, helped local manufacturers to make efficiency savings valued in excess of £100,000 per company since EEDA launched the service in 2002, directly improving their profitability and bottom line

Addressed market failures affecting early-stage, high-growth companies by providing access to critical forms of business finance and coaching programmes. Over the course of 11 years, EEDA awarded over 350 Grants for Research and Development, helping innovative businesses to bring new products to the market. This work generated an average return of 12:1 for every £1 we invested through the creation of new jobs and increased tax returns of growing businesses.

Dramatically increased higher education provision, addressing an unmet demand from local learners and industry needs for skilled workers. New university campuses in Ipswich, Peterborough, Harlow and Southend have all contributed to a 15 per cent per cent increase in higher education provision across our region.

Led the region's rapid response to economic shocks, leading special task forces to protect local people and industry from recession and economic shocks including the Buncefield oil depot explosion in 2005 and the Foot and Mouth outbreaks of 2007. EEDA's

Response to Redundancy programme, for example, has supported over 22,000 people facing redundancy to retrain and re-enter the job market – such as Vauxhall in Luton and SLP Engineering in Lowestoft. It is a programme that has made a real difference to people's lives.

Laid the foundations of world-leading innovation, building on the East of England's strengths and reputation as the UK's 'ideas region'. Critical infrastructure, including third generation science parks at Martlesham, Colworth and Stevenage, alongside sector-specific enterprise hubs including Hethel Engineering Centre, Norwich Research Park and Babraham Bioscience Campus continue to support innovative SMEs translate ideas into successful commercial ventures.

Regenerated towns and cities across the East of England, investing in transformative projects that made sustainable improvements to the economy and created opportunities for enterprise. EEDA's flagship investment in the transformational regeneration of Ipswich Waterfront, including the construction of University Campus Suffolk, was part of the catalyst which kick-started the £1 billion wider regeneration project.

Prioritising spend based on sound research has enabled investments to be focussed where they would have the greatest impact. Working with others we were able to use the economic evidence to agree investment priorities such as the dualling of the A11 between Fiveways and Thetford and improving the Felixstowe and Nuneaton rail freight route.

Invested in quality of life, safeguarding the region's green space and supporting major cultural projects. EEDA's support of the UK Centre for Carnival Arts, for example, is an example of culture-led regeneration. Three million visitors are expected to visit Luton over the next 10 years to experience everything that the centre has to offer. In Colchester Firstsite opens in September 2011, bringing an international contemporary arts facility to the town and county.

Empowered local communities to tackle disadvantage, transforming people's lives by helping local authorities develop targeted solutions to tackle social deprivation. Over the years, EEDA's Economic Participation programme benefitted hundreds of people, through projects across the region.

Positioned sustainability at the heart of economic development, making the East of England the first UK region to adopt a 60 per cent carbon reduction target by 2031, ahead of UK policy. Managing the European Regional Development Fund, EEDA invested in major projects specifically designed towards promoting a low carbon economy. Projects such as InCrops (developing new products from crops), Plugged in Places (installing a network of electric vehicle charging points) and OrbisEnergy (the regions renewable energy centre which is now full and looking to expand).

Return on investment

EEDA's work has a proven track record of securing significant return on investment. Independent analysis in 2009 found that nearly £5 was generated for every £1 EEDA invested in projects, with that figure likely to rise towards £8 when longer-term benefits of our projects are realised. In 2010, a National Audit Office independent review commended EEDA as one of the best performing RDAs in the country, performing 'strongly' – their highest score – for prioritisation of our resources.

Fuelling a powerful engine

Looking forward, the UK's economic health is dependent on the East of England's economic development. As one of only three regions to make a positive contribution to the Exchequer year-on-year, the East of England generates the tax returns that benefit households and industry right across this country.

Yet the East of England is in real danger of losing out on vital catalytic public funding required to fuel its powerful engine. As the coalition government tackles the deficit, ever-decreasing public funds are being diverted to less prosperous areas. This poses a major threat to this area and its undoubted potential to drive the UK as a whole back to economic prosperity.

However, with the abolition of EEDA the region loses a connection to Government, a strong advocate for raising the issues important to the people and business in our region. Responsibility for advocating continued investment in the East of England now lies with our business community, local MPs, local authorities and the newly-formed Local Enterprise Partnerships (LEPs), who are tasked with building on the strong economic foundations left by EEDA. Some of our legacy and the lessons we have learned have been documented and saved on the EEDA website at www.eeda.org.uk

If the East of England's powerful engine is not to stall, a clear and united voice to lobby government is imperative.

In closing, I would like to take this opportunity to thank our region's vibrant business community, visionary partner organisations and all of the stakeholders that EEDA has worked alongside, not just over the last financial year, but since we opened in 1999. Together, we have made a lasting contribution to the economic success of the East of England.

I would also like to thank Bev Hurley who stepped down from EEDA's board in August 2010 after three years dedicated service with a particular passion and commitment to encouraging business enterprise. Bev played a pivotal role in shaping our business support agenda and left to chair East of England Tourism. Also my thanks to Nitin Dahad who retired from the board in March 2011. Nitin made valuable contributions as a board member and the agency benefited from his work in supporting businesses, particularly in the high-tech Centre for Integrated Photonics Limited ("CIP"), based at Martlesham, Ipswich. Nitin became Chairman of CIP from 1st January 2011 and resigned from the EEDA board from the 31st March 2011 so he could focus completely on the EEDA board's desire to return CIP to the private sector.

Thank you to all our board members during this difficult year.

Finally, a special thank you to all EEDA staff for providing me, the organisation and our region with such outstanding support and commitment over 12 years and especially throughout this turbulent year.

Be proud of your lasting legacy.

Professor William Pope
Chair, EEDA.

Chief executive's statement:

As EEDA prepares for closure, this year's annual report provides a valuable opportunity to reflect on our achievements of 2010/11, and consider the lasting legacy this work leaves for the East of England.

Despite a 25 per cent cut in budgets, considerable distraction of being *the* political football of 2010 and the eventual announcement of RDA closures post-election, my team has remained professional throughout – focused on their support for local business, people and places. Their dedication has produced another year of considerable achievement for EEDA:

Backing business

EEDA has provided high-quality, targeted business support in 2010/11, helping industry through changing economic conditions and supporting businesses to capture opportunities in growing markets.

Business Link – the heart of EEDA's business support offer – has helped around 100,000 companies tackle all sorts of business challenges from start-up advice to marketing a company. 795 local manufacturers also turned to EEDA's **Manufacturing Advisory Service (MAS)** to implement efficiency-saving changes to workplace operations.

EEDA's **Grants for Research & Development (GRaD)** saw 61 companies share £2.386 million bringing ground-breaking new products to market in 2010/11 – everything from tidal turbines to Formula 1 steering technology. Return on investment for our R&D grants is valued in excess of £12 for every £1 spent – that's calculated in terms of increased tax revenues from growing companies and new jobs created.

A new **Low Carbon Venture Capital Fund** called the "Low Carbon Innovation Fund" was set-up through the EEDA managed European Regional Development Fund and officially launched in September 2010. The fund will make investments in companies exploiting burgeoning markets for low carbon goods and services through until 2015. EEDA's **Understanding Finance for Business** programme has helped 800 companies to raise over £5.2 million of business finance and our **High Growth Coaching** project supported 58 companies to unlock and sustain high-growth potential.

EEDA's **Inward Investment** and **Investor Development** activity has attracted 30 major business investments to the East of England in 2010/11, securing 1,994 jobs across the region. Over 16,000 businesses have now signed-up to the EEDA-funded **CompeteFor** service – an online 'dating agency' that matches local companies with lucrative supply chain opportunities associated with London 2012. As a result, over £60 million worth of contracts have been awarded to East of England businesses. And in Peterborough, an EEDA-funded national centre for **women's enterprise** is now supporting entrepreneurial women with expert advice and guidance.

Laying foundations of world-leading innovation

Building on the East of England's strengths in innovation, EEDA has continued to install the critical infrastructure required to maintain this region's global status and convert more ideas into successful commercial ventures.

In Cambridge, the **Hauser Forum** was officially opened for business by HRH The Duke of Edinburgh in April. A £10 million partnership project between EEDA, Cambridge University and leading entrepreneur Hermann Hauser, the Hauser Forum establishes a vital link between clusters of academics, start-ups and established businesses, speeding up the commercialisation of world-leading innovation through collaboration. This 'open innovation' approach was also adopted in Bedfordshire, where a new enterprise hub at Colworth Science Park – **The Exchange** – opened in February 2011. The Exchange supports on-site collaborative R&D between innovative SMEs, academia and global conglomerate Unilever.

In Norfolk, work was also completed on the extension of **Hethel Engineering Centre**, servicing industry demand for early-stage, advanced engineering and manufacturing incubator space. The EEDA-funded extension provides accommodation for an additional 12 innovative companies, offering specialist business support and opportunities to collaborate with like-minded tenants.

The East of England is also set to lead the UK's development and uptake of electric vehicle technology after a region-wide bid secured funding from the government's **Plugged in Places** project to install a fully-integrated vehicle charging network. Having led the region's successful bid, EEDA has now passed the baton to the University of Hertfordshire to lead the installation phase of the project, on behalf of the East of England.

Supporting people

Throughout another turbulent year for the UK economy, EEDA has also retained a sharp focus on supporting individuals facing redundancy and helping local people to gain new workplace skills.

Our **Beyond 2010** programme, supplemented by European Social Funds, has provided 3,100 valuable work-placed training opportunities for people. This has benefitted 1,800 businesses in our region by providing access to the skills they require to operate more effectively. EEDA's **Response to Redundancy** has supported over 11,000 individuals facing redundancy, helping people to up-skill and re-enter the job market quickly and reducing the stress and strain of redundancy.

Transforming places

2010/11 has marked the completion of a number of long-term, strategic investments – EEDA investments in quality of life and the rejuvenation of towns and cities across our region, the benefits of which will be felt for decades to come.

In Hertfordshire, the first new-build venue for the London 2012 Olympic and Paralympic Games opened its doors – or gates in this case – in December 2010. The **Lee Valley White Water Centre** received EEDA funding to exploit the long-term social and economic legacy of the centre. Extending the scale and flexibility of the course, EEDA's funding is projected to double the number of users post-games, giving members of the public the opportunity to try out a thrilling new sport, whilst providing a venue fit to host future European and World Championships.

The new **High House Production Park** provides Thurrock and the Thames Gateway area with an internationally-recognised hub for creative and cultural industries. An example of culture-led regeneration, the 14 acre site offers space for tenant, public and commercial use, encouraging a greater bond between the local community and creative businesses. As anchor tenant, the Royal Opera House also expects to create 240 new jobs and up-skill 3,000 people with technical skills in performing arts.

In Suffolk, construction was completed on **The Apex**, an arts venue at the heart of Bury St Edmunds' cattle market redevelopment. Projected to create more than 200 jobs, The Apex sits alongside 36 new shopping units and 62 apartments.

Working in partnership

Of course, EEDA does not work alone. Our success, not just over the last 12 months but over the course of 11 years, has come from working in partnership. This year, some tough decisions were forced upon us following cuts to our budgets and ongoing uncertainty shrouding our future. Partner organisations, businesses dependent on our support and stakeholders have remained patient and supportive throughout. For this, I extend my sincere thanks.

Transition and closure

Looking forward, a small team will manage the professional transition of EEDA functions to successor bodies and the eventual operational closure of the agency by March 2012. Regular status updates on transition and closure plans for EEDA projects and business support programmes will be posted on our website – www.eeda.org.uk.

In closing, I should like to pay tribute to the energy and commitment shown by my staff during a challenging period. As many long-serving EEDA staff move to pastures new, they can be proud of their significant impact on the East of England's economy.

It is a legacy that will be felt for decades to come.

Deborah Cadman OBE
Chief executive, EEDA.

EEDA's impact 2010/11 – summary

Impact

Although our budget was cut by 25% in June 2010 EEDA maintained a sharp focus on supporting businesses through the economic downturn and in the face of sweeping government cut backs.

As a result, in 2010/11, EEDA has:

- created or safeguarded 8,876 jobs
- helped 14,453 people to get a job
- supported 31,811 people in learning new skills for the workplace
- helped 2,801 local businesses to start-up and grow
- supported 20,530 companies in making performance improvements.

Through Business Link for the East of England, EEDA has supported 99,929 local businesses and entrepreneurs, including:

- **13,772** looking to set-up a business
- **3,636** new-start enterprises
- **80,816** established businesses
- **6,504** businesses worked with Business Link advisers on a one-to-one basis providing intensive ongoing support and advice

In addition to impacts in priority areas such as business support and reducing unemployment, EEDA has:

- reclaimed 30 **acres** of brownfield land
- leveraged **£142 million** in public and private sector investment.

Delivering value for money

EEDA is **committed to continuous improvement** in the value for money we provide. This is both in terms of delivering and exceeding the efficiency targets set for the organisation and ensuring we drive greater impact and cost effectiveness into the services and programmes we fund.

Performance and Return on investment

In 2010, EEDA was independently reviewed and commended for strong performance and effectiveness by the National Audit Office (NAO). The independent review showed EEDA to be **one of the best performing RDAs in the country**.

It confirmed that EEDA **performed strongly** – the highest score – in terms of prioritisation and delivers 'good performance' in terms of continuous improvement and implementing evaluation into the performance management processes.

The review recognised a wide range of **best practice** that EEDA delivers on behalf of the East of England, including:

- gathering and circulating key economic intelligence to businesses and local authorities to ensure **quick and effective investment decision making**

- working with partners to find solutions to developments that were stalled due to recession
- **supporting local councils** to build their capacity and grow their local economies
- ensuring the right services and support were in place for local businesses: help where redundancies were feared; accessing finance where the banks were no longer able to act; and providing support to move bright ideas to commercial viability and success

Our Return on Investment has remained consistently high for the tax payer. For example and independent evaluation of our Grants for Research and Development programme (which addressed an inadequate supply of capital to businesses with high growth potential) found that for every £1 EEDA invested in a business, over £12 was generated to benefit the region's economy – in terms of business growth through increased profits and job creation.

We were also able to use our funding to attract other sources of public and private sector funding to the region. In 2010/11 we were able to attract £142 million from a mixture of private and public sector funding.

The agency has also achieved **external accreditation** in a number of areas including:

- capacity and staff development (Investors in People and Workwise)
- equalities (Gold Standard, C2E)
- sustainability and environmental standards (ISO 1400; EMAS) - EEDA was the first and only RDA to be formally accredited as a carbon neutral company
- ICT and information security (ISO 27001) – EEDA was the first regional development agency to achieve this full-scope accreditation.

Corporate plan report 2008/11

March 2011 sees the end of our three year Corporate Plan period and it is worth taking this opportunity to look back over our success the medium term.

Our three-year corporate plan period began on 1 April 2008 and ended on 31 March 2011. In June 2010 as the new government strove to control public spending, EEDA's budget was cut by 25 per cent and our output targets were reduced to compensate for the reduced budget.

The table below shows that not only did EEDA meet all of our revised targets we also met all of our original targets as well. This is in spite of a very hard final year in which we had a reduced budget and the process of closing the organisation began.

Table 1 - Progress against Corporate Plan (2008-2011)Target Outputs

Description of output target	Original targets (April 2008)	Revised targets following budget cut (June 2010)	Actual	% of original target achieved	% of revised target achieved
Job Creation	13,380	19,685	22,542	168%	115%
Employment Support	9,225	20,732	41,378	449%	200%
Business Creation	3,570	2,995	7,706	216%	257%
Business Support - Business Assisted	50,700	52,930	61,175	121%	116%
Public Sector Leverage £m	308	279	308	100%	110%
Private Sector Leverage £m	308	276	382	124%	138%
Regeneration - Brownfield land reclaimed (hectares)	126	131	138	110%	106%
Skills - People assisted	97,500	95,219	114,495	117%	120%

As a result of EEDA's strategic leadership and partnership working EEDA were able to secure £690 million additional funding for economic development over our corporate plan period.

If we take into account the additional investment secured (leveraged) over our twelve year history the total is £1.37 billion (1999 to 2011).

The East of England in context

The East of England is a diverse and vibrant mix of six counties – Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk. Add in the unitary authorities of Central Bedfordshire, Bedford, Luton, Peterborough, Southend-on-Sea and Thurrock, and collectively you have the UK's 'ideas region'.

Home to 5.8 million people and 430,000 businesses, the East of England is an economic powerhouse with an economy that produces over £107 billion a year – around 9 per cent of the UK total.

The East of England is:

- known for innovative businesses who account for 25% of UK private sector spend on R&D and the region has the second highest level of private sector R&D as a proportion of GDP in Europe.
- recognised for a globally-important life sciences cluster, and UK leading strengths in other growth markets such as low carbon technologies and services, digital, ICT and microelectronic systems, advanced engineering, plastic electronics and renewable energy
- a region which has experienced strong growth in recent years, thanks to its diverse and innovative business base, proximity to London and outstanding international transport links Also boasting areas of distinct natural beauty that attract thousands of visitors a year – contributing to a £5.2 billion regional tourism industry
- home to globally recognised universities providing the highest quality education and training. Thanks to EEDA funding, new Higher Education provision at Southend, Ipswich and Peterborough now offer learning to over 13,000 students and work with over 1,500 businesses on CPD, Knowledge Transfer Partnerships and applied R&D. A recent report by PACEC¹ estimates that Higher Education Establishments add £134 million to the regional economy.
- the centre of UK port activity, providing nearly half of UK container traffic capacity and this is set to grow with expansions at Felixstowe, Harwich and London Gateway. The region is also home to two of the country's five busiest airports at London Stansted and London Luton.
- a region which is only one of three – alongside London and the South-East – to make a net contribution to the Exchequer year-on-year

But ultimately, a region not immune from the rigours of recession, nor without barriers to its competitiveness.

Progress in the region's economic recovery

The recession significantly affected the region's economy, as it experienced the largest economic contraction (3.2 per cent) of any UK region or nation in 2009. During 2009, it is estimated that the value of the region's economic output decreased by £3.6 billion.

¹ Impact of Higher Education Establishments in the East of England on Regional Economic Growth and Prosperity (PACEC) 2010

However, on the upside, the impacts of the recession on the region's labour market seem less onerous. With fewer redundancies, higher employment intentions and a faster growth in vacancies, the East of England labour market is in a more favourable state than that nationally. The region's unemployment rate is now 6.2 per cent - the lowest in the UK. The East of England also achieved the highest growth in employment (27,000) in the UK over the past year, whilst other regions continued to shed jobs.

Business confidence surveys point to continuing recovery in the East of England, although with cooling rates of growth in output and new orders since the beginning of 2011. Like the rest of the UK, economic recovery is happening, but it is slow. Manufacturers are more positive than service businesses.

Forecasts for the East of England economy (from the East of England Forecasting Model) suggest that output will grow at 2.1 per cent in 2011, and pick up in future years, with a 2013 peak in growth of 3.7% regionally and 3.4% nationally. It may take until 2011 for GVA in the East to recover to 2008 levels - and until 2012 in the UK as a whole

In terms of employment forecasts, the projections are that employment will be rising again by 2011 at both regional and UK level, but it will take until 2013 for total employment in the region to recover to 2008 levels – and until 2015 in the UK.

East of England – challenges

The region also faces a number of significant challenges if it is to see a step change in economic performance:

- businesses in the East of England have a greater dependence on EU export markets, with high growth emerging markets comprising a low share of total exports. This is reflected in latest exports data. In the year to 2010 Q4, the value of UK exports increased by 14.2 per cent whilst those in the East of England rose by 10.4 per cent. However, exports from the region to Asia and Oceania only increased by 4.4 per cent compared to 17.1 per cent nationally.
- crucially, the region significantly lags behind international comparator regions (with similar economic structures, R&D performance and scale) in terms of productivity, skills and infrastructure. This disparity threatens the ability of our businesses to compete in export markets – crucial as the primary source of growth in the forthcoming years.
- on skills the East of England, together with the North East and West Midlands, are the poorest performers at Level 4 (degree level or equivalent) and 160,000 employees in the region have a skills gap – this means they are not fully proficient in their job
- amongst the most congested road and rail networks in the country, currently costing the UK around £700 million in lost productivity per annum, and major pressures on water, energy and broadband networks that constrains business competitiveness

East of England – at the heart of growth industries and technologies

Nevertheless, the East of England will be at the heart of rebalancing the UK economy.

As a world leader of innovation, particularly in life sciences, information and communication technologies (ICT), low carbon and renewable energy – industries that have all been earmarked to create the wealth and jobs of tomorrow. Ideas and businesses begun in the East

of England, rapidly spread to, or boost supply chains in other parts of the UK, strengthening the economies of other regions.

Already home to the most successful clusters of biotechnology and life science companies outside the US, the largest ICT R&D facility in Europe, and a low carbon industry already worth well in excess of £10 billion, the East of England will be central to delivering growth and prosperity.

About EEDA – the way we work

EEDA's mission has been to improve the economy of the East of England. Working in collaboration with local authorities and other partners our work was designed to make a major contribution to the delivery of the targets and priorities set out in the regional economic strategy (RES), and national economic objectives.

EEDA's Corporate Plan 2008-11 and the Corporate Plan supplementary submission 2009-11 outline how EEDA itself will provide leadership, mobilise partners and deploy resources to enable the delivery the Regional Economic Strategy and East of England Implementation Plan targets. We manage this through the seven programmes set out in our corporate plan. Five of these programmes are focused on delivery and two are foundation programmes, which underpin all of our work.

The five delivery programmes are:

- **Business Support** – EEDA provides business support and skills re-training to help companies survive and thrive during changing economic times
- **Science, Innovation and High-Level Skills** – EEDA further develop the region's world-class science and innovation base by encouraging more R&D, more commercialisation of innovative ideas and greater exchange of knowledge between business, universities and research institutes
- **Economic Participation** – EEDA improves employment opportunities for those individuals unable to participate and contribute to the region's economy
- **Regional Infrastructure** – EEDA helps the region to prioritise essential infrastructure needed for economic development and make the case for increased investment in that infrastructure
- **Sustainable Economy** – EEDA supports businesses and individuals to use resources more efficiently and support the land-based, renewable energy and environmental goods and services sectors to take advantage of substantial emerging opportunities.

The two foundation programmes are:

- **Strategy and Intelligence** – EEDA combines an extensive region-wide knowledge with relatively modest resources to set direction for the regional economy (primarily through the RES) and provide economic research and analysis through our regional intelligence centre, Insight East
- **Partnerships, Advocacy and Communication** - EEDA facilitates public and private sector partners in working together to advance the region's economic priorities and to act as advocates for the East of England.

Area working

Forging effective partnerships has always been an essential part of EEDA's achievements. For that reason EEDA operated four "area teams" which focused on serving the diverse needs of specific local areas across the region. Through these teams we worked in partnership with business and local authorities to coordinate investment, enhance the impact and reach of regional programmes and maximise economic outcomes.

