

Northwest Regional Development Agency

Annual report and financial statements

Year ended 31 March 2009

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Development Agencies Act 1998.*

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Chairman's Statement

2008/09 was both a challenging and successful year for the Northwest. The economic downturn continued to impact on the regional and national economy. However, there were a number of important successes in the drive to transform our economy.

Providing strategic leadership is our most important role in the current economic climate. We reacted quickly, announcing a support package for businesses totalling over £200 million. This enabled us to put in place a number of initiatives targeted at ensuring businesses have alternative avenues to finance. This is something which will continue to be a priority for us in the year ahead.

Key developments during the year included our announcement of the first investments from the Northwest European Regional Development Fund (ERDF) which, along with Agency funding, supported a range of key projects. This included business finance initiatives, for example the Innovation Vouchers scheme and Business Start Up programme, and key infrastructure projects such as the Barrow Link Road and the Liverpool Lime Street Gateway project.

We also continued to make good progress delivering the region's transformational projects: the development of MediaCityUK is well underway, the Government renewed its commitment to the development of Daresbury Science and Innovation Campus, and an announcement of an additional £26 million for the University of Cumbria. Liverpool's Capital of Culture year in 2008 was also a resounding success, generating an economic benefit of £800 million for the region.

The Government's Sub-National Review highlighted new responsibilities for RDAs, including developing single integrated regional strategies to bring together economic, spatial and housing strategies. In the Northwest, this will mean an enhanced but changing role for the Agency and new ways of partnership working. As the first English region to begin working on this, the NWDA and 4NW, the Regional Leaders Forum, are developing the strategy in partnership on behalf of the region, with the draft strategy planned for consultation later this year.

The economic impact of RDAs was highlighted in March, with the Government releasing the findings of an independent report which showed that for every £1 invested by the RDAs an average of £4.50 of economic output was put back into the regional economies. This means that RDAs have turned their £5.1bn of evaluated expenditure into an overall benefit of over £23bn. Sixty-five of the NWDA's programmes and projects were assessed, which showed that the Agency performed better than the national average - solid evidence of the NWDA's ability to deliver real economic change on the ground.

The economic climate will continue to create challenges for the Northwest in the year ahead, and we must maintain the provision of relevant, timely support to ensure the region is in the strongest possible position, whilst ensuring that we deliver on our priorities to achieve our long-term aims for the economy. The region's strengths in partnership working has always been our strongest asset, and I hope that we can continue to build on this as we work towards achieving our shared vision for the region.

Bryan M Gray CBE,
Chairman

Chief Executive's Review

In 2008/09, the major focus for the NWDA was to provide the strategic leadership needed to support the region through the economic downturn and to plan for economic recovery. The £200 million business support package put in place by the Agency continues to provide crucial financial aid to companies across the region, ensuring that there are alternative options for finance available.

This support package included NWDA and ERDF funded schemes such as the £10 million Transitional Loan Fund, providing transitional loans to SMEs finding it hard to access working capital in the current climate, a £10 million High Growth business support programme designed to help entrepreneurs in the region with 'starting a high growth business' and provide 'coaching for high growth, as well as enhancing the provision of other finance schemes such as the Grants for Business Investment programme. These schemes continue to make a real difference in supporting the region's businesses through these challenging economic times.

The Agency has also played an integral leadership role in the Joint Economic Commission (JEC) for the Northwest, established in the autumn. Work has already progressed on the 5 work themes agreed by the JEC, which include business support, infrastructure, supporting communities, labour market issues and preparation for the upturn. In addition, the Agency has maintained a close dialogue with businesses and banks in the region to review the state of the economy, respond to and deal with concerns and to develop coordinated responses where possible.

Despite the economic downturn, I am pleased to report that the delivery of the Regional Economic Strategy (RES) has continued to make good progress and a number of our key achievements are included within this annual report. I would like to highlight the following:

- A £200 million package of initiatives to support the region's businesses through the economic downturn.
- The launch of the £4.1 million Innovation Vouchers scheme, designed to help Northwest business owners, entrepreneurs and social enterprises to purchase a knowledge provider's expertise to develop innovation.
- The launch of the Northwest Enterprise Strategy to drive up enterprise levels in the region, particularly within hard to reach groups.
- £10 million investment towards four carbon reduction initiatives that will support businesses and communities in taking action to combat climate change.
- The implementation of a Manufacturing Strategy and Action Plan to drive growth in the sector.
- Progress on the development of MediaCityUK and the development of the region's creative industries through a £3 million investment to enable Northwest Vision and Media to take forward the sector's growth in the region.
- Delivery of the Northwest Science Strategy progressed two key investments - £8 million for the Knowledge Centre of Materials Chemistry and £4.9 million for the Northwest e-health project.
- Developments in the region's skills infrastructure, including an additional investment of £26 million to support the expansion of the University of Cumbria, £3.2 million to support a new University Centre for Blackburn College and £8.2 million to progress the delivery of the new Blackpool College campus.
- Continued Agency support for Liverpool's successful Capital of Culture year, which generated £800 million in economic impact for the region.

- Key infrastructure projects were delivered as part of the aim to ensure Liverpool inherits lasting economic benefits from Capital of Culture, including the launch of the Liverpool Canal Link and additional funding for the Waterfront Connections project.
- Significant progress on the Barrow-in-Furness Waterfront Masterplan to regenerate the area, including a £10 million NWDA and ERDF investment for the construction of a new access road for the waterfront business park.

Other developments during the year included the Agency chairing the national evaluation steering group, which led to the successful BIS sponsored report into the impact of RDAs. This showed that for every £1 invested by an RDA, an average of £4.50 of economic output was put back into the regional economies.

Following the report, the Agency is continuing to consolidate its performance management and evaluation framework, incorporating the lessons learned. This includes a new three year forward evaluation plan, further developing methods for measuring the economic impact from evaluation and continuing to capture and disseminate the key findings from evaluations and ensuring that these inform future projects and programmes.

We have also continued to develop our relationships with regional and sub-regional partners and supported the development and delivery of Multi-Area Agreements in the region (Greater Manchester, Pennine Lancashire, Blackpool/Fylde Coast and Liverpool), as well as developing our approach to Joint Investment Planning. The announcement in the Budget 2009 about pilot city-regional status for Greater Manchester is a significant step forward and the Agency will continue to work with Government and partners in Greater Manchester to build on this in the year ahead.