The team's priorities centred upon;

- **Impact** – taking responsibility for delivering key programmes and investments which impact on businesses

- **Leverage and coordination** – providing a clear picture of EEDA’s priorities for a place through area investment planning and alignment of local priorities and plans
- **Strategic influencing and leadership** – working with regional and local partners to secure evidence, policy, and investment alignment based on the East of England Implementation Plan and local priorities
- **Engagement** – enhancing EEDA’s active engagement in local areas to impact on the region’s economy. Providing a mechanism for feeding back local experiences of EEDA’s impact to improve the delivery of our programmes
- **Synergy** – shaping and delivering the most effective sub regional economic delivery arrangements based on qualitative business and economic data

Through area teams we delivered many initiatives including direct support to business through the Response to Redundancy programme; economic analysis to support new Local Enterprise Partnerships and Regional Growth Fund bid development; the roll out of the Cleantech Strategy to sub regions; support and coherence to the region’s off-shore energy sector; the delivery of programmes such as the Economic Participation sub regional programme plus legacy and current capital projects; and much enhanced relationships with sub-regional partners across the region.

Local engagement through area teams was very popular as shown by comments such as “Your team’s support in setting up the LEP has been invaluable” and “I have always found the EEDA Area team to be very supportive and you will be genuinely missed”.

The following pages highlight EEDA’s impact across each of our corporate plan programmes.

Business Support

Small and medium-sized enterprises (SMEs) are the lifeblood of the region's economy. The East of England has a thriving business community of over 430,000 companies of all shapes, sizes and sectors.

Companies accessing targeted business support options tend to report greater profits from those that do not. They are more likely to survive; more likely to grow their profits and create new jobs. They are less likely to close in financial distress.

EEDA's extensive business support offer has continued to help companies survive and thrive during a critical, unsettling and often changing economic period in the world of business.

EEDA supports over 100,000 businesses each year by providing high-quality support, information, advice and funding.

EEDA action 2010/11

The Business Map – www.bizmapeast.co.uk:

Launched in September 2008, EEDA's own version of the iconic Underground map, The Business Map continues to signpost local businesses to the wide range of support available. The Biz Map was visited 35,134 times by 21,172 individual visitors.

Business Link

Against a backdrop of austerity, entrepreneurs in the East of England have continued to turn to the EEDA managed Business Link service for practical help and advice, with 99,929 businesses making use of the services provided by the organisation in the past year.

The regional support service has helped 13,772 customers in the earliest stages of starting a business, and a further 3,636 in the first year of trading. The figures for established businesses, trading for more than 12 months, are also impressive, with 80,816 using the service over the year. In addition, 6,504 businesses in the region worked closely with Business Link advisers on a one-to-one basis providing intensive ongoing support and advice while 22,788 delegates attended some 2,039 events hosted by Business Link.

Customers continue to value the quality of support offered by Business Link, with overall customer satisfaction levels across all services rated at 91.8% for the year. This figure increases to 94.2% for those working directly with a Business Link adviser and 95.1% for those attending workshops and events.

Business Link also delivers the successful takeITon programme on EEDA's behalf. The programme which is part funded through European Regional Development Funding (ERDF) helps SMEs transform their businesses through the effective use of ICT. Since its launch in November 2007 it has supported over 664 companies implement an IT project resulting in a total IT investment of £6.2 million.

Integrated Specialist Business Support Programme (ISBSP)

The Integrated Specialist Business Support Programme, which attracts additional ERDF funding, provides Manufacturing Advisory Service (MAS), Designing Demand (DD) and Innovation Advice and Guidance (IAG).

MAS supported 795 businesses in 2010/11. By helping companies to identify and implement subtle but significant changes to the way they work, each recipient of support made average efficiency savings in excess of £100k. In addition, IAG and DD have supported an additional 149 companies [and contributed to the generation of approx £8 million GVA to the region's economy.]

Beyond 2010

EEDA's £9.2 million Beyond 2010 programme came to an end in March 2011. Supported by the European Social Fund and 'single pot' funding, 1,800 companies have taken advantage of subsidised training grants, giving 3,100 employees new skills to use in the workplace.

Within Beyond 2010, EEDA has provided £5.8 million to support a regional Response to Redundancy programme. This provides support, advice and training to people facing redundancy and works with the regional and local Jobcentre Plus. Since Autumn 2008, Response to Redundancy worked with over 11,000 individuals across the region and has provided a vital source of support to people and companies during the recession.

During 2010-11 EEDA tendered and put in place training support for businesses and individuals for the 2011 calendar year. Using European Social Funds three projects supporting businesses to grow and assisting individuals into work were started. Projects continuing the Beyond 2010 and R2R activity will provide support and training as before and a new activity supporting workless and recently unemployed people into work in jobs contributing to reducing carbon emissions. Contracts of £2.2m, £2.8m and £725,000 respectively has been allocated to these activities to support 1,000 companies, 2,250 people with in-work training, and over 550 people with support and training to assist them back into work.

Regional Skills Strategies

EEDA led the development of a regional skills strategy on behalf of partners in the East of England and delivered the completed document to BIS in September. The document was well received by BIS and by partners in the region. The document outlines areas in which skills need to be improved to service employers' requirements and economic development more broadly. This includes consideration of the immediate skills needs and requirements in the longer term as well as separately outlining industrial sectors that create lots of employment and others that create less employment but are critical to future economic growth and the changing economic structure of the economy. Besides regional information the strategy also provides statements of demand and need at the county level and has proved extremely useful to Local Enterprise Partnerships to identify the needs of their areas.

Olympic opportunities

15,523 businesses have signed up to the EEDA-funded CompeteFor system – an online brokerage service which allows businesses to access supply chain opportunities from the London 2012 Olympic and Paralympic Games. These registrations have been enhanced by a support programme for businesses in the region that enables them to engage with the site and the subsequent opportunities to the fullest.

As a result, in the East of England alone, 193 contracts have been awarded to regional businesses via CompeteFor. These contract successes are part of wider £800m+ of London 2012 related contracts won by businesses from the region.

International Business

Commissioned by EEDA, as a new service provider from 1 April 2010, East of England IDB limited was responsible for attracting inward investment and developing foreign owned businesses in 2010/11.

EEIDB's inward investment and investor development activity has seen its best year ever. Seventy-two projects will create or safeguard 4882 jobs over the next three years.

In Bedford, for example, Danish owned Lantmannen Unibake UK built a new environmentally friendly bakery plant. The support provided, led by East of England IDB in partnership with the Institute of Food Research, FoodEast and Regional Language Network (East) has enabled Lantmannen Unibake to create 400 jobs in the region's food and drink sector.

East of England IDB has also increased collaborative work with partners, formalised in Memorandum of Understanding Agreements (MOUs); established an Extranet to aid the sharing of intelligence with partners; and mobilised nine regional 'Ambassadors' to help promote the East of England overseas.

The future delivery of Foreign Direct Investment support in England will be managed by UKTI, who have appointed PA Consulting to manage this activity from May 2011. Following this outstanding year's performance EEDA are delighted to be handing over such a strong pipeline of activity to UKTI and PA consulting.

Tourism

In recent years, East of England Tourism's work has helped the East to take advantage of the growing "staycation" market for domestic tourism in the UK. Overnights stays in East increasing faster than for any other English region. During 2010/2011, EET's website continued to attract new visitors with over with 2 million unique visitors; it's marketing campaigns reached 23 million people; and it public relation work achieved media coverage worth above £2 million.

EET's partnership with East of England Tourism has helped the region to take advantage of the Olympics opportunity (an economic benefit of £250 million has been estimated for tourism in the East) including through PR activity, partnerships with international tour operators, airports, and railway companies, and the development of a Fair Price Charter for 2012 for regional accommodation providers.

Other business support programmes

- **Women in business** - EEDA funded a number of programmes designed to support women in business. Initiatives such as The National Women's Enterprise Centre (in Peterborough), the Enterprising Women network (supporting 700 women led businesses) and Inspiring Women (helping 400 economically inactive women since 2008) have all improve the economic performance of the region.
- **Rural Pub Support – in 2010/11** a further £100k was invested via Business Link in supporting over 70 rural pubs across the region in developing business plans and ideas for future sustainability in tough economic conditions.

Science, Innovation and High-level Skills

The East of England has a rich base of world-class universities and commercial research & development facilities, yet faces significant challenges to maintain its position as a leading innovation region.

The successful exploitation of ideas is critical to the future prosperity of the region and EEDA is intensifying its activities to ensure that the region maintains its leading-edge position as a key driver of innovation for the UK.

During financial year 2010/11, EEDA's strategic investments ensured centres of technological excellence were financially independent. This will also ensure that there are zero liabilities going forward when transitioning the EEDA contracts to its sponsoring department BIS. In a difficult business climate, we adjusted our access to finance products to provide loans and business angel co-investment funds to help companies progress to revenue generation.

EEDA's programme continued to support industry's demand for higher-level skills by utilising Higher Education expertise in low carbon technologies and by increasing the capacity of regional universities. In addition to the further stimulating the offshore supply chain, we led a successful bid for a region-wide charging network for electric vehicles, with financial commitment from both private and public sector partners.

EEDA action 2010/11

World class science parks

EEDA's investment in four science parks led to successful transformations of both the parks and its businesses and led to substantial additional funding from central government too.

Working with a range of private and public sector partners, EEDA has been able to leverage multi-million pound investments in the development of the **Bio-Science Park, Stevenage** in partnership with GSK; not only are the buildings being erected, a newly appointed CEO is now in post and has engaged with national organisations from both private and public sector to ensure the Stevenage BioScience Catalyst will be an internationally renowned facility. At **Colworth Park** the Innovation Centre and Knowledge Exchange (a partnership with Unilever) are now complete and occupancy is now taking place; the "ideas space" in the **Hauser Forum** is now fully staffed and occupants have been winners in startup competitions with angel investors; the innovation and incubation facilities at the **Norwich Research Park** have now been opened by the minister for Innovation together with an announcement of a further £27m additional investment in the park by central government. In addition to that, EEDA's activities at **Adastral Park** are expanding rapidly with two more buildings being part of Innovation Martlesham thanks to money secured through the European Regional Development Fund.

In total, EEDA's science park investments will leverage more than £33 million in public/private finance and stimulate several thousand high skilled job creation opportunities.

Market-led procurement – Small Business Research Initiative (SBRI)

Last year the Strategic Health Authority, the Technology Strategy Board and EEDA backed a competition calling for innovative new approaches to patient care. Not only has this pilot had a national success (the TSB is now running the scheme nationally), our regional partners are planning a follow-up phase in 2011/12!

Enterprise Hubs:

EEDA's investments in enterprise hubs continue to pay dividends as demand for space outstrips expectations. The extension of **Hethel Engineering Centre** is complete and fully occupied as is our Enterprise Hub for the offshore industry, **Orbis Energy**. They are excellent examples of an incubation policy which really delivers for businesses in a difficult trading climate.

As a testament to EEDA's successful Enterprise Hub programme, central government recently announced a further £44m investment into the Babraham Biotech research campus, a facility that is one of the most successful initiatives in creating commercial success out of research.

Low Carbon Innovation Programme

Last year's Low Carbon Innovation Programme will have no further funding from EEDA but has been so successful that other partners, from both public and private sector, are carrying the initiative forward.

EEDA successfully led the Plugged-in-Places bid with £4m of funding from regional private and public sector partners leveraging in £3m funding from central government, creating a region-wide charging networks for electric cars, and a fantastic new networking organisation that will stimulate innovation in all aspects of low carbon transport.

A New Higher Education Campus in Harlow

EEDA has invested £3.8 million in a £9.3 million Higher Education campus in Harlow. Anglia Ruskin University, in partnership with Harlow College, will manage the new campus which was completed during the summer of 2010. The investment will stimulate greater educational attainment levels and offer wider and fairer access to Higher Education for local people in an area of significant projected population growth. The facility will also be a focal point for existing and new business interaction, provide a venue for local community meetings, and will be the new home for Harlow College's nationally-renowned Centre of Journalism, whose former alumnae include Piers Morgan, Kate Adie, Sue Lawley and Andrew Morton.

A Biotech / Regenerative Medicine Laboratory at University Campus Suffolk

EEDA has supported the development of a biotech / regenerative medicine product development laboratory at University Campus Suffolk, Ipswich. The laboratory space will facilitate UCS collaboration with a US company on cell therapies, the development of a PhD research programme and other skills development opportunities. EEDA's investment helped secure private inward investment from the US and consolidates earlier public sector investment in the UCS campus.

Development of Technical Education Facilities

EEDA has contributed to the development of estates of several Colleges over the past year. At North Hertfordshire College back-stage production space and a small theatre has been developed as learning spoke to the earlier larger investment in the Royal Opera House's Production Facility in Thurrock. Support to the development of a new engineering centre at Wisbech has been provided. This investment is a contribution to re-development of the Isle Campus of the College of West Anglia - a critical re-development in an area much in need of investment to address poor aspirations and educational attainment.

Regional Infrastructure

Improving the physical environment and connectivity of the region is a crucial element of a successful economy. People need places to live. Businesses need premises to trade from. Both need to be underpinned by an effective transport system. While the region is generally viewed as well served there are many locations that need regeneration and improvement. To ensure long term global competitiveness it is vital for the region to have modern, sustainable infrastructure.

The objectives of the programme are:

- To prepare leading edge economic evidence to influence transport prioritisation and investment
- To support the regions towns and cities key strategic transport corridors and access to international transport gateways
- To demonstrate strategic leadership in sub regional investment planning by working with local authorities to prepare the economic evidence to align investment priorities and coordinate delivery
- To deliver flagship economic and low carbon capital investment projects in partnership with local authorities

EEDA action 2010/11

Supply of new business premises

- **Mayland Business Centre (Axis Point)** - Work started in September 2010 on phase 1 of the Maylands Business Centre including a new office innovation centre and 22 industrial starter units. Planning consent has also been granted for an additional 28,000 sq ft industrial unit for phase two, known as Maylands Link. Maylands Business Centre will be like a community centre for business, with space and facilities for everyone to meet, train, obtain advice and network. The centre will serve Maylands Business Park and beyond, encouraging business growth throughout our region, stimulating the supply chain, and improving the early prospects of success for small fledgling businesses. Maylands Business Park makes a significant contribution to the economy as there are over 700 businesses on site who employ 20,000 people. Investments such as this are part of the long term regeneration plans following the damage caused by the Buncefield explosion in 2005.

South Fens Business Centre - work started in February 2011 on a £770,000 expansion of the popular South Fens Business Centre at Chatteris, Cambridgeshire. The site will accommodate four new business units with potential for more to be added in the future with the aim of attracting high-value businesses to Fenland and encourage the growth of more skilled jobs. EEDA's contribution of £220,000 will help the local economy diversify from its traditional reliance on agriculture and food processing.

Cultural infrastructure - A number of landmark projects funded under EEDA's successful Creative Collaborations joint investment plan with the Arts Council are helping to transform places across the East and provide people with exciting new cultural opportunities. Overall EEDA's capital investment in Creative Collaborations projects has totalled £17 million, securing £25 million in capital investment from the Arts Council and a further £55 million from other public and private sector partners

2010 saw the further development in operation of several Creative Collaborations projects that opened in 2009 as well as two new nationally important cultural facilities open in 2010.

The workshop is a new purpose built facility and the most technologically advanced production facility for opera anywhere in the world. All the sets for the ROH's opera and dance productions at Covent Garden are now made in Thurrock.

High House Production Park in Purfleet, Thurrock – EEDA contributed £7 million to this £60 million project which is one of the most exciting and innovative regeneration projects in the Thames Gateway. The anchor tenant is the Royal Opera House and it sees the creation of an international centre of excellence for production and professional development in backstage and offstage services for the performing arts. The workshop is a new purpose built facility and the most technologically advanced production facility for opera anywhere in the world. All the sets for the Royal Opera Houses' opera and dance productions at Covent Garden are now made in Thurrock. The new Production Workshops opened in December 2010 with the National Skills Academy due to open 2011. It will create 250 jobs and provide 11,000 training places.

Lee Valley White Water Canoe Centre – Opened in December 2010, this centre is one of two Olympic venues in the East of England. EEDA's £4 million investment (alongside £1 million from Sport England) was used specifically to increase the scale and flexibility of this world-class venue, almost doubling the number of people who will be able to access and enjoy the centre after the Games have finished. The effects of the upgrades to the facility will now be felt for decades to come, attracting an estimated 70,000 visitors a year, boosting tourism in Hertfordshire.

St George's – Gt Yarmouth - In February 2011 renovation of St George's Chapel, Gt Yarmouth, began to turn it into a multi-purpose arts centre, capable of hosting a number of different types of performance and cultural community use. The original architecture of this Grade 1 listed building will be preserved and enhanced with work completed by December 2011. Different layout and stage configurations will see the venue able to seat around 300 people, or accommodate 400 standing, whilst outside the Chapel a pavilion will be constructed on the pedestrianised St George's Plain, housing a café/bar, toilets, and front of house/ticket sales facilities for the venue, with an outdoor performance area helping to animate the Plain itself.

Town Centre Improvements

Harlow Leisurezone - part of Harlow's £50m Gateway Project, was officially opened by Minister for Sport and the Olympics, Hugh Robertson MP in January 2011. EEDA worked with partners over many years to provide much needed homes and modern leisure facilities for the town. The facilities put Harlow back at the forefront of sporting provision in the region and is a tremendous asset for Harlow and the wider community. Further phases will follow.

The Arc - Bury St Edmunds - EEDA provided £1.5 million towards The Apex – an arts venue at the heart of the cattle market redevelopment. The Apex sits at the centre of 36 new shopping units and 62 apartments in a project that has created around 200 jobs.

Transport Planning

In recent years, EEDA has led a number of cutting-edge projects examining the impact of transport in the East of England on economic growth and carbon emissions. Evidence from this work has underpinned a number of transport investment successes that have been approved or delivered this year including:

- approval for dualling of the A11 between Fiveways and Thetford
- further EU and Network Rail investment in the Felixstowe to Nuneaton rail freight route
- a successful 'plugged in places' bid to Government to establish region-wide electric vehicle recharging infrastructure
- introduction of wi-fi on the Great Eastern Main Line
- a pilot project which has shown that significant fuel cost and carbon savings can be made from 'smarter driving'

In addition EEDA has continued to develop the economic evidence for further investment in the East of England to enable businesses, local authorities and transport operators to enhance their case for funding including:

- successfully leading the Department for Transport's 'Delivering a Sustainable Transport System' study programme in the East of England
- producing robust economic evidence to support further investment in the Great Eastern Main Line and A5-M1 Link Road
- making the economic case for increased workplace travel planning

Economic Participation

Despite perceptions of widespread prosperity, the East of England contains many communities where poverty, disadvantage and social exclusion put a significant brake on economic growth.

The Economic Participation programme was aimed at identifying the barriers to economic participation and implementing projects that will enable individuals to reach their potential and access jobs or start their own business. Projects are aimed at raising skill levels, stimulating enterprise, building capacity in the third sector and identifying and sharing good practice.

Broadly speaking, EEDA manages a range of programmes at two levels:

- Sub regional programmes – working with local partners to develop projects that address specific local needs
- Regional programmes addressing common needs across a wide area

EEDA action 2010/11

Sub Regional Programme

EEDA has worked with local partners and local communities to agree what individual support places need and tailoring a programme of community support to meet these needs.

- **Ready for enterprise project** - For Hertfordshire in 2010/11, EEDA's £715,000 funding on the "Ready for Enterprise" project, focused on providing intensive early enterprise support (pre-start and start-up) for individuals who are currently out of work and wanting to move towards self-employment. There was a particular focus on the disadvantaged and hard to reach segments of the population which are unable to or unaware of how to access mainstream services. The programme comprised workshops, 1:1 support, mentoring and an exclusive networking group delivered in over 12 different locations around the county. Oversubscribed, by March 2011: 41 jobs were created, 500 people were assisted to get a job, 188 businesses assisted to improve performance and 530 people were assisted in skills development. See website <http://www.outsetherts.co.uk/about/>
- **Positive Ways to the World of Work** - Thurrock Lifestyle Solutions and Thurrock Independence Resource Centre targets unemployed residents with learning disabilities to find long-term employment. The project addresses unemployment and self actualisation of disabled people. EEDA contributed £52,295 to the total project cost of £100,272.
- **Apprentices for Thurrock** - The 14-19 Partnership is creating one year employment opportunities for young people. Apprentices will undertake a full Level 2 qualification from the national framework of over 150 NVQ programmes or other approved programme relevant to the industry sector. EEDA contributed £109,935 to the total project cost of £329,713.
- **Southend Public Sector Apprenticeships** - The project is seeking to fund 50% of the salary for 80 apprenticeship places across 55 Local Authority Schools or additional care homes. The project will see Southend on Sea residents gain employment and earn a level 2 qualification at the end of the year long

apprenticeship. The project has since accepted further grant money to produce an additional 30 apprenticeships. EEDA contributed £110,784 to the total project cost of £221,568.

- **Employment Up-Skilling project and Back to Work and Business Club, Peterborough** - EEDA's £54,000 has helped unemployed people back to work through weekly activities enabling managers and professionals to learn new 'employment search' tools network and receive information from guest speakers. This has resulted in over 70% of the recipients being successful in gaining employment or self employment. Those people accessing volunteering have used this to enhance their existing skills, build their confidence and create a workplace environment in which they can grow.
- **Peterborough BEAT** - This project aims to provide individuals from across Peterborough with support in becoming their own boss, supporting people from communities under-represented in business who have not considered self-employment previously. Providing extensive coaching support, including business skills workshops, EEDA's funding of £125,000 has been running for 4 years. In the first 10 months the project has supported over 260 individuals to review their ideas and 42 new businesses have been assisted to start-up. Whilst focussing on pre-start support the project does provide some support to established businesses as well.

Regional Programme

Enterprising Communities Pilots (Menta & Exemplas) - The purpose of these pilots was to use one to one coaching to help individuals who would not normally access mainstream start up support to understand the opportunities and risks of self-employment and to guide them to the most appropriate service. The aim is not to raise unrealistic demand for enterprise; it is about helping people to understand whether it is right for them, when the time is right, and to support them in finding the right help and advice.

Financial Capability and Enterprising Communities (Citizens Advice Bureau) - Financial exclusion is the inability to access basic financial services, including banking and insurance services, financial advice, personal credit and business lending. The consequences can include higher cost of basic services, lack of long term financial security, debt, barriers to employment and enterprise, social exclusion and reduction in health. The project aims to:

- develop the financial capability of individuals through relevant high quality training, focusing in particular in areas of high need identified in the EEDA Rocket Science research report
- develop the knowledge, awareness and confidence of relevant frontline organisations around financial inclusion and capability so that they are better able to deal with these issues with their clients
- evaluate the impact of financial capability training, both at an individual level and at a wider economic level

Volunteering into Employment (Team East for Skills/COVER) - A Volunteering into Employment programme aimed at unemployed and economically inactive people furthest from the labour market, which will provide hands-on volunteering experience and practical one-to-one assistance in finding pathways to further vocational training, apprenticeships, job search and employment. This strand has attracted Legacy Trust UK financing of £1m in order to create a budget of £2m. It is delivered by the Team East for Skills consortium.