Strong progress continues to be made in the region and it is important that we work with partners to maintain this going forward, whilst ensuring that we continue to respond robustly to the current economic climate. The provision of relevant support to help businesses and communities through the challenging economic conditions will remain a priority. However we must not lose sight of our long term goals for the region. The Agency, working in partnership, is determined to maintain momentum and secure sustainable economic growth for the Northwest.

Steven Broomhead
Chief Executive

Operating Review

Key achievements against output indicators

This section provides an overview of the Northwest Regional Development Agency's ("the Agency") key output indicators during 2008/09. The Agency also publishes (as a separate document) an Annual Performance Report summarising its key achievements during the year. This provides further a more detailed analysis of progress made against the objectives and priorities of the 2008/09 Business Plan.

Summary of performance

Key achievements

	<i>Achieved</i>
Number of jobs created or safeguarded.	26,602
Number of people assisted to get a job.	6,415
Number of new businesses created/attracted to the region.	5,840
Number of businesses assisted to improve their performance.	29,980
Number of businesses within the region assisted to engage in new collaborations with the UK knowledge base.	1,103
Leverage of public and private regeneration investment	£340m
Hectares of Brownfield Land reclaimed and/or redeveloped	302
Number of people assisted in their skills development.	27,275

Key activities

A full review of the Agency's investment and strategic activity in 2008/09 will be outlined in the Agency's Annual Performance Report. This will include a more comprehensive analysis of progress made against the first year of the Agency's Corporate Plan 2008/2011 and the indicators used by the Department for Business, Innovation and Skills (BIS) to assess Regional Development Agency Performance. This section provides a summary of the key activities under each of the 11 Corporate Objectives in the Agency's Corporate Plan.

Business

Priority Sectors

The Agency has made significant progress in supporting and increasing the contribution of the priority sectors, tourism and the visitor economy to the wider Northwest economy. For example, the Agency is continuing to work with partners to deliver the MediaCityUK project at Salford Quays. £157m private leverage has been secured into the project in 2008/09, which will promote the growth of the digital and creative sector in the region.

The Agency has provided £1.5m investment into a new Energy Innovation Centre in the region, opened in June 2008, to stimulate investment in the innovation and the

advancement of new energy technologies. The new Food Technology Centre in Cumbria, opened in June 2008, has also benefited from £1.4m of Agency investment, and the Agency has provided £9.5m funding to support the pioneering Biomedical Research Centre in Manchester, which will help develop the science and innovation knowledge base in the region.

The Agency has provided specific support to help firms increase their productivity – for example through Agenda for Change which has assisted 660 businesses in the region and created 4,100 jobs.

The Agency has also continued to invest in the visitor economy through the launch of the Visitor Attractions Fund, investment in signature projects such as Chester Zoo and the Renaissance of the Lake District, investment in the region's attack brands and a £20m funding package for the region's tourism industry to ensure that the region's 5 sub-regional tourist boards are in a strong position to support tourism businesses. In 2008/09, £7m of public and private sector investment has been leveraged as part of the new Museum of Liverpool project, which will greatly enhance the tourism offer for the city and the region.

Enterprise Support

The Agency has raised its support to help businesses through the challenging economic climate in the past year, and is working closely with partners to improve the availability and access to business finance.

The Agency continues to develop Northwest Business Link (NWBL), which has exceeded its targets for engagement rates for businesses (88,300) and contribution to Gross Value Added (GVA) of £416m in the past year, and the Agency has increased the level of specialist support available through the service. In 2008/09, the Agency successfully launched an Access to Finance Service, delivered through NWBL, to diagnose the financial needs of businesses and assist businesses in finding the right financial provider. To have one regional provider of guidance and advice for Business Support in the region has proven invaluable.

The Agency continues to develop and deliver finance initiatives to support business in the region. The Agency's Small Loans for Business Scheme witnessed a major increase in the volume of enquiries and applications, and the Agency increased the maximum loan available from its existing small loan product from £30k to £50k to respond to the current crisis.

The Agency successfully launched a £10m Transition Loan Fund in December 2008 to help improve the finance options available to new and existing businesses. The Agency is also developing a new Venture Capital Loan Fund, with the support of ERDF funding, to help businesses to grow in the region.

The High Growth Business Start Up programme targeted at deprived groups/areas has been a huge success, helping it to achieve its two year target of helping 4,200 people to start a business in the Northwest by March 2009. The Agency has also developed a new £35m High Growth Start Up Programme which launched in April 2009. This will aim to support 12,700 new businesses and create 22,900 jobs over the next 5 years.

Following the launch of the Northwest's first ever Enterprise Strategy in 2008, a Women's Enterprise Action Plan has been produced, which will help local and regional partners to work together to encourage women to take the first steps

towards business ownership. It will also provide assistance to women already in business.

The Agency is continuing to develop and deliver projects to increase Social Enterprise start ups and growth in the region. Social Enterprise NW is delivering its contracted activity in relation to awareness raising, promotion, collaboration activities and Networking across the Northwest.

A new Higher Education Enterprise Champions project is now in operation, with the support of Agency funding, to provide students and graduates with entrepreneurial ideas in the region with practical support to put their ideas into practice. ERDF resources have been secured for the programme which will increase the number of Higher Education Institutions participating.

Competitive Business and Innovation

One of the key aims of the Agency is to increase the rate of higher value added business activity through innovation and knowledge transfer, including exploitation of the science base in the region.

The Agency has successfully launched a £4.1m Innovation Voucher Scheme in the past year to improve business collaboration with Higher Education Institutions (HEIs). So far, over 150 businesses have been encouraged to work with HEIs through the scheme.

The Agency also continues to invest in the development of the region's major science, research and innovation concentrations including Daresbury Science and Innovation Campus, Manchester Knowledge Capital, Liverpool Science Park and Lancaster. At Daresbury, the Masterplan for developing the campus is now complete and the next phases of development are being discussed, including new facilities for larger office and laboratory accommodation.

The Agency also leads the Innovation Workstream of the Northern Way to increase innovation across the North. In the past year, the Agency has led projects looking into offshore wind, carbon abatement technology, printable electronics and NorthernNet e-connection network.

Internationalisation

A key part of the Agency's investment aims to support businesses to realise the opportunities from globalisation, through international trade, inward investment and supply chains. In the past year, the Agency has focussed on implementing overseas presence plans, including implementing a North of England Business Plan for North America, which has achieved its targets and a full time Agency representative has been appointed in Mumbai to promote and facilitate inward investment in the Northwest.

The Agency has met its Foreign Direct Investment targets for 2008/09, with 150 projects with 11,000 associated jobs.