English Language Training for Migrant Workers (The Learning Partnership) - Since the expansion of the EU in May 2004, the number of migrants coming to the East of England has increased to a scale not previously experienced in many areas. The region has received the third highest number of workers, as measured by the workers registration scheme, after London and the South East.

The lack of appropriate English language training for migrant workers, and others, remains a significant barrier to many in terms of unlocking their full potential in the work place. At the same time there is an increased call for new communities to improve their English language skills to improve community cohesion. This assignment will:

- provide English language training at a variety of levels but focusing on basic skills and getting learners to a stage where they can access mainstream learning opportunities
- provide opportunities for migrant workers to work as support teachers by encouraging and training those with teaching skills and experience to qualify as ESOL support teachers
- develop modules to support English learning by embedding this in other subjects such as food hygiene, health & safety, or skills for business & enterprise, and others that address the sector skills' needs
- identify underemployed migrant workers to undertake management or technical training at level 3 within the workplace to enhance their longer term employment prospects

Providing collective voices to third sector organisations to influence policy and improve delivery - EEDA continues to support five third sector regional infrastructure bodies: COVER², the East of England Faith Council, MENTER³, Rural Action East and Social Enterprise East of England. This support enables these organisations to speak up for the sector and help ensure the valuable contribution the sector makes to economic development is recognised at a national, regional and local level.

MENTER have continued to facilitate the BME Forum which brings partners from across the region together to consider how best to address disparities in BME access to services. From the evaluation conducted at the end of 2010 it confirmed that the BME Forum had facilitated an exchange of good practice, useful information and that opportunities for partnership working were created. Support for Social Impact Measurement was ongoing to help raise awareness of the benefits of the different methodologies. Workshops were attended by staff from over 50 organisations.

² COVER are a network for the Voluntary and Community sector in the East of England.

³ Menter are a network for Black / Minority Ethnic (BME) voluntary organisations and communities in the East of England.

Sustainable Economy

The East of England faces both major challenges and opportunities in mitigating and adapting to climate change. EEDA recognises the need to move towards a low-carbon, resource-efficient economy by focussing on sustainable energy technologies, growing our low carbon and environmental goods and services sectors and enabling rural economies and businesses to adapt and grow sustainably.

EEDA action 2010/11

Supporting a sustainable rural economy

Rural Development Programme for England (RDPE) – since the start of the programme in 2007 EEDA has committed over £43.5 million of RDPE funding to projects (over £16m has been paid out to projects) of which £16.5m has been approved during the 2010/11 financial year in the region.

RDPE Examples include:

- RDPE funding of £2.8M has been awarded towards the construction of 16 water storage reservoirs & irrigation schemes in the region storing over 614,000 m³ of water to irrigate high value crops. These projects contribute strongly to EEDA's 2020 vision for the food and farming sector, create additional GVA both directly from production of high value crops and from downstream processing, marketing, distribution etc.
- £774k of RDPE funding is supporting a major, strategically important construction of a 1 MWe Anaerobic Digestion (AD) plant on the applicant's farm near Bury St Edmunds. The project aims to create/safeguard approx. 20 jobs and reduce CO₂ emissions by over 6,362 tonnes by 2012,(worth £190,224 by 2014)
- Committed nearly £100k funding towards 14 projects under the Resource Efficiency Dairy Farms scheme (to deliver an energy and resource efficiency to dairy farmers, which will safeguard jobs, create extra financial returns and benefit their carbon rating by reducing GHG emissions).
- EEDA has been supporting the region's Local Action Groups (LAGs) to deliver projects that meet local needs. In 2010/11 LAGs have awarded a total of over £5.9 million RDPE funding to 100 projects.

National Institute for Agricultural Botany (NIAB) - grant of £80k at the previous financial year led to the development of premises to serve as a pilot for the 'Innovation Farm' project. Over 200 visitors from a wide range of businesses and institutions were attracted during Summer and Autumn 2010 to view the Innovation Farm site and learn about technological developments. The year's guest list culminated in a visit from an EU delegation including Jose Manuel Barroso, President of the EU Commission.

Food Hubs - EEDA has contributed significant funding to the Suffolk Food Hub, an entirely virtual solution to improving logistics and growing business for customers, producers and distributors in that county. The chosen model has been developed during a pilot phase ready for commercial investment to take forward into sustainable operation in March 2011. Another development, the 'London Food Hub' has been spear-headed by the South East Food Group Ltd with contributory funding from EEDA. It focuses on delivery of produce to London markets from the Greater South-East region. A draft business plan is now under

consultation for the London Food Hub and the two projects have worked closely together to develop synergies.

Vibrant rural communities - the East of England Rural Forum (EERF) was supported by EEDA in the development of a 'Rural White Paper' to highlight the challenges facing the region's rural areas in the coming years and promote action to ensure they build an inclusive, prosperous and dynamic future. In March 2011 the EERF sought the advice of stakeholders in the new delivery landscape on ways to address these challenges, centering around digital inclusion, rural economic growth and maintaining a positive approach to demographic change.

A low carbon economy

Offshore Wind – EEDA worked in partnership with local and regional groups to champion the business opportunities offered by the offshore wind industry. Activity included making the most of the EEDA funded OrbisEnergy in Lowestoft, bringing partners together through groups such as the ports Roundtable and prioritising inward investment activity, targeting renewable energy companies. The region's organisations and businesses are now working together to tell a compelling story that will increase the chance of further investment by both Government and Industry. In addition, EEDA funded a Business Development Manager for the Industry, operating out of OrbisEnergy, as party of its Low Carbon Innovation Programme.

WoodFuels East - around 50,000 hectares of the regions 140,000 hectares of the regions woodland is either undermanaged or not managed at all. Felled trees and cut branches are currently going to waste when they could be used as fuel for biomass boilers, providing a cleaner alternative energy source and supporting local jobs through rural business schemes.

Woodfuel East was created by a group of 25 partners with EEDA contributing £4.3 million to a total project cost of £10.7 million. Managed by the Forestry Commission, Woodfuel East is working with landowners to increase the supply of quality woodchip for biomass boilers and aims to bring 15,000 hectares of undermanaged woodland back into management. It will improve the biodiversity of the woodland areas, create jobs and, potentially, supply timber for building projects. The project will result in the reduction of up to 75,000 tonnes per year of CO2 emissions by 2013, improve the supply chain between suppliers and consumers, create rural employment and improve the biodiversity of woodland areas. In addition, the projects will focus on promoting the use of biomass boilers in areas that aren't connected to the gas mains, thereby providing low-cost renewable energy to rural homes.

Innovation in Crops (InCrops) – This five year project, running from June 2008 to May 2013, is a new virtual enterprise hub established to help businesses in the region develop new products from crops, connecting entrepreneurs with researchers in new, bio-renewable and low carbon products. Based at the University of East Anglia InCrops involves 13 regional partners and received funding from The European Regional Development Fund (ERDF) and EEDA.

Bridging the gap between research and development, securing patents and attracting investors or public sector support, InCrops provides specialist help to turn innovative ideas into commercial realities. The first business spin-out reached its first birthday in December 2010 and by the end of March had assisted in over 90 companies

Strategy and Intelligence

The Strategy and Intelligence programme delivers high-quality, evidence-based policy making, evaluation and investment planning for the East of England. There has been continued development of our economic evidence-base to inform regional policy, with a particular focus on the economic downturn, together with support for Local Enterprise Partnerships as they became established through the year. In addition, EEDA has continued to invest in evaluation evidence to inform decision-making and to develop economic analysis to underpin our corporate plan programmes.

EEDA action 2010/11

Produced regular economic forecasts and acted as consultee on planning applications and examinations in public:

- Made representation and appeared at the London Plan Examination in Public
- Provided monthly regional intelligence snapshots for BIS and HM Treasury, and published this for regional stakeholders
- Acted as statutory planning consultee responded to 42 applications and 104 Local Development Framework consultations

Produced a number of important economic impact assessments:

- Provided extensive support and expert advice to the local economic assessments in the East of England, and support with the preparation Local Enterprise Partnerships proposals
- Undertook major economic impact assessments of proposed developments such as: the Stevenage Bioscience Park, the expansion of Lotus at Hethel, the relocation of GSK and the Health Protection Agency in Harlow, access to finance programme, tourism programme
- Appraised the economic landscape facing Local Enterprise Partnerships via the report on Economic Development – Opportunities, Challenges and Implications for Local Enterprise Partnerships

Reports and Studies:

- Led the completion of the Cambridge Cluster Study, a major report on the trends and issues facing the Greater Cambridge economy, and a proposed agenda for action
- Launched the East of England Strategy Sites Study
- Produced a major report into Structural Weaknesses in the East of England Economy
- Published the most comprehensive analysis of the East of England labour market ever released in the Skills Insight report, which examined the structure, performance and prospects for the East of England labour market
- Conducted three foresight research programmes and events on 1) Skills; 2) The Low Carbon Economy and 3) the Post-Recession economy
- Produced Public Insight report, analysing the levels of public expenditure and employment in the East of England and estimating the impact of public sector budget cuts
- Updated Innovation Insight Report with the Innovation Insight 2010 report, in which we demonstrated that the East of England remains the UK's innovation leader

- Released the Trade Insight report which concluded that the region is under-exposed to emerging growth markets, and over-exposed to low-growth European and US markets

Improving economic intelligence:

Insight East continued to aim to provide high quality research and analysis on practically relevant themes and issues that is accessible and useful to decision makers.

In 2010/11 Insight East aimed to provide a comprehensive assessment of skills and labour market in the region, and to assist regional and local partners with their emerging responsibilities in planning and delivering skills development. We did the same with trade and exporting, as we knew that this would be critical in helping secure a speedy recovery once the recession had ended.

We also sought to increase the level of policy debate and networking amongst the region's policy and research community. We did this by sponsoring and contributing to the regional analyst's conference held in October 2010 at the GO-East offices, and through the development of our own "Foresight" research programmes and events. We wanted to create a forum for sharing knowledge, ideas and for the community of practice in intelligence and research to develop and build in the region.

Insight East has achieved high-level influence. For example, Insight East's Director has given regular economic briefings at the Regional Economic Forum, East of England Local Authority Chief Executive's Group and to other senior groups on request.

As part of the transition to the closure of EEDA, a new home for Insight East resources and assets was successfully sought amongst regional partners. This means that the EEDA-funded research and intelligence resources and assets will continue to be available to partners and stakeholders in the long-term.

Partnership, Advocacy and Communications

EEDA relies on clear and concise communication to fulfil its responsibilities. Whether that's promoting the support and advice available to local businesses; building consensus amongst multiple partners on economic development priorities; or heightening the national and international profile of the region we serve.

2010/11 saw an additional challenge as the government announced Regional Development Agencies were to be abolished and Local Enterprise Partnerships established. This resulted in a strong emphasis through the year on keeping staff informed about what was happening and also working with partners to prepare for our transition and closure.

EEDA action 2010/11

Promoting major campaigns:

In 2010/11 we remained focussed on helping local business access the support that remained available through EEDA and our partners. We have:

- promoted EEDA's finance and funding streams providing funding to hundreds of businesses
- further developed EEDA's very popular Business Map, which helps businesses navigate the support available to them quickly and easily.
- promoted the regional intelligence centre, Insight East, providing the region with research and analysis to allow better investment decision making
- made businesses aware of European funding streams like the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE).
- led the debate on regional issues, like regional transport priorities, providing expert analysis to enable effective prioritisation and then mobilising advocates behind individual initiatives

A strong voice for the region:

Working alongside local partners, EEDA continues to be a strong advocate for the East of England – regionally, nationally and internationally. Our activity included:

- lending our support to the space for ideas Business Leaders Group – promoting the East of England as “The UK's ideas region” has struck a chord with businesses across the region, with the business leaders group working with others to champion the East in which they proudly operate and articulating investment priorities
- supported the Business Leaders Group in developing the Blueprint for Growth which secured the endorsement of 100,000 businesses across the region in calling for a fair deal for the East of England
- promoting the inward investment opportunities and tourism offer through partners

Communicating the changes at EEDA and changes in the delivery of economic development:

Throughout the year EEDA worked closely with Local Authorities, other Regional Agencies and the business community to plan for the transition or closure of EEDA activities in 2011. Keeping staff informed during this difficult year has also been key as well as supporting our people prepare for new jobs and new careers in different organisations.

Europe and International

EEDA's international team leads a coordinated and strategic approach to the international agenda – including international funding and partnerships – on behalf of the East of England.

Europe is of particular importance for international business as both a source of inward investment and destination for trade. It has a major influence on economic policy, legislation and regulation. It is also a significant source of economic development funding.

EEDA works to ensure the region's voice is heard in the decision-making process and that impact and opportunity presented by changing regulations are understood.

EEDA also levers-in and administers significant European funding to benefit local businesses, people and places across the East of England.

EEDA action 2010/11

European programmes

The benefits of stable funding sources – unaffected by the pressures on the UK public sector's budget – have been keenly felt. Funds for the European programmes are allocated in Euros and thus benefit from the weaker pound, recording a relative increase in their sterling value.

European Regional Development Fund (ERDF)

Most significant is the European Regional Development Fund (ERDF) Competitiveness Programme 2007-2013. The potential sterling value of the programme across these years has remained close to £95 million during 2010/11. This programme has a low carbon economic growth theme and is strongly focused on innovation, enterprise and sustainable development.

EEDA provides leadership and influence for the programme by managing the multi-partner groups that direct it. Delivery is managed by EEDA through a dedicated ERDF programme secretariat team.

The ERDF programme is an important resource that EEDA has levered to better deliver its objectives. A number of significant projects have used ERDF funding to great effect throughout 2010/11:

- **InCrops** – stimulating SME innovation through collaboration with the region's world-class plant-science institutions.
- **Integrated Specialist Business Support Service** – incorporating the Manufacturing Advisory Service, Innovation Advisory Service and Designing Demand
- **Resource Efficiency East** – enabling SMEs to reduce their carbon footprint, save resources and so become more competitive

During 2010/11, the ERDF programme has also committed to significant new investments such as:

- **Innov8 with Evalu8** – led by the University of Hertfordshire with the aim of stimulating the development and uptake of low carbon transport

It has also invested with other partners to achieve shared economic growth objectives:

- **Low Carbon Business Champions** – led by Suffolk County Council, which aims to develop the in-house capability of SMEs to reduce their carbon emissions
- **OASIS - Offshore Algae Supply Infrastructures** - led by Cranfield School of Engineering, stimulating and helping to coordinate the development of the supply chain for the production of algal bio-fuel
- **SABRE – Support and Advice to Businesses around Renewable Energy** - led by Suffolk County Council, promoting the financial and carbon reduction opportunities created by the Clean Energy Cashback (CEC) scheme for SMEs in Suffolk
- **Taking Low Carbon to Enterprising Communities** - led by Theatre Resource will assist new and existing social enterprises to improve their business sustainability, develop green procurement activities and achieve a reduction in carbon emissions
- **Low Carbon Retrofit** - led by Broadland Housing Group, aims to reduce carbon emissions from existing housing stock in Norfolk via refurbishment involving the installation of innovative, energy efficient measures

Taken together, the ERDF projects that commenced in 2010/11 aim to assist 528 SMEs and create 185 jobs over the life of the programme.

The ERDF Competitiveness Programme currently has committed £44m of European funding support to 32 projects in the East of England with a total value of £114m.

The East of England ERDF Competitiveness Programme reports to the Commission on a calendar-year basis. The East of England's ERDF programme annual report for 2010, once approved by the Commission, will be published in full on the Department for Communities and Local Government (DCLG) website.

Other EU Funding Support:

EEDA helps to ensure the UK and the East of England draws benefit from those territorial co-operation programmes (Interreg) for which the region is eligible. EEDA represents the English RDAs, as part of the UK delegation, on programme committees for the North West Europe programme. We also play a key role in regional representation on the cross-border interreg programmes - 2 Seas and France (Manche) England - which require the RDA to provide regional economic context for project decisions.

EEDA has promoted an intensive series of thematic seminars and area based workshops across the region in order to raise awareness of regional partners to the potential to benefit from the wide range of EU funding available. These cover both interregional co-operation funding and substantial competitive funding opportunities not covered by ESF, RDPE or ERDF national/regional programmes. These well attended events attract both experienced practitioners and newcomers. Themes covered include Research and Development funding, social inclusion, culture and lifelong learning, environment and public health, ICT, and funding for coastal and maritime issues. The team has promoted events for regional partners with special interests, such as higher education and Regional Cities East and one-to-one support where requested.

Financial performance and value for money

Financial and Output performance

Performance in both financial and output delivery terms is summarised in the following tables

Table 2 - Programme Summary – net expenditure

	Capital £000	Current £000	Total £000
Business Support	-138	25,323	25,285
Science, Innovation & High-Level Skills	11,403	5,233	16,636
Regional Infrastructure	7,947	1,858	9,803
Economic Participation	22	8,525	8,547
Sustainable Economy	27	2,455	2,482
Strategy & Intelligence		1,040	1,040
Partnerships, Advocacy & Communications		990	990
Total Corporate Plan programmes	19,261	45,424	64,285
Redundancy Costs*		1,179	1,179
Running Costs	35	10,894	10,929
Total Net Expenditure	19,296	57,497	76,793
Grant-in-aid allocation	19,774	57,238	77,012
Over/underspend on allocation	-478	259	-219

* includes payments to staff with agreed departure dates up to 30 June 2011

(Note that Net Expenditure included in this table is not directly comparable with that shown on page 69 due to government budgeting convention).

In addition, EEDA incurred non-cash costs (depreciation, impairments, write-offs and provisions) of £2.9 million against an allocation of £10.1 million. Expenditure totaling £4.7 million was incurred on the ERDF programme, funded from outside of the grant-in-aid allocation.

The overall level of net spending in 2010-11 reduced significantly from the previous year as, following the May 2010 General Election, the new government cut budget allocations in-year. These reductions fell across all programmes although the biggest increases fell on capital programmes (down by an average of 67%).

Maximising Resources

In terms of budget management, net expenditure was within £0.4 million or 0.5% of the grant-in-aid allocation awarded to the Agency by BIS. These results were in-line with forecasts provided to the department throughout the year and within the target set in the Performance Dashboard of being within 0.5% of the budget allocation. EEDA, in common with other RDAs, is not permitted any level of overspending on its allocation.

Achieving efficiency

As part of the Comprehensive Spending Review 2007, RDAs were required to draw-up Value for Money plans to achieve cash savings and performance improvements over the three years 2008-11. EEDA's plan identified savings of £8.8 million against a target set by government of £6.8 million by the end of 2009-10 but actually achieved a total of £9.7m. As a result of the significant budget cuts imposed in-year in 2010-11, the requirement to complete the third year of the plan was lifted and further achievement of savings was no longer captured or reported.

Table 3 - EEDA Outputs 1 April 2010 to 31 March 2011

Description	Output
Job Creation	8,876
Employment Support	14,453
Business Creation	2,801
Business Support - Businesses Assisted	20,530
Public Investment Levered £m	75.9
Private Investment Levered £m	66.5
Regeneration - Brownfield land reclaimed (Hectares)	30.1
Skills - People assisted	31,811

Table 4 - Outputs by programme

Actuals 2010/11 by Programme	Jobs Created	Employment Support (people assisted to get a job)	Business Creation	Business Support (Businesses assisted)	UK Knowledge Base	Brownfield Land (ha)	Public Investment Levered (£)	Private Investment Levered (£)	Skills People assisted
Sustainable Economy	57.7	0.0	2.0	1,050.0	0.0	0.1	3,604,709.0	4,281,089.0	117.0
Business Support all	6,385.5	3,805.0	2,576.5	15,930.0	0.0	0.0	916,101.0	1,866,691.0	8,888.0
Economic Participation	832.7	10,498.0	119.0	1,480.0	40.0	1.0	12,102,926.0	6,642,856.0	14,932.0
P ⁿ tnership, Advocacy & Comms /Strategy & Intelligence	1.0	0.0	0.0	0.0	0.0	0.0	650,759.0	15,738.0	0.0
Regional Infrastructure	594.5	150.0	25.1	478.0	28.0	22.4	37,325,697.0	15,182,727.0	912.0
Science & Innovation (inc A2F)	1,004.7	0.0	78.6	1,592.0	298.0	6.6	21,274,849.0	38,472,513.0	6,962.0
Total	8,876.1	14,453.0	2,801.2	20,530.0	366.0	30.1	75,875,041.0	66,461,614.0	31,811.0
Of Which -urban	5,539.5	9,755.7	1,667.6	12,656.7	329.4	28.5	59.6	52.2	20,869.9
Of which - rural	3,336.6	4,697.3	1,133.6	7,873.3	36.6	1.6	16.3	14.2	10,941.1
Including disadvantaged	670.2	1,219.2	191.7	1,363.2	11.5	0.7	3.2	2.8	2,119.1

Equality & diversity

Embedding equality and diversity in all our activities has continued to be given a high priority at EEDA during the transition period as we prepare for considerable changes in regional structures. For the third consecutive year, EEDA achieved gold standard Committed2Equality (C2E) diversity assured accreditation, in recognition of our performance as employers and as a procurer of goods and services. The C2E audit and assessment shows an improvement year on year in staff perceptions of EEDA as a fair employer and commitment to equality and diversity, and increase in staff awareness of equality issues.

When the main provisions of the Equality Act 2010 came into force in October 2010 EEDA, working in partnership with Business Link and Acas, supported a programme of 11 business briefings for SME's and the third sector, on the implications of the Act on their business. Over 180 people attended from across the East of England region and feedback from participants has been excellent.

Responsibility for commissioning the Business Link service transferred to EEDA in 2007, and the contract for delivery awarded to EEIDB Ltd following competitive tender. There was a concerted push to broaden Business Link's reach to include people from groups who had hitherto been less likely to access the business support service. The number of advisors was increased by 50% reflecting a more equitable gender balance and advisors from ethnic minority backgrounds. Over the period 2010-2011, fulfilling the regional Business Link's promise of being open and accessible to all, start-up programmes were accessed by 49% men – 51% women closely reflecting the population by gender. In addition, 80% of take-up was from white British – 20% from ethnic minority background, which compares favourably with the regional population of 4.8%⁴.

EEDA staff ethnicity comprised 83.2% White – British, with 16.8% made up of other categories. Gender split was 45.7% male and 54.3% female.

⁴ 2001 Census

Board member biographies

Professor William Pope - chair

Will Pope is currently engaged in a number of businesses in the East and South East of England, previously in health markets and is CEO of Microbial Solutions, Oxford.

He also has his own business developing health, safety and environmental technologies, advising those in the process of developing companies in these and other industrial sectors including communications, media, manufacturing, distribution and retail.

He won an Engineering Excellence Award from Ford Motor Company and an Innovation Award from BAE Systems in 2008, and was also Business Innovation Support Team Person of the year, 2008, for the SPARC Technology Network. In 2009 with Microbial Solutions, he was awarded the M+AW / Oxford Innovation Manufacturing Excellence prize, and won the Oxford Bioscience Network "best early stage "biotech" award in 2010. In 2011 he is currently a finalist for 2 best green technology awards.'

He was formerly chief executive officer of Bedford-based Casella Group Limited, a post which he held for ten years from 1995-2005, developing the company into a high level health, safety and environmental consulting company, and a high technology research and development, software and electronics manufacturing and laboratory business, operating with bases in the UK, USA and Europe.

For four consecutive years, between 1998 and 2002, he was a winner of the Deloitte & Touche NatWest "Technology Fast 50" award for the fastest growing business in the East of England. In 2003, Casella became the UK market leader in its field. Prior to Casella, he was executive director of environment worldwide at Inspectorate plc, Witham, Essex (1991-95).

Will is a founder director of The Society for the Environment, incorporated by Royal Charter, became the Society's first Chairman (2001-05), and remains a director today. He is vice president of the charity The Institution of Environmental Sciences, having been a council member and trustee and chairman (1999-2002). He is a former member of the board of the Science Council (2000-2003), and of the DEFRA/DTI Environmental Innovations Advisory Group (2003-2008). A member of SEEDA's MK Enterprise Hub board (2005-2008), he is also a SEEDA Merlin Mentor, and was chairman of the MSc ECSC at the University of the West of England (2004-2008). He has lectured in many countries around the world and has appeared as an expert witness in the High Court and at public enquiry.

Will was chair EEDA's Closure and Transition Committee and a member of the Remuneration and Selection Committee.

Marco Cereste – deputy chair

Marco Cereste is the Leader of Peterborough City Council.

Marco is the chair of a group of family businesses, Chair of Peterborough Renewable Energy Limited and holds a number of non-executive directorships including Opportunity Peterborough.

He has recently retired from the Chair of NHS Peterborough after 25 years of service. He is founder chair of the NHS Confederation, is a former member of the NHS Executive International Audit Development Group and the NHS Corporate Governance Advisory Panel.

The Italian government has awarded him three major honours - in 2001 he was awarded the rank of "Cavaliere" (Italian Knight) and in 2002 he was awarded the rank of "Cavaliere Ufficiale" (Officer Knight) both in the Order of Merit. More recently he was awarded one of Italy's highest honours La Stella Doro Della Soledarieta Italiana, First Class.

Marco was a member of EEDA's Audit Committee, was chair of EEDA's Performance and Resources Committee and was co-chair of the Europe and International Affairs Panel.

Sheila Childerhouse – deputy chair

Sheila Childerhouse has a wide breadth of experience within the public, voluntary and community sector as well as the business sector. Her original background is in education. She was local councillor for over 20 years and chaired a number of senior committees.

She brings well established networks in the Health Service and has served for various regional Health bodies for over 25 years in a number of non executive roles. She is currently chair of NHS Norfolk having previously chaired West Norfolk PCT for over 5years and been seconded to chair the Queen Elizabeth Hospital King's Lynn board during a particularly challenging period for that trust. At national level she has chaired the PCT chairs rural forum advising on some of the rural proofing tools developed by the Department of Health.

Sheila is chair of the regional migrant workers steering group and leads on the economic participation agenda. She has chaired significant regeneration organizations including Keystone Development Trust, one of the largest trusts of its kind nationally. Sheila also chairs the national stakeholder forum for the Asset Transfer Unit.

Sheila was a member of EEDA's Closure and Transition Committee, a member of the Strategy Committee and a member of the Remuneration and Selection Committee.

Peter McCarthy-Ward

Peter was up until January 2011 BT's regional director for the East of England. He was responsible for ensuring BT is alert and responsive to the regional agenda and for maintaining good relationships with key regional opinion formers.

Peter joined BT in 1983 as marketing and product manager for residential apparatus. His responsibilities covered market analysis, product management, development and procurement for BT's range of cordless telephones, answering machines and accessories.

During the 1990s Peter held a range of roles centered on the development of UK regulatory policy, including leading the BT teams responding to regulatory initiatives such as accounting separation, universal service and number portability. Peter was BT's project director for the 1996 retail price control review.

From October 2000 until 2004 Peter was strategy director for BT's retail line of business, where he was responsible for development and communication of the BT retail strategy and for retail pricing. From 2004 to 2008 Peter was BT's director, equivalence, responsible for BT's response to its regulators strategic review and for developing and implementing the undertakings which resulted. Peter retired from his full time role in BT in autumn 2008. He a supplies consultancy services to clients including Royal Mail, the Australian Government's Department of Broadband, Communications and the Digital Economy, and through BT's Consultancy arm, to communication companies overseas. During 2010/11 he has led major projects in Costa Rica, Sri Lanka and Botswana. Peter lectures occasionally at University College, London.

Peter was a member of the CBI Regional Council for the East of England until December 2010, and was also vice chair of EEDA's Audit Committee and a member of EEDA's digital partnership. Peter is a graduate of the INSEAD Senior Management Programme. He is married with two adult children.

Stuart Evans

Stuart has been an entrepreneurial business leader in Cambridge since 1983, having been founding CEO at Plastic Logic (2000-06) and Cotag International (1983-98).

In addition to EEDA, his current portfolio includes being a non-executive director of Huntingdon-based Pursuit Dynamics; Chairman of Novacem, a Cleantech spin-out from Imperial College, London; and Chair of Trustees at the Arthur Rank Hospice Charity in Cambridge.

His professional life has been international from the beginning, with a Harvard MBA and early career with IBM and McKinsey & Co. He has a Cambridge BA/MA; is a Chartered Director of the Institute of Directors; and has been a Technology Pioneer at the World Economic Forum in Davos. Stuart takes a special interest in innovation, enterprise and entrepreneurship from a global perspective.

Stuart was vice chair of EEDA's Closure and Transition Committee and chair of the Remuneration and Selection Committee and a member of the Performance and Resources Committee.

Shona Johnstone

Shona has been a County Councillor in Cambridgeshire for 18 years.

During that time she has held a wide range of roles in local government in Cambridgeshire, including lead member for environment and transport, the first lead member for children and young people and leader of the council. She led the development of the Cambridgeshire Guided Busway scheme which, when completed, will be the longest in the world. She was at the forefront of the campaign to upgrade the A14 in Cambridgeshire, persuading the Department of Transport to make the Cambridge-Huntingdon Multi Modal Study the first of the government's multi-modal studies. She currently chairs the Children and Young People's Scrutiny Committee

Shona has been a member of the LGA's Economy and Transport Programme Board since its inception and regularly contributes to the work of the Board, particularly on sustainable and public transport issues. Her expertise led to invitations to join both the National Cycling Strategy Board and the Board of the Low Carbon Vehicle Partnership. She was also invited to be part of the Quality of Life Commission, set up by David Cameron to develop Conservative policy on transport and climate change. She was a member of the Commission for Integrated Transport until its abolition in 2010 and a Non Executive Director at Addenbrookes Hospital between 2002 and 2009.

Shona was a member of EEDA's Audit Committee and was EEDA's sustainable development and skills champion.

Beverly Hurley

Bev started out in social housing and regeneration in inner city London. Her career then took her to Canada, where she helped pioneer a major change management project for a global gold mine. On returning to the UK, Bev established three successful businesses prior to being appointed chief executive of YTKO, a business consultancy specialising in the commercialisation of innovation and business growth.

She founded the Norfolk Network and Norfolk First, a business angel group, to stimulate greater enterprise and innovation in the county, and leads 'Enterprising Women', now a national community measurably increasing the number, sustainability and growth of women-owned businesses.

Bev is an Enterprise Fellow at the University of East Anglia, a member of the European Centre for Women in Technology, and a Women's Enterprise ambassador. In 2010 she was honoured by the Queens Award for Enterprise Promotion. She was a member of EEDA's Strategy Committee and the Science and Industry Council and was board champion for innovation and enterprise. Bev resigned from the board in September 2010.

Paul Burall

Paul was a member of King's Lynn and West Norfolk Borough Council from 1991 to 2011.

He was a member of the East of England Regional Assembly (EERA) from 2001 to 2004 and of the executive committee of the assembly and the Regional Planning Panel from 2003 to 2004. Paul chaired the Liberal Democrat party's Environmental Assessment Group from 1991 until 2006 and chaired the party working group that produced a policy paper on the natural environment that was approved at the Party's 2009 autumn conference.

He is a policy council member and former vice chair of the Town and Country Planning Association.

Paul is a freelance writer and lecturer specialising in environmental, design and industrial and management issues. He was a visiting professor in the Faculty of Engineering at the University of Ulster - advising on environmental issues - from 1997 to 1999.

Paul was a member of EEDA's Closure and Transition Committee and a member of the Performance and Resources Committee.

Karen Livingstone

Karen Livingstone is director of strategic partnerships at the NHS east of England, the region's Strategic Health Authority. Her role is to support the NHS in its relations with partner organisations, local government and business in particular. She joined the board of EEIDB in May 2010 as an unremunerated non-executive board member. EEIDB delivers the Business Link Contract for the east of England and will be wound up as a company in the Autumn of 2011 when the regional business link service is dissolved. A former Company director for Anglian GoWarm, a community interest company, the company was wound up in January of 2010.

Formerly, Karen worked as a political and communications adviser to senior political and trades union leaders. Most recently she was special advisor to the Secretary of State for Health, Patricia Hewitt. She has over 20 years of experience in communications and stakeholder management having worked as director of communications and marketing at the Chartered Society of Physiotherapy, director of campaigns at the Transport and General Workers' Union and for a range public sector organisations and campaigning bodies.

Karen was Chair of EEDA's Audit Committee and also chaired the regional women's enterprise steering group and EEDA's equality advisory group.

Colin Riordan

Colin joined the board on 14 December 2009. Colin was appointed Vice-Chancellor of the University of Essex in October 2007. He came to Essex from Newcastle University, where he had been Pro-Vice-Chancellor and Provost of the Faculty of Humanities and Social Sciences since August 2005. Before joining Newcastle University, he taught at the University of Wales, Swansea, and Julius-Maximilians Universität-Würzburg in Germany.

Professor Riordan is a Board member of the Haven Gateway Partnership, Equality Challenge Unit, EDGE Foundation and UK NARIC. He is chair of the International and Europe Unit's Strategic Advisory Board of Universities UK. In 2009 he chaired the Higher Education Funding Council for England's enquiry into teaching quality. He has been Chair of the Board of University Campus Suffolk since February 2009.

A Germanist by academic background, Professor Riordan has published widely on post-war German literature and culture, including editing books on the writers Jurek Becker, Uwe Johnson and Peter Schneider. Other research interests include the history of environmental ideas in German culture.

Colin was a member of EEDA's Audit Committee.

Dr Robert Swann

Robert Swann joined the EEDA board on 1 May 2009.

Robert is an entrepreneur specialising in early stage technology companies. He is the Chairman of Audio Analytic Ltd, an audio processing company; a director of Dexela Ltd, a medical image processing company; director of N++, a software company; and a board member of Cambridge Angels.

He was the Chairman of Green Parrot Pictures Ltd, a video processing company sold to Google in 2011; and a non-executive director of Im-Sense Ltd, an image processing company sold to a major US technology company in 2010.

He was one of the two co-founders of innovative Cambridge semiconductor company Alphamosaic. Its multimedia products achieved sales of more than 25 million devices worldwide and can be found in mobile phones and media players. It was acquired by Broadcom Corporation in 2004 where Robert held senior positions until leaving for the next venture in 2007.

Robert graduated from Trinity College, Cambridge, in Electrical and Information Sciences and gained a PhD in video processing at Cambridge University Engineering Department. He has also published more than 15 patents. Robert lives in Cambridge. He was a member of EEDA's audit committee.

Lord Edward Iveagh

Edward Iveagh has been chairman of Elveden Farms Ltd since 1992 and has transformed the 22,500 acre Suffolk estate into a multi-faceted, diverse and profitable business.

He is a non-executive director of Burhill Estates, a leading operator of a members-only golfing and land management company that has developed the concept of exclusive pay and play golf courses across England.

Edward is Chairman of Iveagh Ltd a London-based wealth management business and is a founding partner of Capital I, an asset finance vehicle. He is chairman of the Brecks Tourism Partnership and has been involved in a broad range of charitable initiatives including chairman of Chadacre Agricultural Trust and trustee and chairman of the investment committee of East Anglian Air Ambulance.

Edward was a member of EEDA's Closure and Transition Committee and also the Strategy Committee. He was EEDA's Olympic champion and rural lead and was a board member of East of England Tourism in 2010/11.

Between 1996 and 1999 he was an active crossbench member of the House of Lords.

Nitin Dahad

Nitin is active in various roles with businesses in the global high-tech sector, based on over 25 years experience working with established and start-up companies.

He has worked across Europe, USA, and Asia, with large semiconductor and electronics companies in the early part of his career and then as a commentator, journalist and publisher on various aspects of international business and entrepreneurship. He currently consults through his corporate marketing and business development firm TechSpark, which works with technology start-ups and high-growth companies in leading edge technologies around the world.

Previously, Nitin was with or represented global firms as well as start-ups, including National Semiconductor, GEC Plessey Semiconductor, Marconi Instruments, Dialog Semiconductor, Frontier Silicon and Jennic. A significant achievement includes taking UK-based start-up, ARC International, first to Silicon Valley and subsequently through to an IPO (initial public offering) on the London Stock Exchange in September 2000.

In the public sector, Nitin Dahad served on the Board of Governors at the University of Hertfordshire between 2003-2009, where he also sat on the Finance and General Purposes Committee, Scholarships Committee, and chaired the Disciplinary Appeals Panel. He is also a director of The Rajasthani Foundation, a charity and community organisation linked to the state of Rajasthan, India. In 1995, he was instrumental in establishing a business network for ethnic minority businesses in conjunction with the Hertfordshire Training & Enterprise Council (TEC); the network is now a key voice for ethnic businesses. Nitin was a member of EEDA's Strategy Committee.

Madeline Russell

Madeline was first elected to Bedfordshire County Council in June 2001 to represent Biggleswade. Within a year, she had become Cabinet Member for Community Development and became Cabinet Member for Children's Services in December 2003 at a time when children's social care was in special measures. With Children's Services improving fast, she was elected Leader of the Council in May 2005 and led the Council to CPA three stars and improving strongly.

A trained linguist and member of the Chartered Management Institute, Madeline had a career in London working in management in SMEs, latterly in the legal world. She has been involved in a number of voluntary organisations and has been a school governor for 20 years, of which 10 years as Chairman. She has lived in Bedfordshire all her life.

Madeline was a member of EEDA's Closure and Transition Committee, a member of the Remuneration and Selection Committee and the Performance and Resources Committee.

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ACCOUNTS SECTION



DIRECTORS' REPORT

The directors present their Annual Report and Accounts for the year ended 31 March 2011.

Principal Activities

EEDA was established under the provisions of the Regional Development Agencies Act 1998 ('the Act'). It came into existence on 14 December 1998, following Parliamentary approval of the Act and the appointment of board members.

The Agency became fully operational on 1 April 1999 when it was launched with the name EEDA and took over the regional activities of English Partnerships, the Rural Development Commission and the SRB Challenge Fund, formerly administered by the Government Office for the East of England.

EEDA has the following purposes:

- a) to further economic development and regeneration;
- b) to promote business efficiency, investment and competitiveness;
- c) to promote employment;
- d) to enhance the development and application of skills relevant to employment;
- e) to contribute to the achievement of sustainable development in the United Kingdom.

The Agency is a Non Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS). The Agency draws up a Corporate Plan every three years to cover a period that coincides with government public expenditure reviews. The latest Corporate Plan covered the period 2008-11.

Non-Executive Directors (the Board)

The board members appointed by the Secretary of State for Business, Innovation & Skills include local authority and private sector representatives. The terms of employment and remuneration are set out in the remuneration report. EEDA maintains a Register of Board Members' interests. Members declare their interests to the board in any transaction involving relevant organisations and do not participate in any debate or vote on related matters. The register of interests is available on request from the Executive Director, Corporate Services at the address below.

Board members have corporate responsibility for ensuring that the Agency complies with any statutory or administrative requirements for the use of public funds. Other corporate responsibilities include ensuring provision of the overall strategic direction of the Agency and monitoring performance.

Like others who serve the public, board members are required to follow the seven principles of public life set out by the Nolan Committee. They are also required to follow all procedures set out in the Code of Practice and RDA policies (including Access to Information, Gifts and Hospitality) and not to misuse their position, or any information gained through their position on the Board, for personal gain or political purposes.

Board members during the year are set out on page 54. The Board itself met on 11 occasions during the year. The Board has four sub-committees, Audit, Performance & Resources, Strategy and Remuneration & Selection but, given the Government's intention to abolish RDAs, a separate Closure and Transition Committee was also established during 2010.

Executive directors

The Board has appointed an executive team to manage the activities of the Agency. Individuals who served on the executive team during the year are shown in the Remuneration Report below.

Accountability and Financial Framework

The Secretary of State issued EEDA with an Accountability and Financial Framework in October 2008. This sets out the financial guidelines under which EEDA should operate and with which EEDA has complied with in all material respects during the course of 2010/11.

Financial Results and Review

Grant-In-Aid funding from BIS is treated as a financing reserves on the statement of financial position and not as income for the year. This is because the funding is regarded as contributions from a controlling party which gives rise to a financial interest in the residual assets of the agency. As a result, the Statement of Comprehensive Expenditure shows gross expenditure net of income from all other sources.

For 2010/11, net expenditure fell significantly from the prior year due to reduced funding allocations from the new government following the General Election in May 2010. Expenditure was £106m in 2010-11 compared to £162m in 2009-10. As note 2 to the accounts illustrates, the reduced expenditure fell across all corporate plan programmes. Income also reduced, particularly European funding, to £20m from £29m. In the statement of financial position, both trade receivables and payables fell over the year due to the reduced levels of activity although the latter by a larger margin as many programmes were being wound up. As a result, net current assets increased over the year by £21m and net assets have increased to £6m.

Going Concern

The Public Bodies Bill, published in Parliament on 29 October 2010, proposes that the Regional Development Agencies are abolished. Since the Agency was established by statute through the Regional Development Agencies Act 1998, the decision on whether abolition takes place depends on Parliament enacting the Bill. At the time of signing these accounts, the Public Bodies Bill has not been enacted and consequently management consider that the Agency remains a going concern. These Accounts have therefore been prepared on that basis.

Subject to the Public Bodies Bill receiving Royal Assent, it is expected that the Agency will cease operations by 31 March 2012 with formal closure and final accounts delivered in the summer of 2012.

Principal Risks and Uncertainties

The Agency's key risks are set out in its Risk Management Strategy which is published on the website.

Special Purpose Entities

The Agency has received Section 5 (2) consent from BIS to participate in the following corporate bodies:

- Centre for Integrated Photonics Ltd (CIP Ltd)
- Bedfordshire Consortium Ltd
- Opportunity Peterborough Urban Regeneration Company Ltd (withdrew 31 March 2011)
- Renaissance Southend Urban Regeneration Company Ltd (withdrew 31 March 2011)
- 1st East Urban Regeneration Company Ltd (withdrew 31 March 2011)
- Harlow Renaissance Ltd (withdrew 31 March 2011)
- Luton Gateway Ltd (withdrew 25 November 2010)

Given the plans for abolition, EEDA applied for and received consent from the Secretary of State to withdraw from the Urban Regeneration companies with effect from the dates shown above.

Pension Costs

Pension costs are set out in note 3 to the Financial Statements and the treatment of pension liabilities and the relevant pension scheme details are set out in the Remuneration Report on pages 53 to 60.

Employment, Health & Safety and Environment Policies

Health and Safety

EEDA's Health & Safety policy statement sets out how it will fulfil its health and safety responsibilities. It applies to staff, visitors, contractors and anyone who might be affected by activities related to offices, commercial and industrial properties and projects.

The Health & Safety Committee meets every three months to report on health and safety and to agree and share best practice. All staff can raise matters with their Joint Staff Council Representatives or directly with members of the Committee.

The Committee is chaired by an employee competent in health and safety. The members of the Committee have included representatives from each of the EEDA offices, our co-locating partners occupying EEDA's offices, the Estates Manager, the Senior Office Manager and a representative from EEDA's Joint Staff Council.

Employee Information and Consultation

EEDA aims to be an equal opportunities employer. All job applicants are given full and fair consideration and are judged on the merit of their skills, qualifications and experience in relation to the particular demands of the post.

EEDA seeks to promote and maintain good relations with its staff and considerable emphasis is placed on frequent formal and informal consultation at working level.

A Joint Staff Council provides a mechanism for management and staff to discuss pay, conditions of service and other matters of concern. Through this procedure, the management process and by the use of EEDA's intranet, all employees are advised on a regular basis of EEDA's performance.

Employment of disabled persons

The Agency recognises that functional limitations arising from disabled people's impairments do not inevitably restrict their ability to perform effectively in a job. The Agency selects applicants for interview after giving full and fair consideration to their skills and abilities. The Agency will make reasonable adjustments to enable applicants with a disability to perform to the best of their ability throughout the recruitment process.

Should any employees become disabled while employed by the Agency, reasonable adjustments will be made and wherever possible appropriate training will be arranged with a view to continued employment.

Sickness absence data

A total of 730 days were lost to sickness absence in the year 2010/11 (1,207 days in 2009/10). which equates to 4.1 days (5.2 days in 2009/10) for each member of staff

Green housekeeping

EEDA has a statutory duty to contribute towards sustainable development. Ensuring that its own environmental performance is based on the principles of sustainability was recognised as a priority in the Regional Economic Strategy. The Agency has a green travel plan which limits CO2 emissions for its leased car fleet. All office power is procured on green tariffs and within the offices there are facilities to recycle a full range of materials including paper, cans and plastic.

Service First

EEDA is committed to the principles of Service First, including those on service standards, customer service, information provision and value for money. The standards adopted by EEDA are based upon best practice and support the concept of continuous improvement of the organisation. Details of the Service First standard can be obtained from the website www.eeda.org.uk or from the following address:

East of England Development Agency
The Business Centre
Station Road
Histon
Cambridge
CB24 9LQ

Better payment practice code

EEDA fully supports the Better Payment Practice Code and aims to pay all undisputed invoices within 30 days of receipt and overall to pay at least 90% of all invoices within these terms. In 2010/11, EEDA paid 94% (96% in 2009/10) of all invoices within 30 days of receipt.