UK Trade & Investment (UKTI) and their partners have also implemented their 2008/09 sector trade programme and ran two successful 'meet the buyer' events.

Skills and Education

Leadership and Management

The Agency's aim is to develop leadership and management skills in the current workforce, to help drive forward productivity and the economic success in the region. In the past year, the Agency has successfully worked with North West Business Link to redesign the Northern Leadership Academy portal (part of the Agency's commitment to the Northern Way) as a tool for small & medium enterprises (SMEs) and brokers to stimulate demand for leadership and management training and raise awareness of the benefits to business.

The Agency has continued to lead the implementation of the Northwest Leadership and Management Skills Framework for Action, focusing on the development and implementation of three major learning and management projects which have been reviewed and aligned to take account of the economic downturn. The Agency has also supported the delivery of inspirational leadership master classes through the Disney Institute to 200 Northwest businesses and supported 45 East Lancashire businesses with a series of 'Leadership Journey' workshops.

The Agency has also successfully launched the Leading Enterprise and Development (LEAD) Programme, which delivers leadership and management training to SMEs. 50 delegates are currently going through the programme.

The Agency has also extended the Learning & Skills Council leadership and management programme to Black and Minority Ethnic businesses and those who are currently excluded from the national programme, but key to the North West. North West Business Link is delivering the contract at full capacity and end of year targets will be achieved.

Higher Level Skills Development

The Agency's aim is to stimulate demand for higher-level skills in the current and future workforce, so that businesses can compete more effectively.

The £38m Macclesfield Learning Zone in Cheshire was opened in 2008 and has benefited from £5m Agency investment. Already, 2,300 people have been assisted in their skills development through the new state of the art learning environment, which will encourage young people to stay on in education and promote life-long learning for adults. It will also increase the investment employers are making in training and up-skilling the workforce.

The Agency has continued its capital investment in higher education and further education capital projects, to provide greater access and progression to further and higher education in localities within the region. In Burnley, the Agency's investment to develop a higher/further education campus is on track and near completion, with student enrolments expected in September 2009. A grant of £3.2m has also been invested by the Agency in a new University Centre at Blackburn College and £2m in Nelson and Colne College capital re-development. The Agency and the Higher Education Funding Council are also funding a £10m development of higher education with Blackpool and Fylde College.

The Agency is also investing £26.7m in the University of Cumbria over the next 8 years, which will add an estimated £80m GVA to the Northwest economy and directly create 530 new jobs over 8 years. The funding will also support the creation of 340

new businesses and help the University to increase the number of students by 28,000 by 2017.

Furthermore, as part of the Agency's successful lead Regional Development Agency (RDA) role for Skills and Employment, the Agency has worked closely with the Department for Innovation, Universities & Skills (BIS) and the RDA network to ensure that the Train to Gain integrated skills brokerage was able to go live nationally on 1st April 2009 through North West Business Link.

People and Jobs

Size of the Workforce

Working with partners, the Agency aims to tackle the concentrations of worklessness and economic inactivity that still exist, and to grow the size of the workforce in the region. The Agency has established close partnership working with Job Centre Plus, the Learning and Skills Council and the 5 sub-regional partnerships in the region, which has helped to broaden the scope of regional projects and to react effectively to new initiatives announced by Government in response to the economic downturn.

The Agency has supported Liverpool and Manchester City Employment Strategies and Pathfinders to help people into sustainable employment. The Agency has worked with People & Jobs Warrington & Cheshire to address disadvantage and basic skills needs, and thanks to Agency support, nearly 350 people have received specific skills help in the past year. Further to this, the Agency is also implementing the Regional Equality and Diversity Strategy to develop a regional approach to maximise the contribution of migrant workers and older people to the economy.

The Agency is also continuing its focus and activities to support the long term unemployed, for example through the delivery of the Ex-Offenders Project, which has helped 135 people into employment in the past year.

Infrastructure

Employment sites and premises

The economic downturn and drop in private sector investment has affected the viability of a number of development schemes in the region. The Agency has maintained investment to unlock development in the region, both to ensure a strong quantity and quality of employment sites and premises in the Northwest and to ensure that these sites will be well placed to seize opportunities in the upturn and support ongoing restructuring of the Northwest economy. Over the past year, the Agency has levered £49m into developments for both strategic sites and sub-regional employment sites, including £15m at Wigan and Leigh Sports Village and £10m in Rochdale's Kingsway Business Park.

The Agency is also developing the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative model to establish a fund, in cooperation with the European Investment Bank, to invest Structural Funds in integrated urban regeneration projects.

Conditions for private sector investment

The Agency is targeting resources to improve the physical conditions to facilitate and increase private sector investment and development in the long-term. The Agency has focussed strong investment in Urban Regeneration Companies (URCs) in the region to help them achieve their objectives. In 2008/09, the Agency has ensured delivery of URC Business Plan outputs, with all URC Programmes forecast to meet 2008/09 budget targets.

The Agency has worked with towns and cities identified in the Regional Economic Strategy (RES) to help unlock private sector investment and to bring forward major development propositions designed to attract significant private sector investment in the region. For example, in the past year the Agency has supported the Warrington Master Plan and has acquired the Times Square Site for redevelopment. This is key to the development of the Bridge Street Quarter, which could attract up to £80m in private sector investment.

The Agency's rural policy statement has been published and a three year operational plan to deliver policy objectives has been developed. Investment and activity in this area will continue to support the development of key service centres in rural areas and support their important contribution to the Northwest economy.

Climate Change and Sustainable Consumption and Production

The Agency is working hard with its partners to tackle climate change. The past year has seen the successful implementation of year 2 of the Regional Climate Change Action Plan. The Agency continues to lead the Climate Change Partnership which monitors, promotes and delivers the Action Plan. The Agency is now in the process of renewing the plan for 2010/2013.

The Agency has launched a brand new Northwest Tidal Energy Group, to explore the tidal energy potential in the region. The past year has also seen the opening of a £13m pilot waste treatment and recycling plant in Merseyside to divert significant volumes of household waste from landfill. This has been developed by the Agency in collaboration with the Merseyside Waste Disposal Authority, engineering company Orchid Environmental, Envirolink Northwest and the Department for Environment, Food & Rural Affairs (DEFRA). The Agency also funded a £0.75m project to increase the uptake of biomass energy systems by the region's industries.

Through the Agency's investment, 900 businesses have received environmental business support through ENWORKS, a programme co-ordinating environmental advice, training and support to businesses throughout the Northwest of England. Furthermore, 700 businesses have been assisted through the Waste Technology Virtual Centre of Excellence.

The Agency has recently taken on the lead RDA role for the new Department of Energy and Climate Change, which will provide a significant opportunity to promote and support the development of national Government policy and to identify, share and adopt pan-regional good practices. The Agency is also developing an Energy strand of work for the Northern Way.

Quality of Life

Marketing the Region

Agency investment in marketing the region aims to improve the image of the Northwest as a location for business investment and tourism. In the past year, work has continued on 12 partnership marketing initiatives, which have leveraged £2.3m of partner support. The Agency has also supported the staging of the European Badminton Team Championships, and the Blackpool Showzam which attracted 30,000 visitors, and forms part of a 3-year Agency supported events programme.

The Agency has been an official sponsor of Liverpool Capital of Culture 2008 providing funding to promote the year nationally and internationally, and has worked with other parts of the region to encourage wider involvement, with each of the Northwest sub-regions having their own themed years during 2008, such as Cheshire and Warrington – Year of Gardens 08.

The Agency worked closely with Liverpool during 2008 to promote the city, and maximise the impact of major events held in Liverpool, providing support for some of the largest events such as The Turner Prize at TATE Liverpool and The Tall Ships.

Initial evaluation shows that Liverpool 08 added £800m to the economy of Liverpool City Region, attracted over 5m visitors to the city and the city received national and international media coverage worth £200m. The year has also seen the catalyst for £4bn investment in the physical transformation of the city.

The Agency is also continuing to implement the Northwest Legacy Framework for the 2012 Olympic Games, to help Northwest businesses secure contracts from London 2012.

Governance

The Board

Board Members, including their occupations and interests are listed below. The full Register of Board Members Interests is available from the Agency's website www.nwda.co.uk. Details of transactions with relevant organisations in the financial year are set out in note 30.

Bryan Gray CBE, MBE, DL (*appointed April 2002*)

Chairman of the Northwest Regional Development Agency ("the Agency"). He is also:

- Chairman of Peel Media
- Pro-Chancellor (Chairman of Council) at Lancaster University
- Board member of LSC National Council
- Trustee of National Museum Liverpool
- Deputy Lieutenant of Lancashire, Lancashire Lieutenancy, County of Lancashire
- Non-executive Chairman of Westmorland Limited
- Member of Lake District National Park Authority
- Trustee/Chair of Lowther Castle & Gardens Trust
- Chairman of The Liverpool Culture Company Board
- Chairman of Churches Trust for Cumbria
- Chairman of Carlisle Renaissance
- Honorary Professor in the Department of the Built Environment at University of Nottingham

In 2009 he was awarded a CBE in recognition for services to business and to the community in the North West.

Vanda Murray OBE (*appointed April 2006*)

Deputy Chair of the Agency. Over 20 years' experience at a senior level across a range of industries in the UK, Europe, Asia and the USA.

Currently holds Non-Executive Directorships with Carillion plc, and the Cheshire Building Society. Also Non-Executive Chair of Eazyfone, a mobile phone recycling company and Chair of Northwest Business Link.

Awarded OBE for services to Industry and to Export in 2002.

Brenda Smith (*appointed December 2001*)

Latterly President of Ascent Media Group and formerly Deputy Chairman of Granada Television until May 2006. Previously was Managing Director of Granada Television until May 2004.

Also a board member of Central Manchester and Manchester Children's University Hospitals and has chaired the Regional Marketing Forum since December 2002. Other roles include: a member of Visitor Economy Forum, a non-executive director of Manchester Airport Group and a member of the Board of Governors of Manchester University.

Currently works in an advisory capacity to private equity and recruitment consultants.

Dave McCall (appointed December 2003)

Until his retirement in 2008, had been Regional Secretary of the Transport and General Workers' Union since 1996 and Chair of the Northwest Trades Union Congress (TUC) since 2002. He has been a full time trade union official since 1980 and served on the Northwest Industrial Development Board. Was also on the governing body of Manchester Metropolitan University.

Joe Dwek CBE (appointed December 2003)

Executive Chairman and Chief Executive of Bodycote International Plc from 1972 until his retirement in 1998. Formerly Chairman of the Mersey Basin Campaign, Envirolink, ENWORKS, and the Healthy Waterways Trust. A former member of the Board of BIS's (Department for Business, Innovation & Skills) Environmental Innovation Advisory Group.

Director of Penmarric Plc, Opal Property Group Ltd and Mercury Recycling Ltd. Also Chairman and Chief Executive of Worthington Group Plc, and co chairs Newlands.

In 2008 was awarded the prestigious Environment Leadership award at the annual Business in the Environment Conference

Peter Hensman DL (appointed December 2004)

A chartered accountant and engineer who spent most of his career in the general and financial management of manufacturing companies. Executive Director of a group of companies involved in tourism, leisure and property in Cumbria. Chairman of Cumbria Rural Enterprise Agency and the Kendal Futures Board, Vice Chairman of Furness Building Society and a Non-Executive Director of Northwest Business Link. Also a Trustee of Cumbria Community Foundation.

Councillor John Merry (appointed December 2004)

Leader of Salford City Council. Also a special advisor to the Board of the National Learning & Skills Council and holds the position of Deputy Chair of the LGA (Local Government Association) Children & Young People Board. Other portfolios include the Manchester's Commission for the New Economy from which he chairs the 14-19 year old agenda. Has held various positions previously on organisations and committees with an education and training remit. Has been a full time Councillor since 1990 with previous career experience in retail and sales.

In addition to being a Councillor, has held office at the local branch of the Labour Party and canvassed on its behalf.

Robert Hough DL (appointed December 2007)

Currently Deputy Chairman of Peel Holdings and previously an Executive Director for over 13 years. Peel's businesses include airports, ports, land use, planning, development, waste, energy and the environment. Also a Non-Executive Director of a number of other companies, including Provident Financial plc and Styles & Wood Group PLC.

A Board Member of the University of Manchester and previously a Member of the North West Regional Assembly Executive Board, he also chairs New East Manchester Limited (one of the first Urban Regeneration Companies to be established) and is a Member and former Chair of the North West Business Leadership Team.

Councillor Tony McDermott MBE (appointed December 2007)

Leader of Halton Council. Educated at St Edward's College, Liverpool and Manchester University, he taught in Lancashire and Liverpool for 34 years.

A Board Member of the Local Government Association Improvement & Development Agency, the Mersey Partnership, and the North West Improvement Network and former Chair of the North West Regional Assembly.