In October 2008, the Prime Minister announced that government departments would aim for a 10 day payment target for invoices from small and medium sized enterprises. EEDA is committed to complying with this pledge and aims to pay undisputed SME suppliers' invoices within 10 working days of receipt. In 2010/11, EEDA paid 89% of SME invoices within this target (88% in 2009/10).

Open Government

EEDA is committed to the principles of Open Government and as part of this a model publication scheme can be found on the EEDA website alongside our compliance with the requirements of the Freedom of Information Act

2002. There were 17 complaints received under Service First criteria and, excluding requests for published information, EEDA received 57 written requests for information under the Freedom of Information Act 2002 during 2010/11 (2009/010 86), all of which were answered within the agreed period for responses.

Political and Charitable Donations

No political or charitable donations were made during the year.

Committees

During 2010/11, EEDA created a Transition and Closure Committee to oversee the activities required as the agency prepares for abolition. The Audit Committee continued its role in reviewing assurance reports but increased the meeting frequency to consider the appropriateness of key issues relating to transition and closure. Other committees (as set out below) have since cancelled scheduled meetings and will only meet if specific items demand which are not appropriate for the Closure and Transition Committee.

Closure and Transition Committee

The committee meets on a monthly basis to enable the agency to progress its closure and transition plan. This provides the executive, and particularly the accounting officer, with a group of members to consider and make decisions on transition issues. The Closure and Transition Committee oversees arrangements for the agency's interface with the Regional Transition Board and picks up the human resources elements previously included within the terms of reference of Performance and Resources Committee as this is part of the day to day business for closure and transition management.

The committee met five times during 2010/11 and was chaired by William Pope.

Other members were:

Stuart Evans

Sheila Childerhouse

Paul Burall

Nitin Dahad

Earl of Iveagh Edward Guinness

Madeline Russell

Performance and Resources Committee

The committee considered and made recommendations to the Board on performance & resource policy/strategy issues and had some delegated powers to act. The committee's scope included financial and output performance, best practice and nationally agreed standards, the Value for Money Plan, administrative budget and expenditure, data security and information management, health and safety, and EEDA's Improvement Plan.

The committee met three times during 2010/11 and was chaired by Marco Cereste.

Other members were:

Stuart Evans

Paul Burall

Madeline Russell

Strategy Committee

The committee considered the revision of the Regional Economic Strategy and the Agency's Corporate Plan and made recommendations to the Board and advised the EEDA Board on key issues such as Regional Strategies, Funding Allocations, Independent Performance Review and Improvement Planning, and stakeholder engagement.

The committee met once during 2010/11 and was chaired by Sheila Childerhouse.

Other members were:

Earl of Iveagh Edward Guinness (until November 2010)

Nitin Dahad (until November 2010)

Bev Hurley (until August 2010)

Remuneration and Selection Committee

The committee approves remuneration, terms and conditions and job description of the Chief Executive and Executive Directors, considers their performance targets and annual performance appraisals, approves their performance related pay recommendations and agrees arrangements for appointments panels to these posts. The committee also agree arrangements for appointments panels for Directorships of subsidiary companies owned by EEDA.

The committee met three times during 2010/11 and was chaired by Stuart Evans.

Other members were:

William Pope

Sheila Childerhouse

Madeline Russell

Audit Committee

The committee considers and reviews a wide range of assurance reports on behalf of the Board. The scope includes the risk management process, the annual audit plan , follow-up to all internal audit reports, review of EEDA's internal control systems and statement of internal control, the annual Management Letter from the Comptroller and Auditor General, the Code of Conduct, corporate governance requirements for the organisation, the procurement framework and practice and the complaints procedure.

The committee met five times during 2010/11 and was chaired by Karen Livingstone.

Other members were:

Peter McCarthy-Ward

Shona Johnstone

Robert Swann

Colin Riordan

Marco Cereste (from November 2010)

Full terms of reference for all the committees are available on EEDA's website.

Audit Services

The Comptroller and Auditor General is appointed by statute to audit the East of 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 following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

Statutory Audit Services £ 58K

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.

REMUNERATION REPORT

This report, for the year ended 31 March 2011, deals with the remuneration of the chair, chief executive, board members and Executive Directors who have influence over the decision of the Agency as a whole.

Remuneration Committee

The remuneration of Board Members is set by the Secretary of State and is reviewed every year by the BIS in line with the recommendations of the Senior Salaries Review Board.

The Remuneration Committee met during the course of the year to consider the remuneration of the chief executive officer (CEO) and to advise the CEO on directors' remuneration. The members of this Committee are shown on the previous page.

The responsibilities of the Committee include:

- approval to the remuneration, terms and conditions and job description of the chief executive and directors
- considering the performance targets and outcomes of the annual performance appraisal of the chief executive and directors
- sitting as a panel for the appointment of the chief executive
- agreeing arrangements for appropriate panels for director level jobs

Remuneration Policy

The Remuneration Committee intends that the remuneration of the chief executive and executive directors, both in terms of base salary and total package, should be competitive taking into account the individual's performance, experience and the role fulfilled. This is designed to promote the Agency's short and long-term success by securing high calibre executives. For the chief executive, basic salary on recruitment is determined by national guidelines based on the Senior Salaries Review Board which recommend the chief executive's salary scale. The Committee will determine final levels of remuneration within this scale taking account of experience, responsibilities and achievement of agreed performance criteria. No pay increase was awarded with effect from 1 April 2010 for RDA chief executives. Non-consolidated performance pay for the chief executive can be up to a maximum of 20 per cent of salary and is based on achievement of performance objectives agreed by the board and GO-East. Consolidated increases up the salary scale are also performance related.

For other staff, and in accordance with government pay guidelines, a pay freeze was introduced with effect from 1 July 2010. The exception related to staff earning less than £21,000 who were awarded an increase of £500. The Agency maintained a performance related bonus scheme. The Agency believes that this was a suitable way of promoting continued excellence by combining required targets with appropriate rewards. Performance related incentives were structured to offer a suitable level of remuneration for exceptional performance by an executive. However, in the environment of pay restraint, EEDA decided not to pay any of the bonuses for 2010-11 that may have been due.

Note that during 2010-11, staff received bonus payments for the year 2009-10 which are, for directors disclosed below in the remuneration report and for other staff are included in note 3 under the Wages and Salaries category.

Service Contracts

Board members have been appointed on fixed term contracts of three years and are contracted to carry out two days work per month (three days per week for chair and one day per week for Deputy Chair) on behalf of EEDA. They can be re-appointed on fixed term contracts up to a maximum of ten years. Board Members' appointments are made in accordance with the Commission of Public Appointments code by the Secretary of State.

There is no provision in place for the early termination of Board Member contracts.

Audited part of the Remuneration Report

Board members

	Date of Appointment	Expiry of Tenure	Salary 2010-2011 £	Salary 2009-2010 £
William Pope (chair)	14/12/2006	13/12/2012	81,718	20,841
Richard Ellis (chair resigned 31 March 2010)	14/12/2003	31/03/2010	-	81,718
Paul Burrall	14/12/2004	13/12/2012	8,666	8,666
Marco Cereste (Deputy Chair)	14/12/2001	13/12/2011	17,332	17,332
Sheila Childerhouse (Deputy Chair)	14/12/2004	13/12/2012	17,332	17,332
Nitin Dahad (resigned 31 March 2011)	14/12/2008	31/03/2011	8,666	8,666
Stuart Evans	14/12/2007	13/12/2012	8,666	8,666
Earl of Iveagh Edward Guinness	19/03/2007	21/03/2012	8,666	8,666
Beverly Hurley (resigned 25 August 2010)	14/12/2007	25/08/2010	3,611	8,666
Shona Johnstone	14/12/2008	13/12/2012	8,666	8,666
Karen Livingstone	14/12/2003	13/12/2012	2,889	8,666
Peter McCarthy-Ward	14/12/2006	13/12/2012	8,666	8,666
Professor Colin Riordon	14/12/2009	13/12/2012	8,666	2,586
Madeline Russell	14/12/2008	13/12/2012	8,666	8,666
Robert Swann	01/05/2009	13/12/2012	8,666	7,944
Tim Wilson	14/12/2003	13/12/2009	-	6,080

Nitin Dahad was a director of CIP Ltd throughout 2010-11 and became Chair in April 2011. Karen Livingstone was a board member throughout the year but took no remuneration after 31 July 2010.

During the year, the Agency paid expenses of £2,485 to Ken Barnes as a co-opted member of the Audit Committee.

Pension benefits of board members

With the approval of the BIS, pension schemes have been put in place for the present and former Chairs with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which are funded directly by the Agency. The Agency is not permitted to pay these contributions to a personal pension scheme or other pension plan provider. On retirement, payment of the Chairs pensions will be the responsibility of the Agency, underwritten by the BIS. No other Board Members are eligible for pension contributions, performance related pay or any other taxable benefit as a result of employment with the Agency.

Name	Salaries and other allowances for year ending 31/03/2011	Salaries and other allowances for year ending 31/03/2010	Accrued benefits at pension age as at 31/03/2011		Real increase in benefits at pension age		CETV at 31/03/11	CETV at 31/03/10	Real increase in CETV
	(in bands of £5k)	(in bands of £5k)	(in bands of £5k)		(in bands of £2-5k)		(nearest £1k)	(nearest £1k)	(nearest £1k)
			Pension	Lump Sum	Pension	Lump Sum			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
William Pope	80-85	10-15	0-5	-	0.0-2.5	-	28	4	21

This by-analogy arrangement shadows the benefits provided under the premium option of the Principal Civil Service Pension Scheme. A full actuarial valuation was carried out as at 31 March 2011 by a qualified independent actuary. The major assumptions of the actuary were:

By-Analogy Pension Scheme

	Value as at 31 March 2011 £'000s	Value as at 31 March 2010 £'000s	Value as at 31 March 2009 £'000s	Value as at 31 March 2008 £'000s	Value as at 31 March 2007 £'000s
Present value of scheme liabilities					
Liability in respect of:					
Active members	47	7	148	109	87
Current Pensioners	172	238	47	-	-
Total present value of scheme liabilities	219	245	195	109	87

Financial Assumptions

	31/03/2011	31/03/2010
Discount rate	5.6% pa	4.6% pa
The rate of increase in salaries	4.9% pa	4.29% pa
The rate of increase for pensions in payment and deferred pensions	2.65% pa	2.75% pa
CPI Inflation assumption	2.65% pa	2.00% pa
RPI inflation assumption	-	2.75% pa

Analysis of movement in scheme liability

	Value as at 31 March 2011 £'000s	Value as at 31 March 2010 £'000s
Scheme liability at the beginning of year	245	195
Movements in the year:		
Current service cost (net of employee contribution)	40	31
Interest cost	10	13
Employee contributions	3	3
Actuarial loss/(gain)	(11)	6
Benefits paid	(43)	(3)
Past service cost	(24)	-
Scheme liability at the end of year	220	245
	2010/11	2009/10
	£'000s	£'000s

Expenses to be recognised in profit or loss

Current Service Cost (net of employee contributions)	39	31
Interest cost	10	13
Past Service Cost	(24)	-
Total Expenses/(Income)	25	44

Actuarial gains/losses to be recognised in the statement of comprehensive expenditure	Year Ending 31/03/2011 £'000	Year Ending 31/03/2010 £'000
Experience loss/(gain) arising on the scheme liabilities	3	(36)
Changes in assumptions underlying the present value of the scheme liabilities	(14)	42
Total actuarial loss/(gain)	(11)	6

Cumulative total actuarial loss/(gains) - -

History of experience gains and losses	Value as at 31 March 2011	Value as at 31 March 2010	Value as at 31 March 2009	Value as at 31 March 2008	Value as at 31 March 2007
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Experience loss/(gain) arising on the scheme liabilities					
Amount (£000s)	3	(36)	54	1	-
Percentage of scheme liabilities at the end of year	1.6%	(14.6%)	27.5%	0.9%	-

Estimate of contributions expected to be paid into the scheme over the year 1 April 2011 to 31 March 2012 £'000

Employer contribution	23
Employee contribution	3

Emoluments of Chief Executive and Directors

Remuneration details

	Salary £'000	Bonus/ PRP £'000	Other Benefits £'000	Pension Contribution £'000	Total 2010-2011 £'000	Total 2009-2010 £'000
Deborah Cadman <i>chief executive</i>	141	10	3	34	188	192
Peter Watson <i>executive director, corporate services and deputy chief executive (until 31 October 2009)</i>	-	-	-	-	-	72
David Hipple <i>executive director, corporate services</i>	101	4	1	25	131	74
Rachel Bosworth <i>executive director, communications & external relations and deputy chief executive</i>	85	6	2	21	114	112
Steve Cox <i>executive director, spatial economy</i>	97	6	4	24	131	133
Alison Webster <i>executive director, enterprise and skills</i>	92	7	1	22	122	120
Jamie Merrick <i>executive director, strategy and Intelligence</i>	81	6	3	20	110	108
Paul May <i>executive director, innovation (until 31 March 2011)</i>	101	6	2	25	134	128

Paul May left office with effect from 31 March 2011 and is entitled to receive a redundancy payment of £52,647 which includes compensation in lieu of notice of £34,363 as per the voluntary redundancy scheme agreement.

Jamie Merrick left office with effect from 15 April 2011 and is entitled to receive a redundancy payment of £105,165, which includes compensation in lieu of notice of £25,596 as per the voluntary redundancy scheme agreement.

Rachel Bosworth resigned with effect from 19 June 2011.

The business interests of the chief executive and executive directors are shown in note 23 on page 96.

The chief executive and other senior level staff are appointed on permanent contracts of employment which can be terminated by giving 3 months written notice to EEDA.

For the chief executive and senior management team, early termination, other than for misconduct or on the grounds of capability, will be under the terms of the PCSPS. The terms of the scheme come under the terms of the Civil Service Compensation Scheme. All are members of the Principal Civil Service Pension Scheme.

Benefits in kind

Additional benefits include the use of company cars and the payment of an essential car user allowance.

Non-cash remuneration

There were no forms of non cash remuneration made in the year except for the benefits in kind of senior managers disclosed above.

Compensation paid, significant awards to former senior managers

There were no significant awards or compensation paid to former senior managers in the agency in this financial year. The subsidiary made a compensation payment for early retirement to one director (see note 3).

Details of fixed term contracts

Apart from the board members detailed earlier, there are no senior managers appointed on fixed term contracts.

Pension entitlement details

Name	Salaries and other allowances for year ending 31/03/2011	Salaries and other allowances for year ending 31/03/2010	Accrued benefits at pension age as at 31/03/2011		Real increase in benefits at pension age		CETV at 31/03/11	CETV at 31/03/10	Real increase in CETV
	(in bands of £5k)	(in bands of £5k)	(in bands of £5k)		(in bands of £2.5k)		(nearest £1k)	(nearest £1k)	(nearest £1k)
			Pension	Lump Sum	Pension	Lump Sum			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deborah Cadman	140-145	140-145	5-10	-	2.5-5.0	-	88	53	27
David Hipple	100-105	55-60	0-5	-	0.0-2.5	-	45	16	25
Rachel Bosworth	85-90	85-90	15-20	50-55	0.0-2.5	0.0-2.5	254	233	9
Steve Cox	95-100	95-100	25-30	80-85	0.0-2.5	0.0-2.5	370	336	4
Alison Webster	90-95	90-95	25-30	85-90	0.0-2.5	0.0-2.5	511	466	5
Jamie Merrick	80-85	80-85	10-15	35-40	0.0-2.5	0.0-2.5	122	105	6
Paul May	100-105	100-105	5-10	-	0.0-2.5	-	57	30	23

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 and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

The columns "CETV at 31/03/11" and "CETV at 31/03/10" of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. The final column reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and 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. The factors used to calculate the CETV were revised on 1 April 2005 on the advice of the scheme actuary.

The relevant transfer basis was updated following the June 2010 Budget to reflect the change in pension indexation (from increases in line with RPI to CPI). The 2010 CETV was recalculated using the updated transfer basis so that the 2010/11 real increase in CETV figure is not overstated. This means that this year's figure for the CETV at 31 March 2010 may be different to the closing figure in last year's accounts.

Pension schemes

EEDA employees are members of one of the following schemes

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but EEDA is unable to identify its share of the underlying assets and liabilities. It is therefore not possible to apply the requirements of IAS19 in these circumstances. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk). For 2010/11, employers' contributions of £1.7 million were payable to the PCSPS (2009/10 £1.8 million) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 30 July 2007, civil servants may be in one of four statutory based final salary defined benefit scheme (classic, premium, classic plus and nuvos). The scheme they are in is dependant on the date they joined EEDA. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality money purchase stakeholder based arrangement with a significant employer contribution (Partnership Pension Account).

Classic Scheme

Benefits accrue at the rate of $1/80^{\text{th}}$ 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 earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing 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 and with service enhanced as for widow(er) pensions.

Premium Scheme

Benefits accrue at the rate of $1/60^{\text{th}}$ of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of $3/80^{\text{ths}}$ of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of $3/8^{\text{ths}}$ of 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 computing 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 undertaking 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**.

Nuvos

On 30 July 2007 the government introduced a new pension scheme called nuvos for new entrants to the Civil Service. Under this scheme benefits accrue at the rate of 2.3% of pensionable earnings for each year of service with the amount increasing by CPI every April. Members will pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 37.5% of the member's pension to date. Children's pension are payable to members' children and any other dependent children up to the age of 18 or up to the age of 23 if they are in full time education. On death in service the scheme pays a lump sum benefit of twice pensionable earnings.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in 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).

CIP Ltd Pension Scheme

The CIP pension scheme is a group personal pension arrangement. The charges are based on stakeholder pension charges where the provider's own funds are used. The scheme has not imposed the recent increases allowed to stakeholder pensions by the government. There is access to external fund managers. The employer contribution is 3% and this is matched by an employee contribution of 3%, of basic salary. Employees may make additional voluntary contributions within HMRC limits, either as regular monthly or single contributions. Joining the pension scheme is on three months service.

Signed: 01 July 2011

Sheila Childerhouse
Deputy Chair

Signed: 01 July 2011

Deborah Cadman
Chief Executive and Accounting Officer

Statement of Board and Accounting Officer's Responsibilities

Under the Regional Development Agencies Act 1998, the Secretary of State has directed the East of England Development Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the East of England Development Agency and of its total comprehensive expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to assume that the functions of East of England Development Agency will continue.

The Accounting Officer of the Department for Business, Innovation and Skills has designated the Chief Executive as Accounting Officer of the East of England Development Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the East of England Development Agency's assets, are set out in Managing Public Money published by HM Treasury.

STATEMENT ON INTERNAL CONTROL 2010/11

1. Scope of responsibility

1.1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of EEDA's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I also share with EEDA's Board responsibility for ensuring that the Agency continues to operate within the framework specified by the Secretary of State and the Department for Business, Innovation and Skills (BIS) in EEDA's Accountability and Financial Framework.

1.2 On 22 June 2010, the Coalition Government confirmed the intention to abolish the Regional Development Agencies through the Public Bodies Bill. EEDA has taken action during 2010/11 and to date, to ensure the effective delivery of economic development activity in the region whilst working towards the Agency's operational closure by 31 March 2012.

2. The purpose of the system of internal control

2.1 EEDA's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Agency's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. EEDA's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in EEDA for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

2.2 The closure of EEDA presents a challenge to maintaining an effective control environment, managing those risks that arise directly from closure with the 'business as usual' risks that have been managed throughout the year. EEDA has in place a Transition and Closure Plan, which sets out how the Agency will manage the process of winding down its business by 31 March 2012. The plan has been reviewed by EEDA's sponsor department, BIS, who consider our approach to provide an appropriate framework for the closure process.

3. Key risk areas associated with the transition activities and closure of EEDA

3.1 There are a number of significant risks and issues surrounding closure and transition, which through the year have increasingly reflected the uncertain operating environment. The risks can be grouped into the following areas:

- Risks associated with a lack of clarity from Government departments on the operating parameters for RDAs through to closure, and on the future arrangements and successor bodies relating to economic development.
- Financial management risks and the impact of spending restrictions and funding reductions during the year on the ability of EEDA to meet its objectives, and in particular its capacity to support the region in the right way to come out of recession and promote growth, and respond effectively to further economic shocks.
- Staffing risks, including the retention of critical staff whilst achieving an ordered reduction in staffing, the potential impact upon staff morale and the weakening of the internal control environment due to a smaller staffing complement, and increased risk of fraud.
- Knowledge management risks, including the retention of business critical knowledge and the orderly transfer of appropriate knowledge to third parties and successor bodies
- Risks associated with the identification, disposal and transfer of land and property assets, intellectual property and EEDA's subsidiary company

3.2 The corporate risks have been monitored throughout the year using the mechanisms described in sections 4 and 5 below.

4. Capacity to handle risk

4.1 As the region's RDA, EEDA has been in a unique position in its relationship with private enterprise, and calculated risk taking to achieve desired outcomes has been fundamental to its way of working. At the same time EEDA is a public body, accountable to Parliament and regional stakeholders, which requires compliance with high standards in legal and financial matters, and the ability to account for all decisions and actions. EEDA operates within a governance framework set and monitored by the Treasury and our sponsoring Department, Business Innovation and Skills (BIS).

4.2 As a result of the Government's decision to abolish the RDAs by 31 March 2012, EEDA's priorities changed significantly, to encompass the orderly closure of the Agency. To meet the new priorities, maintain the effective delivery and monitoring of continuing functions, programmes and projects, and manage the changing risk environment, a new internal governance structure was established. The Agency has therefore reviewed and changed its governance arrangements and risk management strategy during the year to ensure the framework of risk management, internal control and governance continues to be fit for purpose.

4.3 A new board committee was constituted in October 2010, and it is this Closure and Transition Committee that now oversees the management of risks to the achievement of closure and transition objectives, provides a steer on how the executive should escalate risks and determines whether specific risks should be escalated to our sponsoring department. The Corporate Risk Register is reported to each meeting of the committee.

4.4 The Audit Committee scrutinises the adequacy and effectiveness of the arrangements through a review of the Risk Management Strategy, supported by independent advice and assurance from EEDA's in-house internal audit team.

4.5 At an Executive level, the Chief Executive's Team has the responsibility for ensuring that the agreed risk management framework is operating effectively in practice. The Chief Executive's Team is responsible for assigning a risk owner at the level of Executive Director for each corporate risk and for regularly reviewing the risk profile of the Agency.

Training and development

4.6 The Risk Management Strategy and supporting procedural manual are available for all, accessible from EEDA's intranet. Staff receive training during the year on the core areas of management and control for which they are responsible to ensure that they are equipped to manage risk. Training is also provided on information security, which forms part of the induction process for all new members of staff.