A member of the Urban Commission Executive and the Northern Way Transport Compact. A supporter of Asbestos Victims Support Group and Board member of the 5 Boroughs NHS Mental Health Trust.

Councillor Susan Williams (appointed December 2007)

A nutritionist for the charity Action and Research into Multiple Sclerosis until 2001.

Became Leader of Trafford Council in 2004 and has been part of the leadership of the sub region of Greater Manchester through the Association of Greater Manchester Authorities (AGMA). Steps down as leader in May 2009.

The past 2 years have seen the development of City Regional governance in Greater Manchester towards a formal status of a Statutory City Region. This has required a maturity of leadership against a backdrop of some very difficult strategic decisions, e.g. congestion charging and overcoming political differences to unite in a common purpose.

A member of AGMA's Commission for the new Economy Board and was previously a member of the Manchester Enterprises board. Also serves on the Salford URC.

Peter Allen MBE (appointed December 2007)

Cumbrian hill farmer based near Penrith. As Chair of the Sheepmeat and Goatmeat Advisory Committee to the EU, he has been involved in reforming and implementing the European sheep regime. For many years was actively involved with the National Farmers' Union (NFU), representing farming and rural issues locally, regionally and nationally. Currently Chair of the NFU, Mutual Northern Area board, Chair of RUMA - (UK body promoting the Responsible Use of Medicines in Agriculture), a board member of Natural England and the North West Regional Environment Protection Advisory Committee.

John Brooks (appointed December 2007)

Vice Chancellor of Manchester Metropolitan University. In previous job at the University of Wolverhampton he chaired a regeneration project after the closure of Rover, which involved infrastructure development and small business support.

Chairs the Board of the Equality Challenge Unit, and is on the Boards of Universities UK (and their Long Term Strategy Group), the Oxford Road Corridor Partnership and the Universities and Colleges Employers Association.

Anne Selby (appointed December 2008)

Chief Executive Officer of The Wildlife Trust for Lancashire, Manchester and Merseyside.

Over 20 years work experience in voluntary sector. Has been involved in regional working for the last eight years, most recently as a member of the North West Regional Assembly Executive (now the new Regional Leaders Forum.) She also established North West Environment Link (NWEL), an alliance of environmental voluntary sector organisations in the region and was a founder member of Voluntary Sector North West.

Chairs the Sustainable Development Group for the North West and is a Board Member of the Lancashire Partnership, chairing their Environment Forum. Serves on the Executive of the NW Rural Affairs Forum and was recently awarded an Honorary Fellowship at Myerscough College.

A member of the Royal Town Planning Institute and has a keen interest in the development of the new Regional Strategy. Also a member of the Regional Environmental Protection Advisory Committee.

Lord Peter Smith (appointed December 2008)

Appointed a life peer in 1999 with the title Lord Smith of Leigh. Lord Smith has been leader of Wigan Council since 1991 and currently chairs both the new Regional Leaders' Forum and the Association of Greater Manchester Authorities. Has also chaired 4NW (formerly North West Regional Assembly) from 2000 until February 2009 and has been on the board of Manchester Airport since 1986.

Dr John Stageman (appointed December 2008)

Developed AstraZeneca's competitive biopharmaceutical strategy, leading to the acquisition of Cambridge Antibody Technology and of Medimmune. After a period in a transitional role as General Manager of Cambridge, has recently returned to the North West as Vice President of UK Science Affairs. Has been a member of the North West Science Council since its inception in 2002, and a member of the Biotechnology and Biological Sciences Research Council since May 2008, and is an Honorary Professor in Life Sciences at the University of Manchester.

Former Board Members

The following Board Members retired from the the Agency's Board in December 2008.

Professor Sir Martin Harris CBE, DL

Deputy Chairman of the Agency until December 2008. Chancellor of the University of Salford. Chair of USS Limited and Manchester Knowledge Capital. Director of the Office for Fair Access, which promotes fair access to higher education.

Councillor Marie Rimmer CBE (appointed December 2002)

Elected member of St Helens Metropolitan Borough Council. Governor of Cowley Language College and a member of the Management Board of Red Bank Community Home.

Professor Maureen Williams (appointed December 2002)

Chief Executive and founder of the Merseyside Development Foundation. Also an Honorary Fellow and Visiting Professor of Sociology (Governance) at Liverpool John Moores University. Non executive director of Liverpool Primary Care Trust, the Mersey Partnership and a former council member of Greater Merseyside Learning and Skills Council. Currently Vice Chair of the North West Region European Partnership where she leads on Energy and Climate Change.

Trustee of various local and national charities and a senior expert/consultant with the Council of Europe. Co-founder of Community North West and a former Chair of the Big Lottery Fund's North West Community and Voluntary Sector Funding Programme.

Board Meetings and Committees

The Agency's Board met ten times during the year. There are two formal committees to the Board as follows:

- The Remuneration and Appointments Committee which, during the year to 31 March 2009 convened on four occasions, and
- The Audit Committee which also convened on four occasions.

There are 6 Sub Committees to the main Board, which met regularly throughout the year:

Enterprise and Skills	Marketing, Communications and Tourism
Development and Infrastructure	European
Environment	Equality and Diversity

Executive Management Board

The Executive Management Board (EMB) is made up of Executive Directors and Directors from the Agency and is chaired by the Chief Executive. EMB meets approximately twice per month and its roles and responsibilities include determining policy with Board approval where appropriate; achieving and maintaining operational integration across the Agency and to achieve and maintain communication flows between management and staff.

Rural Advisory Forum

The Rural Advisory Forum was established to advise the Agency on rural matters and particularly to ensure that the Agency's activities, programmes and projects reflect, where appropriate, the Regional Economic Strategy (RES), Rural Delivery Framework and the Region's rural priorities as determined by the Regional Rural Priorities Board.

Annual General Meeting

The Agency's Annual General Meeting was held on 26 September 2008 at the BT Convention Centre, Liverpool Arena. The conference outlined the key activities of the Agency and its partners in the preceeding year.

The 2009 Annual General Meeting will be held on 15 October 2009.

Code of Best Practice

Board Members are governed by a Code of Best Practice, which amongst other things outlines:

- The Board's requirement to demonstrate Public Service Values and their accountability for public funds.
- Relationship with Central Government
- The role of the Chairman and Chief Executive
- Corporate and individual responsibilities of Board Members.
- Handling conflicts of interest.

The Agency has ensured adherence to the Code through the robust and thorough monitoring and recording systems that are in place. Board Members have declared interests at particular Board discussions as appropriate. Staff have followed a similar requirement in compliance with the Agency's Code of Conduct.