Engagement with stakeholders

4.7 A significant amount of the work of the Agency has been delivered through partnership arrangements or by third party organisations and several materially significant partnerships are continuing into 2011/12. To the end of 2010/11, we worked with a number of Local Delivery Vehicles and Local Authorities for the delivery of sub-regional activity. All partnership and delivery arrangements are underpinned by formal contractual agreements, which set out respective roles and responsibilities, conditions of funding and future monitoring arrangements. Teams across the Agency are kept informed of the risks facing key partners through attendance at meetings with partners and regular review of finance and performance reports. Where necessary, EEDA also supports its partners in the development of their systems, controls, processes and assurance frameworks.

4.8 An increasing focus through the year has been to determine appropriate transition and wind down arrangements for EEDA's functions and programmes, partner agreements and contracts, and the disposal and transfer of assets and liabilities, including knowledge assets. This work is captured in EEDA's overarching Closure and Transition Plan and individual workstream and project plans.

5. The risk and control framework

Risk management strategy

5.1 The Agency's Risk Management Strategy, which is reviewed and updated annually, sets out my overall responsibilities and a recommended approach to risk management, in line with HM Treasury guidance. The Strategy incorporates the roles and responsibilities of the Board and its committees, the Chief Executive's team

and individual executive directors and managers. It includes the agreed arrangements for the in-year review of the corporate risk register, reporting and escalation of risks within EEDA and where appropriate to BIS, along with the risk appetite for the Agency, which is set by EEDA's Board.

Risk and control framework

5.2 EEDA maintains a corporate risk register. The risk register is initially populated through a facilitated workshop with the Board and Chief Executive's Team, followed by regular reviews. For 2011/12, a single corporate closure and transition risk register has been developed to capture the risks, controls and status of risks to the successful implementation of EEDA's closure and transition plan, and delivery and monitoring of those programmes that have continued into 2011/12. The structure of the corporate risk register for 2011/12 has been changed to align to the Closure and Transition plan and supporting workstreams and activities.

5.3 Each risk identified is evaluated and prioritised based on the impact and the likelihood of the risk occurring. A risk owner is assigned to each risk with responsibility for ensuring that an appropriate risk response is in place and documented, and for carrying out periodic reviews of the risk profile to ensure that key mitigating controls and actions continue to be in place. The risk register also captures the residual risk severity in terms of the impact and the likelihood of the risk occurring after the mitigating actions and controls have been exercised. This residual risk determines the review arrangements.

5.4 The processes for documenting and reviewing programme and project level risks varied across Directorates during 2010/11 to reflect different structures and activities, although in most cases more detailed risk registers are maintained to record local risks. Those risks which are not identified in corporate risk registers were documented in programme or directorate delivery plans and specific project risks were documented as part of the business case. The Major Projects Group also plays a key role in managing the risks with regards to significant investments. The Major Revenue Projects group was established during 2010/11, to ensure adequate oversight of the expenditure decisions during the year and associated risks.

5.5 In respect of information security, EEDA continues to recognise the need for robust Information management systems and security over the data held on the Agency's IT systems and increasingly in the transfer of information to third party organisations as part of the transition and closure arrangements. The consideration of information risks is an integral part of the EEDA's risk management framework. An Executive Director has been assigned as the Agency's Senior Information Risk Owner (SIRO), Information Asset Owners have been identified and have carried out information risk assessments, and an Information Security Leaders Group has been established. As part of its response to information risk, the Agency has continued to be certified to the international Information Security Management Standard ISO27001. A Business Continuity Plan is in place incorporating the critical areas of the business.

5.6 During the year EEDA has had in place a number of key business processes which support the framework of internal control, which included:

- Financial Planning – Budgets were set at the beginning of the financial year based on funding availability and objectives, which were approved by CET and the Board. The financial position of the Agency has been reviewed on a monthly basis, including explanations for significant variances. Budgets were reworked and resources reallocated during the year in response to Government imposed budget reductions and spending restrictions.
- Financial Control – Robust arrangements have been in place to ensure compliance with the *Accountability and Financial Framework*. The letters of delegation and duties performed by staff have been kept under review during the year as the Agency has changed its organisational structures in response to its forthcoming closure and in response to staff leaving under the two voluntary redundancy schemes undertaken.
- Project Appraisal and Monitoring – Standardised project management arrangements have been in place to ensure that all projects are appraised and monitored in accordance with guidance provided by BIS (GRADE), the Rural Payments Agency or the European Commission.
- Procurement – Non-grant funded activities have been subject to EEDA's procurement code, with clearly defined thresholds and approvals within agreed delegated authorities. Procurement activity has been significantly curtailed in response to the Government-imposed spending restrictions introduced in May 2010 and new control mechanisms have been introduced to ensure compliance.
- External Communications – A clearly documented framework has been in place for dealing with the release of external communications, such as FOI Act requests, press responses and website updates.

- Scenario Planning – Many of our risks relate the impact of changes in government policy and in order to effectively manage the effect on the Agency we undertake detailed scenario planning to consider the impact of various outcomes. This has provided an insight into the Agency's preparedness and resilience in reacting to policy or budget changes, or a changing risk profile.

6. Review of effectiveness

6.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the views of the Audit Committee, the work of the Internal Auditors, the assurances from Executive Directors who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports.

Assurance mechanisms

6.2 The Agency has an Audit Committee which has met regularly throughout 2010/11, and now meets every two months as part of the new governance arrangements in response to the closure of the Agency. The committee considers reports from Internal Audit, External Audit, and other assurance providers, on the systems of internal control, risk management and governance. Executive Directors and Heads of Service are challenged by the Committee where internal control issues are identified and progress on the implementation of agreed management actions arising from audit and assurance activity is reported at each meeting. The Audit Committee has not raised any significant internal control issues.

6.3 The Agency has an internal audit team, which provides assurance to me over the governance and risk management arrangements and on compliance with internal controls. An Internal Audit Plan is agreed at the beginning of the year and the results of individual reviews are reported to relevant Executive Directors, the Accounting Officer and the Audit Committee.

6.4 The internal audit team complies with *Government Internal Audit Standards* and produces an Annual Report which summarises the Internal Audit work completed during the year and provides an overall opinion on the adequacy and effectiveness of the Agency's framework for risk management, control and governance. For 2010/11 the opinion provided by the Head of Internal Audit was that:

“Overall EEDA has a framework of risk management, control and governance that is generally adequate to enable the Agency to meet its key objectives, manage its significant risks effectively and correct issues identified in a timely manner. The framework has necessarily been reviewed and amended through the year to reflect the changing operating environment and government requirements as the Agency has the dual focus on both delivery but also the transition arrangements as the Agency moves towards its closure at the end of 2011/12. The framework will need to be kept under review as the Agency downsizes during the forthcoming year and moves further towards its closure”.

6.5 Each Executive Director has signed a statement of assurance for the period to 31 March 2011, which confirms that the risk management, internal control and governance mechanisms within their directorates were adequate and operating effectively during the whole of 2010/11. No significant control weaknesses were identified during 2010/11 or have been reported to the date of signing the accounts.

6.6 In respect of EEDA's information security arrangements, the Senior Information Risk Owner has stated:

“EEDA continues to be committed to ensuring that robust information management systems are in place across the Agency and at our key partners, and that the risks to information security are appropriately managed. There have been no significant control weaknesses during the year with regards to information security.

During 2010/11, there has been a greater focus on knowledge and records management, as the Agency moves towards its closure, in particular on ensuring the safe transfer of records to successor organisations. A knowledge management workstream has been established within EEDA's Closure and Transition Plan, supported by a detailed project plan for data transfer, which is kept under regular review at a senior management level. Key risks to the successful implementation of the knowledge management workstream are included in the Agency's corporate closure and transition risk register.

Currently, the management of the risks relating to knowledge management is largely outside of the EEDA's control. Knowledge management, and the transfer of large amounts of data, is the area

within BIS' transition activities which is still under development. Until there are clear plans in place EEDA needs to continue to review and manage these risks closely”.

In addition, it is a requirement to report protected personal data-related incidents to the Information Commissioner's Office. During the year, the Agency suffered no loss of data or information and no reports were needed to be made to the Information Commissioner's Office.

6.7 There are a number of other assurance mechanisms that have been in place during 2010/11, which inform me of how well the Agency is managing risk. Some of these have been reviewed in light of the increasing focus towards closure and transition activities, as indicated below:

- A Balanced Scorecard has operated during 2010/11 that is updated daily and reported quarterly to the Board and Chief Executive's team. This monitors performance in relation to regional economic outcomes, spend, outputs, Strategic Added Value and other key metrics. For 2011/12, a series of key performance indicators have been developed to measure and report performance against EEDA's Closure and Transition Plan and supporting workstream and project plans.
- Review of management accounts on a monthly basis, with escalation monthly to the Chief Executives Team. Prior to the changes to the mid-year governance arrangements, the financial position was being reported to the Performance & Resources Committee. For 2011/12, this scrutiny role will be undertaken by the Closure and Transition Committee.
- Stakeholder feedback.
- Impact Evaluation.
- Customer satisfaction surveys.
- Internal communication surveys.
- Periodic external audits and inspections

6.8 The outcome of these assurances has demonstrated that in general EEDA has maintained a sound system of internal control.

Significant Internal Control Issues

6.9 I have not been made aware of any significant internal control issues via any of the assurance mechanisms detailed above. As Accounting Officer I am satisfied with EEDA's internal control, risk management and governance arrangements.

Deborah Cadman

Chief Executive and Accounting Officer
East of England Development Agency

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I have audited the financial statements of the East of England Development Agency for the year ended 31 March 2011 under the Regional Development Agencies Act 1998. These comprise the Statement of Comprehensive Net Expenditure, the Consolidated and Agency Statements of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity (Group and Agency) 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 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 report 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 and East of England Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the East of 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 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.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the East of England Development Agency's and Group's affairs as at 31 March 2011 and of the Group's total comprehensive expenditure 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 - Going Concern Uncertainty

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 21 to the financial statements concerning the application of the going concern principle in light of the announcement to abolish the East of England Development Agency, which is subject to legislation. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the ability of the East of

England Development Agency to continue as a going concern. The financial statements do not include the adjustments that would result if the East of England Development Agency was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by Secretary of State under the Regional Development Agencies Act 1998; and
- the information given in the Management Commentary and Directors' 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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: 14 July 2011

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Notes	2010-2011 £'000	Restated 2009-2010 £'000
Expenditure			
Programme expenditure	2	(77,875)	(136,680)
Staff Costs	3	(14,526)	(15,727)
Depreciation	6/7	(2,018)	(1,388)
Book value of investments sold		-	(2,315)
Book value of inventory sold	10	(2,383)	-
Other expenditure	4	(8,504)	(5,887)
		(105,306)	(161,997)
Income			
European funding	5	10,712	17,673
Self-generated income	5	3,822	7,417
Other Income	5	5,127	3,502
Total income		19,661	28,592
Net Expenditure		(85,645)	(133,405)
Interest receivable	5	538	82
Net expenditure after interest		(85,107)	(133,323)
Taxation		382	(32)
Net expenditure after tax		(84,725)	(133,355)

Other Comprehensive Expenditure

	Notes	2010-2011 £'000	2009-2010 £'000
Net gain/(loss) on revaluation of:			
Inventory	10	278	-
Actuarial gain/(loss) on pension scheme		11	(6)
Total Comprehensive Expenditure for year ended 31 March 2011		(84,436)	(133,361)

All activities are from continuing operations

Net expenditure is financed by Grant-in Aid as explained in the accounting policy note

Restatement for 2009-10 is due to removal of cost of capital - see accounting policy xv in note 1

The notes on pages 74 to 98 form part of these accounts.

Consolidated Statement of Financial Position

as at 31 March 2011

	Note	Group 2010-2011	Group 2009-2010
Non-current assets		£'000	£'000
Intangible Asset	6	876	991
Property, Plant and Equipment	7	1,587	3,046
Other financial asset	8	200	223
Total non-current assets		2,663	4,260
Current assets:			
Inventories	10	8,633	11,889
Trade and other receivables	11	12,639	19,540
Cash and cash equivalents	12	14,535	19,212
Total current assets		35,807	50,641
Total Assets		38,470	54,901
Current liabilities			
Trade and other payables	13	31,014	67,139
Total current liabilities		31,014	67,139
Non-current assets plus/less net Current assets liabilities		7,456	(12,238)
Non-current liabilities			
Provisions	14	1,376	1,173
Total non-current liabilities		1,376	1,173
Assets less liabilities		6,080	(13,411)
Taxpayers' equity			
Grant-in-Aid Reserve		6,247	(14,950)
Revaluation Reserve		1,582	1,507
General Reserve	15	(1,749)	32
		6,080	(13,411)

Approved on behalf of the Board on 12 July 2011

Deborah Cadman
Chief Executive and Accounting Officer

Sheila Childerhouse
Deputy Chair

The notes on pages 74 to 98 form part of these accounts

Agency Statement of Financial Position

as at 31 March 2011

	Note	Agency 2010-2011	Agency 2009-2010
Non-current assets		£'000	£'000
Intangible Asset	6	876	991
Property, Plant and Equipment	7	608	1,225
Other financial asset	8	200	223
Total non-current assets		<u>1,684</u>	<u>2,439</u>
Current assets:			
Inventories	10	8,072	11,315
Trade and other receivables	11	14,294	20,852
Cash and cash equivalents	12	14,316	19,112
Total current assets		<u>36,682</u>	<u>51,279</u>
Total Assets		38,366	53,718
Current liabilities			
Trade and other payables	13	29,391	66,320
Total current liabilities		<u>29,391</u>	<u>66,320</u>
Non-current assets plus/less net Current assets / liabilities		<u>8,975</u>	<u>(12,602)</u>
Non-current liabilities			
Provisions	14	1,365	1,086
Total non-current liabilities		<u>1,365</u>	<u>1,086</u>
Long term liabilities			
Investment in Subsidiary	20	1,530	(277)
Total long term liabilities		1,530	(277)
Assets less liabilities		<u>6,080</u>	<u>(13,411)</u>
Reserves			
Grant-in-Aid Reserve		6,247	(14,950)
Revaluation Reserve		1,582	1,507
General Reserve	15	(1,749)	32
		<u>6,080</u>	<u>(13,411)</u>

Approved on behalf of the Board on 12 July 2011

Deborah Cadman
Chief Executive and Accounting Officer

Sheila Childerhouse
Deputy Chair

All activities are from continuing operations

Statement of Cash Flows
for the year ended 31 March 2011

	Note	Group 2010-2011 £'000	Group 2009-2010 £'000 Restated	Agency 2010-2011 £'000	Agency 2009-2010 £'000 Restated
Cash flows from operating activities					
Net deficit after cost of capital and interest		(85,107)	(133,320)	(82,810)	(132,836)
(Increase)/Decrease in trade and other receivables		6,862	(16,318)	6,338	(15,793)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		-	248	-	-
(Increase)/Decrease non current assets		1,598	156	755	(63)
(Increase)/Decrease in inventory		3,230	(120)	3,243	(96)
Increase/(Decrease) in trade payables		(36,326)	28,411	(36,931)	28,006
less adjustment for non-cash items		2,008	1,901	650	2,592
Use of Provision		(149)	(822)	(66)	(19)
Repayment of bad debt		-	(3)	-	-
less intercompany balances		-	-	(870)	(1,624)
Net cash outflow from operating activities		(107,884)	(119,867)	(109,691)	(119,833)
Cash flows from Investing activities					
Purchase of property, plant and equipment	7	(196)	(816)	(69)	(704)
Purchase of intangible assets	6	(249)	(655)	(249)	(655)
Purchase of Development assets		(268)	7	(268)	7
Proceeds of disposal of property, plant and equipment		(31)	(36)	-	-
Proceeds of disposal of investments		-	2,275	-	2,275
Proceeds of disposal of inventory		618	-	618	-
Repayment of bad debt provision		-	-	-	-
Loans to other bodies	26	(667)	(57)	(667)	(57)
Net cash outflow from investing activities		(793)	718	(635)	866
TOTAL NET CASH OUTFLOW		(108,677)	(119,149)	(110,326)	(118,967)
Cash flows from financing activities					
Grants from parent department		104,000	120,000	104,000	120,000
Reserves		-	-	1,530	(277)
Net financing		104,000	120,000	105,530	119,723
Net increase/(decrease) in cash and cash equivalents in the period		(4,677)	851	(4,796)	756
Cash and cash equivalents at the beginning of period		19,212	18,361	19,112	18,356
Cash and cash equivalents at the end of the period		14,535	19,212	14,316	19,112

The notes on pages 74 to 98 form part of these accounts

Statement of Changes in Taxpayers' Equity (Group and Agency)
for the year ended 31 March 2011

	Grant in Aid Reserve £'000	Revaluation Reserve £'000	General Reserves £'000	Total Reserves £'000
Balance at 1 April 2009	(2,427)	2,105	(232)	(554)
Changes in Taxpayers' Equity 2009-2010				
Grant-in-aid from sponsoring department	120,000	-	-	120,000
Transfers between reserves	49	-	(49)	-
Total Comprehensive Expenditure for the year	(133,355)	-	(6)	(133,361)
Net gain/(loss) on revaluation of Investments	-	(710)	(402)	(1,112)
Net gain/(loss) on revaluation of Inventories	-	112	-	112
Net gain/(loss) on Subsidiary	783	-	721	1,504
Changes in Taxpayers' Equity 2009-2010	(14,950)	1,507	32	(13,411)
Balance at 31 March 2010	(14,950)	1,507	32	(13,411)
Changes in taxpayers' equity for 2010-2011				
Grant-in-aid from sponsoring department	104,000	-	-	104,000
Transfers between reserves	(15)	-	15	-
Total Comprehensive Expenditure for the year	(84,724)	278	11	(84,435)
Net gain/(loss) on revaluation of Inventories	-	(203)	-	(203)
Net gain/(loss) on Subsidiary	1,936	-	(1,807)	129
Balance at 31 March 2011	6,247	1,582	(1,749)	6,080

Notes to the Financial Statements for the Year Ended 31 March 2011

1a: Accounting policies for the group

i: Basis of accounting

The financial statements of EEDA have been prepared in a form directed by the Secretary of State for the Department for Business Innovation and Skills (BIS) with the approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998. Without limiting the information given, the financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom & the Financial Reporting Manual (FReM) and meet the accounting and disclosure requirements of the Companies Act 2006. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of EEDA for the purpose of giving a true and fair view has been selected. The particular policies adopted by EEDA for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are prepared on the historical cost basis. The Agency was issued with an Accounts Direction on 24 February 2011.

EEDA 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. EEDA 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's that are or will be applicable (references to 'new IFRS's' includes new interpretations and any new amendments to IFRS's and Interpretations). As a result, there have been no changes in accounting policies in the current period.

ii: Basis of consolidation

These accounts take advantage of the exemption provided by Section 230 of the Companies Act 1985 (updated by Section 408 of the 2006 Act) and therefore a separate statement of comprehensive net expenditure for the Agency is not presented. The consolidated accounts comprise the accounts of the Agency and its subsidiary, the Centre for Integrated Photonics (CIP) Ltd, which was incorporated on 19 September 2003. EEDA's other interests in joint venture companies are not considered material and therefore not reported. Details of these interests are shown in note xx to the accounts.

iii: Operating Segments

The Agency has adopted IFRS 8 which requires disclosure of information about the EEDA's operating segments – see note 2 to the accounts. Adoption of this standard does not change the reported financial position or performance of EEDA.

iv: Non current assets- property, plant & equipment

Under IAS 39, Partnership Workspace (property owned and managed by local authorities but where EEDA holds an interest through entitlement to share of disposal proceeds or annual profits) is classified as a non-current asset.

Non current assets are valued at depreciated historic costs. The agency applies the following threshold for capitalisation:

IT Hardware £ 500
Workstations £ 350
Other Furniture & Equipment £ 750

Depreciation is provided to write off the depreciated historic cost of current assets over their anticipated useful lives on a straight line basis at the following annual rates:

Equipment 5 years
IT hardware 3 years

v: Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. The Agency holds no finance leases. However, for the subsidiary CIP see note 1bxxi.

vi: Intangible Assets

Intangible assets include acquired software, software licences and website costs which fall under IAS 38 recognition criteria. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over 3 years as these assets are considered finite.. In addition they are subject to annual impairment testing.

vii: Impairment

The Agency reviews the inventory of development assets by ways of independent valuation of the whole portfolio on an annual basis. Any impairment charge is recognised in the statement of comprehensive net expenditure in the year in which it occurs to the extent that it exceeds previous upward revaluations.

viii: Inventories

Development assets, consisting of land and buildings, are shown at open market value which is the lower of current replacement cost and net realisable value. In accordance with IAS 2, the Agency treats valuations of development assets individually with increases in value being credited to the Revaluation Reserve and reductions in value being charged to the statement of comprehensive net expenditure (to the extent that there is no credit on the Revaluation Reserve against which such a reduction can be charged). Acquisitions and disposals of development assets are accounted for on the date of legal completion.

ix: Loans

Loans are shown net of provision for amounts considered doubtful and net of write-offs for amounts considered irrecoverable. Provision has been made for all loans where recovery appears doubtful. No loan is written off until the impossibility of recovery is beyond doubt. Approval from the Department for Business Innovation & Skills is obtained for any write-off in excess of £250,000.

x: Employee Benefits

Under IAS 19, EEDA includes an accrual for holiday pay which is inclusive of employer's national insurance and pension contributions. This was included as part of the first time adoption of IFRS and is reviewed and amended annually.

xi: Pension costs

Employees of EEDA participate in the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme. The PCSPS is a non-contributory scheme for employees. The Board Members are not members of this or any other pension scheme of EEDA. The Chair has a pension arrangement that is analogous to PCSPS. CIP Ltd has operated a pension scheme on behalf of its employees.

xii: Government grants

EEDA's activities are funded primarily by Grant-in-Aid provided by the Department for Business Innovation & Skills for specified types of expenditure. Grant-in-Aid is used to finance activities and expenditure which supports the statutory and other objectives of the agency. Grants in Aid are treated as financing and are credited to the Grant-in-Aid reserve as they are regarded as contributions from a controlling party.

xiii: European Grants

The agency's activities are funded in part by European funding for specified types of expenditure. European funding grants of a revenue nature are credited to the statement of comprehensive net expenditure in the year to which they relate. European funding grants in respect of capital expenditure are credited to the general reserve and released to the statement of comprehensive net expenditure either over the expected useful life of the asset (for assets that are depreciated) or upon disposal or loss of value (for assets that are not depreciated).

xiv: Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated (but not reversed) at the Statement of Financial Position date where transactions or events have occurred at that date that will result either in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Board consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the financial position date.

xv: Cost of capital

The FReM states that notional cost of capital should no longer be recognised in central government accounts effective from 2010-11. Comparative figures have been restated to reflect this change which only impacts on the statement of comprehensive net expenditure.

xvi: Operating Income

Revenue consists of grants, proceeds from sale of development assets and other income. Grant revenue is recognised based on the terms of the relevant agreement. Proceeds from the sale of development assets are recognised upon completion. Other income is recognised on an accruals base in accordance with the substance of the relevant agreement.

1 b Items relating specifically to CIP Ltd

xvii: Revenue

Revenue is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

In the case of long-term contracts, turnover reflects the contract activity during the period and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

The company receives funding for certain projects on a “matched cost” basis under European Framework 6 Research and Development and Department for Business Innovation & Skills programmes. This funding is recorded as turnover to the extent that the costs for which the funding is available have been incurred. The funding rates vary between 40% and 100%.

Grant income is received from the parent undertaking (EEDA) to enable the company to provide open access to its facilities to small and medium sized entities and other research partners and also to enable the company to carry out fundamental research. The grant is recognised as turnover on a straight line basis over the period to which it relates.

xviii: Research and development

Research and development expenditure is written off in the year in which it is incurred.

xix: Negative goodwill

Negative goodwill is released to the statement of comprehensive net expenditure over the period in which the non-monetary assets are acquired giving rise to the negative goodwill consumed.

xx: Inventory

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

xxi: Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

xxii: Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

xxiii: Long-term contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in inventory to the extent that they cannot be matched with contract work accounted for as revenue. Long-term contract balances included in inventory are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for loss on all contracts in the year in which the loss is first foreseen.

xxiv: Grants

Grants of a revenue nature are credited to the net expenditure account in the same period as the related expenditure.

On consolidation of CIP's accounts, any deferred grants received from EEDA are eliminated as inter-company balances.

xxv: Provisions for liabilities and charges

The terms of CIP Ltd's occupation of the leasehold premises require that the building is reinstated at the end of the period of occupation. Provision is made for the costs that will arise from decommissioning the equipment currently operational in the building.

2: Analysis of Programme expenditure by segments

	2010-2011 £'000	2009-2010 £'000
Grants paid for programme expenditure - public sector	21,647	37,262
Grants paid for programme expenditure - private sector	47,731	85,565
Non-grant programme expenditure	8,497	13,853
	<u>77,875</u>	<u>136,680</u>

The table presents Expenditure and Income information regarding EEDA's operating segments for 2010-2011.

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
EEDA Programme			
Business Support	31,583	(6,976)	24,607
Science, Innovation & High Level Skills	16,987	(558)	16,429
Economic Participation	10,038	(1,497)	8,541
Regional Infrastructure	10,615	(1,745)	8,870
Sustainable Economy	2,508	(66)	2,442
Partnerships, advocacy and communications	664	(4)	660
Strategy & Intelligence	788	(59)	729
EEDA Programme Total	<u>73,183</u>	<u>(10,905)</u>	<u>62,278</u>
ERDF Programme	<u>4,692</u>	<u>(4,776)</u>	<u>(84)</u>
Agency Total 2010-2011	<u>77,875</u>	<u>(15,681)</u>	<u>62,194</u>

Expenditure and Income information on EEDA's operating segments for 2009-10.

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Business Support	47,325	(3,542)	43,783
Science, Innovation & High Level Skills	22,371	(565)	21,806
Economic Participation	26,108	(1,018)	25,090
Regional Infrastructure	19,670	(992)	18,678
Sustainable Economy	5,371	(1,634)	3,737
Partnerships, advocacy and communications	1,576	(5)	1,571
Strategy & Intelligence	1,091	(1)	1,090
EEDA Programme Total	<u>123,512</u>	<u>(7,757)</u>	<u>115,755</u>
ERDF Programme	<u>13,168</u>	<u>(13,168)</u>	<u>-</u>
Agency Total 2009-2010	<u>136,680</u>	<u>(20,925)</u>	<u>115,755</u>

Segment information

For management purposes, EEDA has five delivery programmes, two foundation programmes and a European Regional Development Fund. Management monitors the operating results of its programmes for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating net expenditure. EEDA does not include assets or liabilities into the segment information as they are managed on a group basis and are not allocated to operating segments.

3: Staff numbers and related costs

	Group			Group		
	2010-2011			2009-2010		
	Permanently employed staff £'000	Others £'000	Total £'000	Permanently employed staff £'000	Others £'000	Total £'000
Board Members						
Board Members fees	409	-	409	379	-	379
Pension costs	68	-	68	33	-	33
Social security costs	15	-	15	17	-	17
Compensation for loss of office	10	-	10	100	-	100
Staff						
Wages and Salaries	9,369	-	9,369	9,425	-	9,425
Pension costs	1,730	-	1,730	1,777	-	1,777
Social Security costs	1,007	-	1,007	933	-	933
Other						
Temporary Staff costs	-	298	298	-	1,140	1,140
Other staff costs	-	16	16	-	253	253
Secondment Staff	-	213	213	-	458	458
Redundancy and early retirement costs	1,525	-	1,525	1,422	-	1,422
Sub-Total	14,133	527	14,660	14,086	1,851	15,937
Less recovery in respect of outward secondment	-	(134)	(134)	-	(210)	(210)
Total net costs	14,133	393	14,526	14,086	1,641	15,727

During the year ended 31 March 2011, an amount was paid to a director of the subsidiary undertaking to compensate for early termination of his service contract and for loss of employment.

	Agency			Agency		
	2010-2011			2009-2010		
	Permanently employed staff £'000	Others £'000	Total £'000	Permanently employed staff £'000	Others £'000	Total £'000
Board Members						
Board Members fees	201	-	201	232	-	232
Pension costs	23	-	23	20	-	20
Social security costs	15	-	15	17	-	17
Staff						
Wages and Salaries	7,786	-	7,786	7,966	-	7,966
Pension costs	1,616	-	1,616	1,762	-	1,762
Social Security costs	822	-	822	767	-	767
Other						
Temporary Staff costs	-	298	298	-	1,140	1,140
Other staff costs	-	16	16	-	254	254
Secondment Staff	-	213	213	-	458	458
Redundancy and early retirement costs	1,525	-	1,525	1,422	-	1,422
Sub-Total	11,988	527	12,515	12,186	1,852	14,038
Less recovery in respect of outward secondment	-	(134)	(134)	-	(210)	(210)
Total net costs	11,988	393	12,381	12,186	1,642	13,828

Included within the figure for Wages and Salaries is an accrual of £83,480 relating to holiday entitlement not yet taken by employees.

The pension details are laid out in the remuneration report.

Reporting of Civil Service and other compensation schemes – exit packages

2010-2011

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by band £
<£10,000	4	9	65,739
£10,000 - £25,000	1	25	440,912
£25,000 - £50,000	-	19	666,483
£50,000 - £100,000	-	3	159,019
£100,000 - £150,000	-	1	102,061
>£150,000	-	-	-
Total number of exit packages by type	5	57	
Total resource cost	19,895	1,414,319	1,434,214

2009-2010

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by band £
<£10,000	1	-	5,195
£10,000 - £25,000	5	-	74,640
£25,000 - £50,000	5	-	170,710
£50,000 - £100,000	4	-	295,369
£100,000 - £150,000	3	-	361,950
>£150,000	-	-	-
Total number of exit packages by type	18	-	
Total resource cost	907,864	-	907,864

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted in the year of departure which results in some accruals being made. The table by band above shows actual payments made rather than accrued sums for 2009-10 and 2010-11. Where early retirements have been agreed, the additional costs are met by the employer and not the Civil service pension scheme. Any ill health retirement costs are met by the pension scheme and are not included in the table.

Average staff numbers of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

Group	2010-2011			2009-2010		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Senior Managers	12	-	12	14	-	14
Staff	251	-	251	253	-	253
Secondees	-	5	5	-	10	10
Temporary Staff	-	5	5	-	19	19
Total	263	10	273	267	29	296

Agency	2010-2011			2009-2010		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Senior Managers	7	-	7	7	-	7
Staff	206	-	206	213	-	213
Secondees	-	5	5	-	10	10
Temporary Staff	-	5	5	-	19	19
Total	213	10	223	220	29	249

Seconded Staff

Staff seconded from the following organisations during the account period:

Name of organisation	No of staff
Government Offices for the East of England	1
UK Border Agency	1
Social Enterprise People	1
Essex County Council	1
Highways Agency	1

Loans to employees

There were no loans outstanding to employees at 31 March 2011

4 Other Expenditure

	Note	Group 2010-2011 £'000	Group 2009-2010 £'000	Agency 2010-2011 £'000	Agency 2009-2010 £'000
Travel and subsistence		526	685	476	615
Other Staff Costs		390	264	348	249
Office Costs		1,906	2,038	1,206	1,555
Estate management		193	245	193	245
Marketing and PR		301	238	237	201
Professional costs		525	1,025	398	901
IT and communication		142	119	89	77
Irrecoverable VAT		514	668	514	668
Research costs		12	-	-	-
Cost of Sales		1,094	789	-	-
Financial asset w/o	9	-	(2)	-	(2)
Profit on disposal of non current asset		(30)	(6)	-	-
Bad and Doubtful debts movement		1,503	(186)	1,433	(189)
Other financial assets revaluation		23	10	23	10
Downward revaluation of inventory		1,405	-	1,405	-
Other expenditure		8,504	5,887	6,322	4,330

Auditors' remuneration (part of Professional costs)

Statutory Accounts		72	73	58	59
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Operating lease rentals

Plant and machinery (part of Office Costs)		958	1493	552	1126
Other (part of Travel and Subsistence)		142	208	141	189

Included in the office costs are those in respect of EEDA's accommodation. These are a head office at Histon near Cambridge and a sub-regional office at Thetford. Office costs in respect of CIP Ltd are the premises at Adastral Park, Martlesham Heath near Ipswich.

5. Income

	Group 2010-2011 £'000	Group 2009-2010 £'000	Agency 2010-2011 £'000	Agency 2009-2010 £'000
Proceeds from Disposal of Assets				
Disposal Inventory	618	-	618	-
Disposal Investment Asset	-	2,275	-	2,275
Release from General Reserve	-	408	-	408
Release from Revaluation Reserve	203	710	203	710
	821	3,393	821	3,393
Rental Income	140	610	140	994
Subsidiary Turnover	<u>2,861</u>	<u>3,414</u>	<u>-</u>	<u>-</u>
Self generated Income	3,822	7,417	961	4,387
European funding	<u>10,712</u>	<u>17,673</u>	<u>10,712</u>	<u>17,673</u>
Other Grants	1,528	2,951	1,528	2,951
Other Income	3,599	551	3,461	301
Other Income	5,127	3,502	4,989	3,252
Total Income	19,661	28,592	16,662	25,312
Interest receivable				
Bank Deposit	9	23	9	23
Other	529	59	529	59
	538	82	538	82

6. Intangible Asset

	Group Total £'000	Agency Total £'000
Cost or valuation		
At 1 April 2010	3,337	3,337
Additions	249	249
Transfer from tangible asset	201	201
Disposals	(540)	(540)
At 31 March 2011	<u>3,247</u>	<u>3,247</u>
Amortisation		
At 1 April 2010	2,346	2,346
Charged in year	495	495
Transfer from tangible asset	67	67
Disposal	(537)	(537)
At 31 March 2011	<u>2,371</u>	<u>2,371</u>
Net book value at 31 March 2010	991	991
Net book value at 31 March 2011	876	876
Asset financing		
Owned	876	876
Net book value at 31 March 2011	<u>876</u>	<u>876</u>

Intangible assets comprise software licences, computer software and website costs, the latter only to the extent where they will deliver future service potential.

	Group Total £'000	Agency Total £'000
Cost or valuation		
At 1 April 2009	2,682	2,682
Additions	655	655
At 31 March 2010	<u>3,337</u>	<u>3,337</u>
Amortisation		
At 1 April 2009	1,679	1,679
Charged in year	667	667
At 31 March 2010	<u>2,346</u>	<u>2,346</u>
Net book value at 31 March 2009	1,003	1,003
Net book value at 31 March 2010	991	991
Asset financing		
Owned	991	991
Net book value at 31 March 2010	<u>991</u>	<u>991</u>

7. Property, plant and equipment

Group	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation				
At 1 April 2010	1,739	2,860	1,459	6,058
Additions	63	127	7	197
Transfer to intangible asset	(200)	-	-	(200)
Disposals	(489)	-	(147)	(636)
At 31 March 2011	1,113	2,987	1,319	5,419
Depreciation				
At 1 April 2010	801	1,038	1,173	3,012
Charged in year	444	969	110	1,523
transfer to intangible asset	(67)	-	-	(67)
Disposals	(489)	-	(147)	(636)
At 31 March 2011	689	2,007	1,136	3,832
Net book value at 31 March 2010	938	1,822	286	3,046
Net book value at 31 March 2011	424	980	183	1,587
Asset financing				
Owned	424	980	183	1,587
Net book value at 31 March 2011	424	980	183	1,587

Group	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation				
At 1 April 2009	1,125	2,775	1,370	5,270
Additions	614	113	89	816
Disposals	-	(28)	-	(28)
At 31 March 2010	1,739	2,860	1,459	6,058
Depreciation				
At 1 April 2009	513	733	1,048	2,294
Charged in year	288	308	125	721
Disposals	-	(3)	-	(3)
At 31 March 2010	801	1,038	1,173	3,012
Net book value at 31 March 2009	612	2,042	322	2,976
Net book value at 31 March 2010	938	1,822	286	3,046
Asset financing				
Owned	938	1,822	286	3,046
Net book value at 31 March 2010	938	1,822	286	3,046

Agency	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation			
At 1 April 2010	1,739	1,460	3,199
Additions	62	7	69
Transfer to intangible asset	(200)	-	(200)
Disposals	(489)	(146)	(635)
At 31 March 2011	1,112	1,321	2,433
Depreciation			
At 1 April 2010	801	1,173	1,974
Charged in year	444	110	554
Transfer to intangible asset	(67)	-	(67)
Disposals	(489)	(147)	(636)
At 31 March 2011	689	1,136	1,825
Net book value at 31 March 2010	938	287	1,225
Net book value at 31 March 2011	423	185	608
Asset financing			
Owned	423	185	608
Net book value at 31 March 2011	423	185	608

Agency	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation			
At 1 April 2009	1,125	1,370	2,495
Additions	614	90	704
Disposals	-	-	-
At 31 March 2010	1,739	1,460	3,199
Depreciation			
At 1 April 2009	513	1,048	1,561
Charged in year	288	125	413
Disposals	-	-	0
At 31 March 2010	801	1,173	1,974
Net book value at 31 March 2009	612	322	934
Net book value at 31 March 2010	938	287	1,225
Asset financing			
Owned	938	287	1,225
Net book value at 31 March 2010	938	287	1,225

Computer software costs and website costs have been reclassified under IAS 38 and transferred to intangible assets.

8. Other Financial Asset

	Partnership workspace 2010-2011 £'000
Cost or valuation	
At 1 April 2010	223
Revaluation	(23)
	<u>200</u>

9. Impairment

The impairment losses recognised in the 2010-11 net expenditure account in respect of inventories (development assets only) was £1.405 million (2009-10 £10,101)

10. Inventories

	Group 2010-2011 £'000	Group 2009-2010 £'000
Raw materials	296	138
Work in progress	-	54
Finished goods	265	382
Development Assets	8,072	11,315
Total Inventories	<u>8,633</u>	<u>11,889</u>

Development Assets	Agency 2010-2011 £'000	Agency 2009-2010 £'000
At 1 April	11,315	11,219
Additions in period	267	(7)
Book value of disposals	(2,383)	
Net revaluation taken to reserve	278	113
Downward revaluation taken to Statement of Comprehensive Net Expenditure	(931)	
Write down in period	(474)	(10)
Balance at 31 March	<u>8,072</u>	<u>11,315</u>

Development Assets

An independent valuation of the whole portfolio of development assets was carried out as at 31 March 2011 by Roche Chartered Surveyors. Valuations are carried out annually in accordance with the Practice Statements contained in the Appraisal and Valuation Standards Fifth Edition published by the Royal Institute of Chartered Surveyors and the Agency's accounting policy.

11. Trade receivables and other current assets due within one year

	Group	Group
	2010-2011	2009-2010
	£'000	£'000
Trade receivables	3,259	1,841
Prepayments	323	400
EC and other grants	3,366	16,024
Accrued Income	5,153	593
Other trade receivables	80	85
Value added tax	65	217
Interest receivable	1	2
Corporation tax	392	378
Trade receivables – Analysis of balances	<u>12,639</u>	<u>19,540</u>

	Group	Group
	2010-2011	2009-2010
	£'000	£'000
Balances with other central government bodies	5,964	18,314
Balances with local authorities	118	138
Sub total – intra government balances	<u>6,082</u>	<u>18,452</u>
Balances with bodies external to government	6,557	1,088
	<u>12,639</u>	<u>19,540</u>

	Agency	Agency
	2010-2011	2009-2010
	£'000	£'000
Trade receivables	2,731	728
Prepayments	227	320
EC and other grants	3,366	16,024
Accrued Income	5,153	593
Other trade receivables	2,376	2,648
Value added tax	48	165
Interest receivable	1	2
Corporation tax	392	372
Trade receivables – Analysis of balances	<u>14,294</u>	<u>20,852</u>

12. Cash and cash equivalents

	Group 2010-2011 £'000	Group 2009-2010 £'000	Agency 2010-2011 £'000	Agency 2009-2010 £'000
Balance at 01 April	19,212	18,361	19,112	18,356
Net changes in cash and cash equivalent balances	(4,677)	851	(4,796)	756
Balance at 31 March	14,535	19,212	14,316	19,112
The following balances at 31 March were held at:				
Commercial banks and cash in hand	14,535	19,212	14,316	19,112
Balance at 31 March	14,535	19,212	14,316	19,112

13. Trade payables and other current liabilities due within one year

	Group 2010-2011 £'000	Group 2009-2010 £'000
Bank loans and overdrafts	-	17
Payments received on account	-	399
Trade payables	4,976	9,972
Accruals	25,488	42,526
Other payables	76	74
Tax and social security	474	573
ERDF Grant Advance	-	13,578
	31,014	67,139

Trade payables – Analysis of balances

	Group 2010-2011 £'000	Group 2009-2010 £'000
Balances with other central government bodies	12	13,854
Balances with local authorities	1,613	1,813
Sub total - intra-government balances	1,625	15,667
Balances with bodies external to government	29,389	51,472
	31,014	67,139

	Agency 2010-2011 £'000	Agency 2009-2010 £'000
Payments received on account	-	207
Trade payables	4,747	9,751
Accruals	24,221	42,329
Tax and social security	423	455
ERDF Grant Advance	-	13,578
	29,391	66,320

14. Provision for liabilities and charges

	Group 2010-2011 £'000	Group 2009-2010 £'000
Balance at 1 April	1,173	1,604
Provided in the year	269	232
Provisions utilised in the year	(66)	(663)
Balance at 31 March	<u>1,376</u>	<u>1,173</u>
	Group 2010-2011 £'000	Group 2009-2010 £'000
Deferred taxation		
At 1 April	22	(14)
Provision for the year	(84)	36
At 31 March	<u>(62)</u>	<u>22</u>
Early retirement		
At 1 April	849	723
Provision for the year	332	146
Released in year	(26)	(20)
At 31 March	<u>1,155</u>	<u>849</u>
By Analogy Pension Provision		
At 1 April	245	195
Provision for the year	14	50
Released in year	(40)	-
At 31 March	<u>219</u>	<u>245</u>
Decommissioning cost (see note below)		
At 1 April	57	700
Provision for the year	7	
Released in year	-	(643)
At 31 March	<u>64</u>	<u>57</u>
Total provisions	<u>1,376</u>	<u>1,173</u>

14. Provision for liabilities and charges

	Agency 2010-2011 £'000	2009-2010 £'000
Balance at 1 April	1,086	903
Provided in the year	345	203
Provisions utilised in the year	(66)	(20)
Balance at 31 March	<u>1,365</u>	<u>1,086</u>

	Agency 31/03/2010 £'000	31/03/2009 £'000
Deferred taxation		
At 1 April	(9)	(15)
Provision for the year	(1)	7
At 31 March	<u>(10)</u>	<u>(8)</u>

Early retirement		
At 1 April	849	723
Provision for the year	332	146
Released in year	(26)	(20)
At 31 March	<u>1,155</u>	<u>849</u>

By Analogy Pension Provision		
At 1 April	245	195
Provision for the year	14	50
Released in year	(40)	-
At 31 March	<u>219</u>	<u>245</u>

Total provisions	<u>1,364</u>	<u>1,086</u>
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Deferred taxation

Provision for deferred taxation is in respect of accelerated capital allowances which are fully provided for at a corporation tax rate of 20% (2009-10 21%).

Early retirement

Provision has been made for early retirement costs relating to specific staff who have left the agency following either organisation review or voluntary exit schemes in anticipation of closure.

By Analogy Pension

With the approval of the Department for Business Innovation & Skills, pension schemes have been put in place for the present and former Chair with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which are funded directly by the Agency. On retirement, payment of the Chair's pension will be the responsibility of the Agency,

Decommissioning cost

During the prior year the lease on the subsidiary company's property expired, and a new lease is currently being negotiated. The decommissioning provision has been recalculated in accordance with anticipated terms of the lease, revised estimates of the actual decommissioning costs that might be incurred and on the assumption that the company will occupy the property for the full terms of the new lease.

The provision recognised represents what the directors believe to be the cost of decommissioning discounted back to 31 March 2011 using a discount rate of 8.75%.

15: General reserve

	Group 2010-2011 £'000	Group 2009-2010 £'000	Group 2008-2009 £'000
Activities in relation to subsidiary			
Balance as at 1 April	277	(444)	587
Release to Statement of Comprehensive Net Expenditure	49	10	
Movement in relation to consolidation	(1,856)	711	(255)
Balance as at 1 April	(1,530)	277	(444)
Pension			
Balance as at 1 April	(245)	(195)	(195)
(Gains)/Losses	(42)	-	-
Additions to reserve in period	28	(50)	-
Released in year	40	-	-
Balance as at 31 March	(219)	(245)	(195)
Total Balance as at 31 March	(1,749)	32	(232)

16. Commitment under leases

As at 31 March 2011 EEDA had annual commitments under operating leases as follows:

	Group 2010-2011 Buildings £'000	Group 2010-2011 Other £'000	Agency 2010-2011 Buildings £'000	Agency 2010-2011 Other £'000
<i>Leases Expiring:-</i>				
- within one year	-	109	-	109
- between one and five years	360	33	360	32
- over 5 years	598	-	192	-
	958	142	552	141
	Group 2009-2010 Buildings £'000	Group 2009-2010 Other £'000	Agency 2009-2010 Buildings £'000	Agency 2009-2010 Other £'000
<i>Leases Expiring:-</i>				
- within one year	-	118	-	100
- between one and five years	934	90	934	89
- over 5 years	559	-	192	-
	1,493	208	1,126	189

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

17. Other financial commitments

	Group 2010-2011 £'000	Group 2009-2010 £'000	Agency 2010-2011 £'000	Agency 2009-2010 £'000
Expenditure authorised by the Board at 31 March amounted to:				
Let contracts	6,836	11,794	6,836	11,790
Grant Offers	20,053	117,727	20,053	117,727
Financial Commitments	<u>26,889</u>	<u>129,521</u>	<u>26,889</u>	<u>129,517</u>

18. Contingent liabilities disclosed under IAS 37

Redundancy costs have been accrued for within these accounts for all staff with leaving dates prior to 30 June 2011 agreed by the end of the financial year 2010-11. Further redundancy costs, both voluntary and compulsory, for all remaining staff are expected to arise as a result of the final closure of the agency over the course of the next twelve months. The extent of these costs is unquantifiable as they are dependent upon individual decisions by staff on when, or whether, to take-up voluntary terms.