Further information concerning any of the above can be obtained from the Agency's Warrington Headquarters.

Equality and Diversity

The Agency continues to be committed to ensuring all communities within the Region can participate economically and are treated with fairness and respect. Our approach to equality and diversity means we recognise that everyone is different - with different needs and a different point of view. There is no place in our organisation for discrimination on the grounds of age, gender, race, religion, beliefs, ethnic or national origin, sexual orientation, or disability. The Agency as a public body has specific legal duties and responsibilities under the Race Relations (Amendment) Act 2000; Disability Equality Duty and Gender Equality Duty to not just eliminate unlawful discrimination, but also to positively promote equality. This affects not only these areas, but also newer equality strands of sexual orientation, age and religion and belief.

We believe that to secure the economic growth of the region, develop an entrepreneurial culture and boost productivity, it is essential that we capitalise on the diversity of the North West's people and communities. To ensure this, the Agency has developed and implemented its first Single Equality Scheme which is our framework for mainstreaming and driving forward Equality and Diversity.

We have also implemented and reviewed our Equality Impact Assessment processes which are now systematically applied to both our Single Programme and European Regional Development Fund (ERDF), ensuring all projects undertake the appropriate level of Impact Assessment. The Agency continues to raise the profile of Equality and Diversity regionally and this year has seen us deliver with partners the first Regional Equality and Diversity Summit and Conference as well as a range of regional seminars and symposia raising the issues.

We continue to drive forward the economic elements of the Regional Equality and Diversity Strategy through the Regional Equality Strategy Group. A full account of the Agency's performance on Equality and Diversity will be available through its first Equality and Diversity Annual Report. A copy of the Single Equality Scheme can be found on the Agency website www.nwda.co.uk

Freedom of Information Act and the publication of information

The Freedom of Information Act became fully operational on 1 January 2005. The Act applies to some 100,000 public authorities, including England's nine Regional Development Agencies. The Act provides greater access to all types of recorded information held by public authorities and imposes obligations on them to disclose information, subject to a range of exemptions.

Section 19 of the Act requires public authorities to adopt and maintain a publication scheme which relates to the publication of information by the authority and in accordance with its publication scheme. The Agency's publication scheme has recently been updated and is available at www.nwda.co.uk.

The Agency received 84 requests for information under the Act between 1 April 2008 and 31 March 2009.

Northwest Regional Development Agency Environmental Policy

Our aim is to contribute towards the delivery of sustainable economic development in the region and ensure that environmental objectives are integrated into business objectives of the Northwest Regional Development Agency (“the Agency”), our partners and suppliers.

We are committed to reducing our environmental footprint, with an emphasis on reducing our contribution to climate change, through the ongoing measurement and continual improvement of our environmental performance. We will conduct our own activities and operations to reflect best environmental practice.

Specifically we will:

- Comply with all relevant UK, European and International environmental legislative regulatory and other requirements;
- Prevent avoidable pollution or nuisance that may be caused by our activities;
- Demonstrate a high-level commitment to environmental best practice under the guidance of the Board Environment Sub Committee;
- Ensure through our policies, programmes, projects and key stake holders, the Agency influences environmental sustainability across the economic agenda;
- Quantify the Agency’s environmental impact in relation to energy usage and waste production and establish annual reduction targets and publicise our environmental performance annually;
- Demonstrate and implement continuous improvement in line with the requirements of the Environmental Management System ISO14001 standard;
- Ensure that all projects and programmes we fund incorporate environmental aspects in their development and are appraised for their environmental impacts through sustainable development appraisal and carbon calculation;
- Develop and implement a sustainable procurement policy;
- Promote environmental awareness amongst employees through specific induction training, topic specific training and in house media;
- Review and revise this policy statement on an annual basis.

Steven Broomhead, Chief Executive
March 2009

Directors Report

Statutory background

The Northwest Regional Development Agency ('the Agency') was established under the provisions of the Regional Development Agencies Act 1998. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency is an Executive Non-Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS).

The Agency became fully operational on 1 April 1999 when it took over the regional activities of English Partnerships and the Rural Development Commission and the SRB Challenge Fund formerly administered by Government Office for the North West.

A number of other activities have subsequently been transferred into the Agency, notably the business of Inward Limited, the Northwest Tourist Board, the Selective Finance for Investment Programme, the development of skills and employment, policy and business support and delivery mechanisms, and the North West Business Link organisations.

Statement of the Agency's and Chief Executive's responsibilities

Under section 14 of the Regional Development Agencies Act 1998 the Agency is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of Treasury. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the Financial Statements the Agency is required to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the Financial Statements;
- Prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of the Northwest Regional Development Agency. His responsibilities as Accounting Officer include responsibility for the propriety and regularity and value for money of the public finances; the keeping of proper records and advising and informing the Board of financial considerations. These requirements are set out in the "Non-Departmental Public Bodies' Accounting Officer's Memorandum" issued by the Treasury and published in Managing Public Money.

The Agency and the Chief Executive are also responsible for ensuring that there are appropriate controls over any publication of the Financial Statements, including the

publication of the audit certificate on the Agency's website and in other electronic forms.

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

Accountability and Fiscal Framework

The Secretary of State has issued the Agency with an Accountability & Fiscal Framework document setting out the financial framework under which the Agency should operate and this replaces the Management Statement and Financial Memorandum. The Agency has complied in all material respects with the terms of this memorandum during the course of the financial year.

Results for the year and review of activities

The net expenditure for the year taken to reserves was £389.9m (2008: £386.7). The Agency's total expenditure for the year amounted to £454.3m (2008: £464.7m), of which £365.9m (2008: £396.8m) was spent on delivering programme activities. The full results for the year are contained in the Agency's financial statements set out on pages 45 to 83.

The Agency continues to manage its financial affairs in accordance with the targets laid down by our sponsor department and the main Board. All financial targets have been met and associated output targets achieved. The underlying systems and processes within the Agency have been scrutinised by the National Audit Office and partners and demonstrate that the business is operated from a sound systems base. This level of control allows the Accounting Officer and the Board to manage the financial affairs of the Agency to a very high standard.

Future developments

The Agency has refreshed its Corporate Plan for the period 2009-2011 and Strategic Investment Plan for 2009-2012, in order to respond to the current economic climate. This will increase immediate support for business, and continue long-term investment in capital projects, skills and other activities to stimulate recovery and position the region for sustainable long-term growth.

The Agency will also continue to manage the European Regional Development Fund (ERDF), and to align ERDF with Agency and other domestic funding to support competitiveness and preparation for the economic upturn.

In response to recent Government statements on future investment priorities for Regional Development Agencies and industrial activism, the Agency will be further examining how it can prioritise and maximise its investment to assist business in the short-term and to stimulate and fully develop the region's strengths and competitive position to drive growth in the future.

The Agency has already increased the support it offers to businesses to help them through the current economic conditions. This will include in the coming year the development of a new £140m Venture Capital Loan Fund to help businesses to gain access to finances to innovate, invest and grow in the region.

The Agency is also playing an integral leadership role in the Joint Economic Commission for the North West, established in November 2008, to share intelligence with key partners across the region and agree and implement coordinated regional responses to the downturn.

The Agency welcomes the Budget 2009 announcement of a pilot city-region in Greater Manchester, and will work actively with Greater Manchester partners and Government to maximise the opportunities that this initiative brings for the North West economy. The Agency will continue to support the implementation of Multi-Area Agreements, and will continue to develop its approach to Joint Investment Planning in the region.

The Agency will also carry on its work with 4NW to jointly develop a new Single Regional Strategy for the region, and will continue to develop relationships with regional and sub-regional partners, including the Homes & Communities Agency, 4NW and the Government Office for the Northwest.

Board members

Board Members are appointed by the Secretary of State. They include Local Authority, Trade Union, Community and Private Sector representatives. Their corporate responsibilities are detailed in the Code of Best Practice for the Board of the Northwest Regional Development Agency, which is a public document available from the Agency's offices.

Member	Date of Appointment
Bryan Gray CBE, MBE DL, Chairman	April 2002
Vanda Murray OBE Deputy Chairman	April 2006
Brenda Smith	December 2001
Dave McCall	December 2003
Joe Dwek CBE	December 2003
Peter Hensman DL	December 2004
Cllr John Merry	December 2004
Robert Hough DL	December 2007
Cllr Tony Mc Dermott MBE	December 2007
Cllr Susan Williams	December 2007
Peter Allen	December 2007
John Brooks	December 2007
Anne Selby	December 2008
Lord Peter Smith	December 2008
Dr John Stageman	December 2008

Brief biographies for the Board Members are shown in the Governance section of this document.

Board Members are contracted to carry out two days work per month on behalf of the Agency. The Chairman is contracted for three days per week and the Deputy Chairman for one day per week.

The Agency maintains a Register of Board Members' Interests, which can be viewed on the Agency's website, and which is available on request by contacting the Head of Governance and Scrutiny at the Agency's offices at Renaissance House, Warrington. Members declare their interests to the Board in any transactions involving relevant organisations. Related party transactions relating to Board Members and senior members of staff are detailed further in note 30.

Board representation on the Audit Committee and the Remuneration and Appointments Committee was as follows:

Audit Committee	Remuneration and Appointments Committee
Peter Hensman (Chair)	Bryan Gray (Chair)
Dave McCall	Dave McCall (Vice Chair)
Peter Allen	Brenda Smith
Dr John Stageman (from December 2008)	Vanda Murray
	Robert Hough

Audit Committee

The Board is independently advised by an Audit Committee whose role is to provide the Board with advice and information to undertake the governance and supervisory role required in accordance with Corporate Governance Best Practice. The Terms of Reference of the Audit Committee, including its role and the authority delegated to it by the Board, has been made available to the public on the Agency's website.

The Audit Committee met four times during 2008/09 to receive assurance on the Agency's systems of corporate governance, risk management and internal control. The Committee also received regular reports from Baker Tilly as independent Internal Auditors. The range of Audit Committee activity carried out during 2008/09 has provided positive assurance about the Agency's governance and control environment and has supported the Accounting Officer in signing a satisfactory Statement on Internal Control for the year.

The Committee was active in managing the governance agenda by requiring updates of Agency policies to ensure they remained at the leading edge of best practice, including risk management arrangements, Financial Regulations and the Scheme of Delegations, whistle-blowing and anti-fraud arrangements.

Remuneration and Appointments Committee

The work of the Remuneration and Appointments Committee is detailed in the Remuneration Report contained in pages 28 to 35 of this report.

Employment of disabled persons

The Agency is committed to providing equal opportunities for all and will make reasonable adjustments to working arrangements to meet special needs. We will work towards an environment and culture where everyone is encouraged and supported to develop their full potential regardless of individual characteristics, which may limit a person's opportunities in life.

Provision of information to and consultation with employees

The Agency is fully committed to effective and open communication and consultation with its employees. This is achieved through a variety of means including a Staff Consultative and Negotiation Committee involving the Public and Commercial Services (PCS) and Prospect Trade Unions together with staff representatives; a Health and Safety Committee and staff events to communicate key issues and receive feedback.

Better payment practice code

Prompt payment of invoices has become critical to alleviating pressure on cashflow for the Agency's suppliers of goods and services. The annual target of 95% of invoices paid within 30 calendar days has been exceeded, achieving 98% (2008: 95.4%)

During the year the government introduced a 10 working days payment target, specifically for small and medium sized business enterprises, to help them operate through difficult economic conditions. The prompt payment statistics achieved in this category was 90%. We aim to improve this level of performance in 2009/10.

Personal data related incidents

During the year the Agency reported one minor data protection incident to the Information Commissioner's Office. More detail is disclosed in the Statement on Internal Control included on pages 36 to 40.

Audit services

The Comptroller and Auditor General is appointed by statute to audit the Northwest Regional 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:

Audit Services	£103,500
IFRS Audit	£5,870

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. In November 2003 the Comptroller and Auditor General published the 'Success in the Regions' report on how the Agencies and the departments work together.

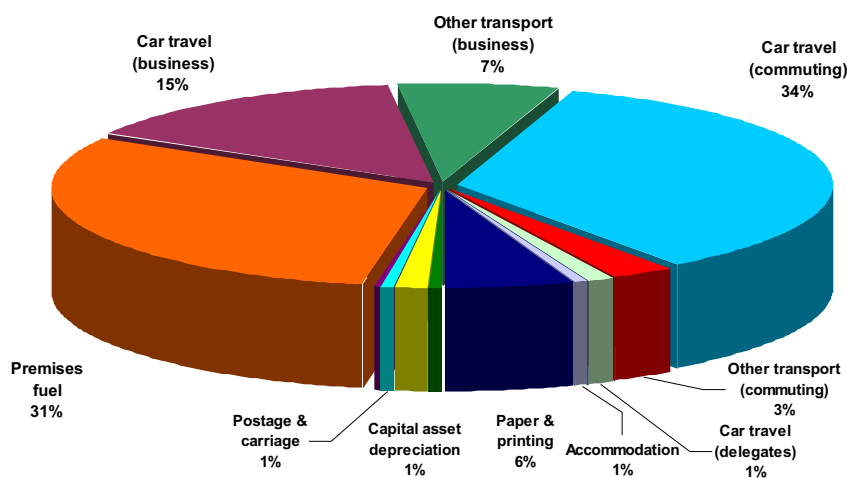
This and other reports issued by the Comptroller and Auditor General can be found on the National Audit Office Website at www.nao.org.uk.