19. Financial Instruments

EEDA has no borrowings and draws down cash monthly from BIS to meet its requirement and is therefore not exposed to liquidity risks. It has no material deposits and all material liabilities are denominated in sterling, so it is not exposed to interest rate risk, currency or market risk.

20. Interest in subsidiaries and joint ventures

Subsidiary – Company limited by guarantee

Name of undertaking	Interest	Year end	Nature of business
Centre for Integrated Photonics Ltd (CIP Ltd)	100%	31 st March	Promotion, research, development and exploitation in the fields of photonics, nanotechnology and optics.

The accounts of CIP Ltd have been consolidated with those of the Agency.

Key financial results

	CIP 2010-2011 £'000	2009-2010 £'000	Agency Share 2010-2011 £'000	2009-2010 £'000
Gross operating income	2,999	3,283	2,999	3,283
Gross operating expenditure	(5,295)	(3,766)	(5,295)	(3,766)
Taxation	<u>360</u>	<u>(28)</u>	<u>360</u>	<u>(28)</u>
Profit/(Loss) for the year after taxation	(1,936)	(511)	(1,936)	(511)
Consolidation adjustments	<u>406</u>	<u>788</u>	<u>406</u>	<u>788</u>
Consolidated (loss)/profit for the year	<u>(1,530)</u>	<u>277</u>	<u>(1,530)</u>	<u>277</u>
Net assets at 31 March	<u>(1,530)</u>	<u>277</u>	<u>(1,530)</u>	<u>277</u>

CIP Ltd currently has outstanding liabilities to EEDA of £2.322m.

Joint ventures – Company limited by shares

Name of undertaking	Interest	Year end	Nature of business
Bedfordshire Consortium Ltd	50%	30 th April	Facilitation and management of the joint investment of funds into a major project delivery company, NIRAH Holdings Ltd.

During 2005-06, the Agency gained Section 5(2)(c) consents from the Department for Business Innovation & Skills to form the above company and make it a loan. Total loans of £2m were advanced in 2005-06 and 2006-07, the repayment of which was, and still is, considered doubtful. These were fully provided against during 2006-07. Since then, interest of £1,130,308 has accrued on the loan, including £161,345 in 2010-11 (£164,748 in 2009-10), which is also fully provided against on an annual basis. The total outstanding loan at 31 March 2011 was £3,130,308 (£2,968,963 at 31 March 2010).

Joint ventures – Companies limited by guarantee

Name of undertaking Interest Nature of business

Name of undertaking	Interest	Nature of business
Opportunity Peterborough UR C Ltd	33.3%	Regeneration of the Peterborough area (withdrawn 31 March 2011)
Renaissance Southend URC Ltd	33.3%	Regeneration of Southend (withdrawn 31 March 2011)
1 st East URC Ltd	50%	Regeneration of Lowestoft & Great Yarmouth (withdrawn 31 March 2011)
Harlow Renaissance Ltd	25%	Regeneration of Harlow (<i>withdrawn 31 March 2011</i>)
Luton Gateway Limited	20%	Regeneration of Luton and South Bedfordshire (withdrawn 25 November 2011)

These companies were established primarily to facilitate joint strategies and project delivery in their respective areas. The majority of their activities were administrative in nature and, as such, the assets and liabilities of the companies at the year end were not considered material and therefore not consolidated. EEDA was a member of these organisations during 2010-11 but had withdrawn (as shown above) by 31 March 2011.

21. Going Concern

Following the general election last year, the coalition Government outlined a series of proposed changes to how local economic development will be delivered, including its intention to abolish the Regional Development Agencies. Since EEDA was established by statute through the Regional Development Agencies Act 1998, further legislation is required to effect its abolition. To this end, the Government published the Public Bodies Bill in Parliament on 29 October 2010. Whether EEDA will be abolished, and any resulting timetable for abolition, is subject to the passage of this legislation and has yet to be decided.

Ministers have confirmed that there will be an orderly transition to closure and that some Regional Development Agency activities will transfer to other parts of government. These have already begun; inward investment activity transferred to UKTI on 1 April 2011; and the ERDF programme transferred to the Department for Communities and Local Government and the RDPE programme transferred to the Department for the Environment, Food and Rural Affairs both with effect from 1 July 2011. A series of further transfers to other parts of Government are planned throughout 2011-12.

As a result of the proposal to abolish the agency, EEDA has prepared plans to divest its interest in all subsidiaries and joint ventures, including CIP. Directors of both CIP and EEDA have been engaged in negotiations with potential purchasers and a successful sale of 40% of EEDA's interest has been concluded (see note 22 below) as a result of which the company will be able to continue trading.

Management have considered the circumstances described above. Whilst there is a material uncertainty over the future of the organisation, management have concluded that, in the absence of the passing of the legislation necessary to abolish EEDA, it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and group financial statements until such time as this legislation is passed.

22. Events after the Reporting Period

On 6 July 2011, the Government announced its intention to transfer certain development land and property assets from Regional Development Agencies to the Homes and Communities Agency (HCA) for management under a stewardship arrangement. Under this arrangement, HCA will continue to develop the related assets to deliver economic benefits, taking account of the purposes for which they were originally acquired.

The transfer is expected to take effect on 19 September 2011. The transfer order includes a number of EEDA's assets that are currently included in these accounts under the heading of Inventories – note 10. Details of the assets intended for transfer will be announced when the transfer order is agreed. The transfers will be at the current carrying value of the relevant assets and no gain or loss on transfer will arise.

The ERDF transfer on 1 July 2011 (see note 21 above) will have the financial impact of reducing programme expenditure. In 2010-11, the ERDF programme costs totalled £4.7m.

On 5 July 2011, EEDA completed the sale of 40% of its interest in CIP.

The authorised date for issue is 14 July 2011. This is the date on which the certified accounts are dispatched by the Agency's Management to the Secretary of State.

23. Chief executive and executive director's business interests

Chief executive and executive directors business interest

Name	Business Interests	Position
Deborah Cadman	Suffolk Foundation	Trustee
Steve Cox	Bedfordshire Consortium Ltd Cambridgeshire Horizons Ltd Harlow Renaissance Ltd (resigned 31 March 2010) Luton Gateway Ltd (resigned 25 November 2010) South Anglian Housing Association	Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Paul May	Ocuity Axonica	Chairman Director

24. Related party transactions

EEDA is an executive NDPB of Department for Business Innovation & Skills. During the year, EEDA had significant transactions with this department and with other entities for which the Department for Business Innovation & Skills is regarded as the parent and in particular with other RDAs. EEDA has also had a number of transactions with other Government departments and other Central Government bodies, including the Homes & Communities Agency and the Department for Communities and Local Government. In addition, the Agency was involved in the following related party transactions and proposals during the period which are considered material:

Board members related party transactions

Related party	Name	Position in party	Payments 2010-2011 £	Receipts 2010-2011 £	Amounts due at 31 March 2011	Nature of payment/receipt
Audio Analytic Ltd	Dr Robert Swann	Director	20,000			Grants
British Telecom PLC	Peter McCarthy-Ward	Director, East of England Director/contractor	6,772		- 2,805	Services
Cambridgeshire County Council	Shona Johnstone	Councillor	12,458 1,580,263	5,000		Services Grants
Cambridge Temperature Concepts	Dr Robert Swann	Investor	14,928			Grants
East of England Tourist Board	The Earl of Iveagh Arthur Edward Rory Guinness	Non-executive Director	1,089,741			Grants Services
East of England IDB	Karen Livingstone	Non-executive Director	312,080 22,234,243	15	2,973,492	Services Grants
Hycagen Ltd	Dr Robert Swann	Investor	36,493			Grants
Institute of Directors	Stuart Evans	Member	325			Services
Keystone Development Trust	Sheila Childerhouse	Director	733 10,241			Services Grants
Kings Lynn & West Norfolk BC	Paul Burall	Councillor		1,350		Services
Local Government Association	Shona Johnstone	Member	300			Services
SM Antenna (formerly Microantennae) Ltd	Dr Robert Swann	Investor	26,965		9,751	Grants
Opportunity Peterborough	Marco Cereste	Director	247,363		11,980	Grants
Peterborough City Council	Marco Cereste	Member	1,451,869 1,029			Grants Services
Royal Norfolk Agricultural Association	Sheila Childerhouse	Member	6,000			Services
Suffolk Agricultural Association	The Earl of Iveagh Arthur Edward Rory Guinness	Council Trustee	5,000			Services
University of Essex	Professor Colin Bryan Riordan	Director	21,253 2,500		3,000	Grants Services
University Campus Suffolk	Professor Colin Bryan Riordan	Chair	1,319,859		250,000	Grants
		Total	28,400,415	7,053	3,245,418	

25. Losses and special payments

In accordance with the provisions of the Accounts Direction, the Agency must summarise all losses and special payments made during the year. These are set out in the table below:

2010-11	Losses under £1,000	Special payments under £25,000
Number of instances	2	-
2009-10	Losses under £1,000	Special payments under £25,000
Number of instances	4	-

26. Long term loans

	Group		Agency	
	2010-2011	2009-2010	31/03/2010	31/03/2009
	£'000	£'000	£'000	£'000
At 1 April	2,463	2,795	2,463	2,795
Additions (Interest)	667	57	667	57
Less amounts paid in prior year	-	0	-	-
Less amounts paid in the year	-	(389)	-	(389)
	<u>3,130</u>	<u>2,463</u>	<u>3,130</u>	<u>2,463</u>
Less provision for doubtful debts	(3,130)	(2,463)	(3,130)	(2,463)
At 31 March 2011	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The loan interest for Bedfordshire Consortium Ltd had been mis-stated in previous years and has been recalculated. Accordingly EEDA has revised the doubtful debt provision to show an additional £ 506,374 i.e. the loan has been fully provided for.

Appendix: Code of Best Practice

Introduction

1. This document sets out a Code of Best Practice for board members of the East of England Development Agency (EEDA).

Board Constitution and Membership

2. The EEDA Board shall consist of not less than eight and no more than 15 members appointed by the Secretary of State. A quorum of the Board shall be 50% (half) of Board Members plus one.
3. Before appointing a person to be a member of EEDA, the Secretary of State shall consult: -
 - (a) such persons as appear to him to represent local authorities whose areas fall to any extent within the Agency's area;
 - (b) such persons as appear to him to represent employers in the Agency's area;
 - (c) such persons as appear to him to represent employees in the Agency's area;
 - (d) such persons as appear to him to represent the interests of those who live, work or carry on business in rural parts of the Agency's area;
 - (e) such other persons as he considers appropriate.

Public Service Values

4. The Board of EEDA will at all times:-
 - observe the highest standards of propriety, impartiality, integrity and objectivity in relation to stewardship of public funds and management of EEDA's affairs;
 - in accordance with government policy on openness, comply fully with the principles of "Service First - The New Charter Programme", EEDA's Code of Access and the Code of Practice on Access to Government Information;
 - be accountable to Parliament and users of services for EEDA's activities, its stewardship of public funds and the extent to which key performance targets and objectives have been met;
 - maximise value for money through ensuring that services are delivered in the most efficient, effective and economical way, within available resources, and with independent validation of performance achieved wherever practicable.

Relationship with central government

5. The nominated Minister of the sponsoring department is answerable to Parliament for the policies and performance of EEDA, including its use of resources and the policy framework within which it operates. As and when directed EEDA will also be responsive to requests for information from and attendance at House of Commons Select Committees.

Role of the chair

6. Communications between the board of EEDA and the Minister will normally be through the Chair, except where the Board has agreed that an individual member should act on its behalf. Nevertheless, an individual Board Member has the right of access to Ministers on any matter that he or she believes raises important issues relating to his or her duties as a member of the Board. In such cases the agreement of the rest of the Board would normally be sought.
7. The main point of contact between EEDA and the sponsoring department on day-to-day matters will normally be the chief executive or another member of staff who is authorised to act on behalf of EEDA.

8. The Chair will ensure that all members of the board, when taking up office, are fully briefed on the terms of their appointment, and on their duties and responsibilities. They will be given a copy of this Code of Best Practice; the Management Statement and Financial Regulations; the latest Corporate Plan; "The Responsibilities of a NDPB Accounting Officer", the Treasury handbook "Regularity and Propriety", notes describing EEDA's organisational structure and the statutory basis of operation and the rules and procedures of the Board. Each board member will attend an induction course on the duties of Board Members of public bodies and other suitable training related to their new responsibilities.
9. The Chair has particular responsibility for providing effective strategic leadership on matters such as:
 - formulating the board's strategy, in conjunction with the chief executive, for discharging its statutory duties;
 - representing the views of the board to the general public;
 - ensuring the board, in reaching decisions, takes proper account of guidance provided by the nominated Minister of the sponsoring department;
 - encouraging high standards of propriety, promoting efficient and effective use of staff and other resources throughout the organisation; and
 - providing an assessment of performance of individual board members, on request, when they are being considered for re-appointment to the Board or appointment to the Board of some other public body.
10. The chair will ensure that the board meets on a regular basis, which it has agreed should be monthly. The meetings shall be held in all parts of the East of England and the minutes of the meetings shall accurately record decisions taken and, where appropriate, the views of individual board members.

Corporate responsibilities of board members

11. Members of the board have corporate responsibility for ensuring that EEDA complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of board members include:-
 - establishing the overall strategic direction of EEDA within the policy and resources framework agreed with the Minister;
 - formulating a strategy for implementing the Code of Practice on Access to Government Information, including prompt response to public requests for information;
 - ensuring that the board operates sound environmental policies and practices in accordance with government policy and other relevant guidance;
 - ensuring that high standards of corporate governance are observed at all times;
 - overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
 - ensuring that, in reaching decisions, the board has taken into account any guidance issued by the sponsoring department;
 - ensuring that the board operates within the limits of its statutory authority; within the limits of the Board's delegated authority agreed with the sponsoring department; and in accordance with any other conditions relating to the use of public funds; and
 - ensuring that the Agency is fully committed to equal opportunities, including workforce balance, our relationships with partners and the organisations which the Agency funds.
12. The board of EEDA is established under statute and has corporate responsibility for all actions taken by board members, including any wrongful ones. This means that, if judgement is made against the board, any financial settlement will normally (except for such cases set out in paragraph 13) be met out of EEDA's resources rather than from the personal assets of individual board members.

Responsibilities of Individual board members

13. Individual board members have wider responsibilities as members of the board. These include the duty to comply at all times with this Code of Best Practice (or any agreed modification of it) and with rules relating to the use of public funds; and to act in good faith and in the best interests of EEDA. At all times they will follow the “Seven Principles of Public Life” set out by the Committee on standards in public life (the Nolan Committee). They will not use information gained in the course of their public service for personal gain or for political purposes; nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations. All Board Members will comply with the board's rules on the acceptance of gifts and hospitality.
14. Except for local councillors and Peers in relation to their conduct in the House of Lords, no board member should occupy a paid party political post or hold particularly sensitive or high profile unpaid roles in a political party. Board members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise proper discretion, particularly in regard to the work of the board. On matters directly affecting that work, they will not make political speeches or engage in other political activities.
15. Although any legal proceedings initiated by a third party are likely to be brought against the board, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the chair or other individual board members. For example, a board member may be personally liable if he or she makes a fraudulent or negligent statement that results in loss to a third party. A board member who misuses information gained by virtue of his or her position may be liable for breach of confidence under common law or under insider dealing legislation.
16. An individual board member who has acted honestly, reasonably, in good faith and without negligence will not be required to meet out of his or her personal resources any personal civil liability that is incurred in execution or purported execution of his or her board function, except where that Board Member has acted recklessly. Board members who need further advice should consult the board's legal advisers.
17. The arrangements for appointing individual board members make it possible to remove him or her from office if he or she fails to perform the duties required of a Board Member to the standards expected of persons who hold public office.

Handling Conflicts of Interest

18. The chair and other board members will declare any personal or business interests that may conflict with their responsibilities as Board Members. The board has drawn up codes of conduct for board members that ensure that such conflicts are identified at an early stage and that appropriate action can be taken to resolve them. This includes a register of interests of board members that is open for public inspection. The register will list direct or indirect pecuniary interests which members of the public might reasonably think could influence judgement. It will also include non-pecuniary interests of members that relate closely to EEDA's activities and interests of close family members and persons living in the same household as the board member. Indirect pecuniary interests arise from connections with bodies that have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest. Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.
19. EEDA will make the register of interests open to the public. Details of how access can be obtained will be available widely and included in Annual Reports. The register will be published annually. Board members are required to update their entry in the register as changes occur.
20. The rules of conduct for board members include the following:-
 - i. Board members will not participate in the discussion or determination of matters in which they have a direct pecuniary interest. Should a member become aware of a conflict during the course of a meeting, this should be declared at once, for inclusion in the minutes and they should withdraw from the meeting.
 - ii. When an interest is not of a direct pecuniary kind, Board members will consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This is interpreted in the sense that board members might unfairly regard with favour, or disfavour, the case of a party to the

matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, board members will assess whether they, a close family member, a person living in the same household as the board member, or a firm, business or other organisation with which the board member is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a board member was connected was significantly better placed than others to win it.

- iii. In instances covered by 20i and 20ii, where board members do not participate in the discussion or determination of a matter, they will normally withdraw from the meeting, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other board members present.
- iv. Whether or not board members are able, in the light of the considerations above, to participate in the discussion or determination of a matter, they will declare when practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They will also disclose any interests in it, of which they are aware, on the part of close family members and persons living in the same household as the board member. In addition, board members will consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the board member's judgement.

Delegation

21. Board Members serve on a part-time basis. To the extent permitted by the originating legislation or other provisions under which the Agency is established, responsibility for day-to-day management matters is delegated so far as is practicable, within a clearly understood framework of strategic control.

A member may not act in relation to any matter delegated to them if they are in any way directly or indirectly interested in that matter.

22. The board will over time issue internal guidance covering those matters delegated to staff and those reserved for decision by the board. The latter will include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues including key appointments and standards of conduct. Board sub-committees have been created to address audit, resources and remuneration issues.

Strategic Planning and Control

23. One of the main tasks of the board is oversight of the production of a Corporate Plan. The process of preparing such a document provides an opportunity for agreeing, with the responsible Minister, or officials on his or her behalf, the policy and resources framework within which EEDA will discharge its duties; and for determining its key strategic objectives and targets. Such targets cover areas such as EEDA's financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides.

Openness and Responsiveness

24. Members of the board are responsible for providing Parliament (including its Select Committees) and the public with as full information as may be requested concerning their policy decisions and actions. They will ensure they can demonstrate that they are using resources to good effect, with probity, and without grounds for criticism that public funds are being used for private, partisan or party political purposes. Board members and their staff will conduct all their dealings with the public in an open and responsible way, and ensure full compliance with the principles of "Service First - The New Charter Programme" and the Code of Practice on Access to Government Information.
25. The board will act consistently with the nature of the Agency's business and the possible need for confidentiality on commercial or other grounds, always subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. The Board has established internal procedures to deal with complaints, including those on failure to provide information.

Accountability for Public Funds

26. Members of the board have a duty to ensure that public funds and assets which have been publicly funded are properly safeguarded; and that, at all times, EEDA conducts its operations as economically, efficiently

and effectively as possible, with full regard to the relevant statutory provisions and to relevant guidance on government accounting.

27. Members of the board are responsible for ensuring that EEDA does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. They are advised on these matters by the chief executive and EEDA's legal advisers.

Annual Report and Accounts

28. As part of its responsibilities for the stewardship of public funds, the board will include a full statement of the use of such resources in its Annual Report and Accounts. Such accounts are prepared in accordance with the accounts direction issued by the responsible Minister and such other guidance as may be issued, from time to time, by the sponsoring department and the Treasury.
29. The Annual Report will provide a full description of the Board's activities; state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of the current members of the Board and senior staff, and provide details of remuneration of Board Members and senior staff within the range of prescribed salary bands.

The Role of the chief executive

30. The chief executive has responsibility, under the board, for the overall organisation, management and staffing of EEDA and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Nolan Committee's "Seven Principles of Public Life". Board members support the chief executive in undertaking this responsibility.
31. The chief executive is designated as the accounting officer for EEDA and is responsible to Parliament and the Accounting Officer of the sponsoring department for the resources under his control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in his charge. The Accounting Officer has a responsibility to see that appropriate advice is tendered to the board on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the chief executive.

Audit

32. EEDA has established an Audit Committee as a sub-committee of the board. The Audit Committee is drawn from members of the board who are not members of the Resources Committee.

The Board as Employer

33. The board will ensure that it complies with all relevant employment legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of staff employed by public bodies. All staff will be familiar with the Agency's corporate strategy, including its main aims and objectives, and the internal management and control systems that relate to their work. In filling senior staff appointments, the Board will satisfy itself that an adequate field of qualified candidates is considered, and will always consider the merits of full open competition, which will normally be used for recruitment of external candidates.
34. The board will ensure that its members, and EEDA staff, have access to expert advice and suitable training opportunities that they may require in order to exercise their responsibilities effectively.
35. The board will ensure that EEDA's rules for the recruitment and management of employees provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff, and that EEDA adopts rules of conduct for its employees which reflect the public service values set out in paragraph 2 above and management practices which will use resources in the most efficient and economical manner.
36. The board has a responsibility to monitor the performance of the chief executive and senior staff. Where the terms and conditions of employment of the chief executive, and other members of staff, include an entitlement to be considered for performance-related pay, and where board members assess such

payments, the Board will ensure that they have access to the information and advice required to make the necessary judgements.

37. The board will adopt the Cabinet Office's (Office of Public Service) code of conduct for its staff. The code covers arrangements enabling members of staff to raise concerns about propriety with a nominated official or board member of EEDA in the first instance and subsequently, if necessary, with a nominated official in the sponsoring department. There are safeguards to prevent conflicts of interests when staff leaves.

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