Statement of the Agency's policy for conserving energy, reducing waste and minimising the release of greenhouse gases.

Since gaining ISO14001 certification we have successfully completed two independent audits of our Environmental Management System. As a result we have extended the scope to include additional accommodation at Lakeside House in Warrington. As part of a commitment to minimise the Agency's corporate CO₂ emissions, we have analysed our carbon footprint from the 2006/07 baseline one year on against the corporate carbon reduction target of 5% (absolute) year on year (staff and buildings and includes scope 1, 2 and 3 emissions).

Figure 1: The proportion represented by each sector in the Carbon Footprint in 2007/08

CO_{2e} NWDA Carbon Footprint = 2,462 tonnes



Definition of CO_{2e} :

CO_{2e} (or CO₂ equivalent) is the measurement used to gauge releases of the six principal greenhouse gases as in a single measure, through the multiplication of individual greenhouse gases according to their 'global warming potential'.

The key findings are as follows:

- There has been a net **increase of 59 tonnes of CO_{2e}** from 2006/07 to 2007/08 (from 2,403 to 2,462 tonnes) in scope 1,2 & 3 emissions representing a 2.5% increase on the baseline year. We have therefore **not met our corporate plan target of a 5% reduction**.
- Scope 1 & 2 emissions over the same period have shown a 2.5% decrease.
- On a per head basis there has been a **decrease of 1.2 tonnes CO_{2e}** representing a **19% decrease** on the baseline year meaning we are reducing our carbon impact relative to headcount.

Areas of improvement include:

- A 2.6% decrease in kg of CO_{2e} from *Premises Fuel* on the baseline figure.
- *Car travel for business* has decreased by 2.7%
- *Capital asset depreciation* has decreased by 42%.
- *Waste to Landfill* has decreased by 66%.

Areas which should be focussed on for development include:

- *Commuting car travel* which has increased by 12% and *commuter's other transport* footprint has increased by 100 %

- *Delegate's car travel* has increased by 43% and *delegate's other transport* footprint has increased by 6%
- *Postage and Carriage* has increased by 16%

Conclusions

- The proportional breakdown of CO_{2e} by sector is consistent therefore it should be more straightforward to target areas for improvement.
- The largest contribution is made from two main areas the *Premises Fuel*, made up of *Grid Electricity* and *Natural Gas*, and *Car travel* from commuters.
- Emissions from *Premises Fuel* are unlikely to reduce significantly further in the future unless renewable energy options are implemented. Reducing emissions from *Car travel* needs to be the key priority for future action.

Learning Module

We have recently launched an internal 'Environmental Sustainability' learning module as part of the Agency's wider learning programme. The tool is aimed at new starters to ensure they can quickly and easily get up to speed with key information and details of the Agency's work in relation to Environmental Sustainability.

Carbon Footprinting Competition

As part of World Environment Day, staff were invited to beat a Senior Director's carbon footprint by calculating their own via the ACTONCO2 website. The winner achieved a score of just 2.59 tonnes per year.

Carbon Calculator

The Carbon Calculator has been integrated into the development and appraisal process to assess and monitor actual carbon produced from projects. We have upgraded the calculator to an online version enhancing users experience and improving on data capture and robustness.

Sustainable Buildings Policy

The Agency's Sustainable Buildings Policy provides clear targets for the reduction of CO₂ emissions for Agency supported construction projects. In support of the policy, we have introduced an 'Awareness Raising and Knowledge Transfer Programme', that will help make public and private sector developers and others aware of the policy, the tools and techniques available to measure and monitor its objectives and will enable the reduction of CO₂ and the consideration of social and economic issues during construction and in use. The best practice gleaned will feed into a review of the policy later in 2009.

Northwest Climate Change Action Plan

The Year 1 programme has focused on building the capacity of the regional governance bodies and sub-regional partnerships to deliver the Climate Change Action Plan (CCAP) across the region.

Headline progress includes:

- A £23.5m portfolio of investment from the Agency over three years to implement the continued delivery of the CCAP.

- Climate Change Northwest website launched and the 2008 Northwest Climate Change Conference held at the BT Convention Centre, Liverpool Arena in November.

Next Steps in 2009/10

Carbon Reduction Strategy

We are in the process of producing a Carbon Reduction Strategy which will set out realistic short, medium and long term goals and address the objective of achieving a 5 % year on year reduction in CO₂.

Integrated Appraisal Toolkit (IAT) Review

A review is currently underway to put in place a fully updated and reviewed IAT which will be aligned with current thinking to ensure that policies and projects developed in the region fully integrate economic, social and environmental objectives.

Steven Broomhead
Chief Executive Officer

Remuneration Report

This report for the year ended 31 March 2009 is produced by the Board on the recommendation of the Remuneration and Appointments Committee and deals with the remuneration of the Chair, Chief Executive, Board members and Executive Directors who have influence over the decisions of the Agency as a whole.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee, which includes four members of the Board, met four times during the course of the year to advise the Chairman on the remuneration of the Chief Executive Officer (CEO) and to advise the CEO on Directors' remuneration.

In reaching its recommendations, the Remuneration and Appointments Committee is to have regard to the following considerations:

- the need to recruit, maintain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the Government's inflation target.

Remuneration Policy

The remuneration of the Board is set by the Department for Business, Innovation and Skills (BIS) and is reviewed every year in line with the recommendations of the Senior Salaries Review Board.

Performance pay for the Chief Executive is determined by the Chairman on the recommendation of the Remuneration and Appointments Committee. Performance is measured against targets determined by the Chairman following consultation with the Director of the Government Office. These are subject to regular performance monitoring during the year. The amount of the performance award can be up to a maximum of 20% of salary. In 2008/09 the targets related to the financial objectives of the Agency; the performance targets set by Government; the objectives for the Agency's lead role with the Department of Education and Skills and the Department for Work and Pensions, to January 2009 and then subsequently changed to lead role for the Department of Energy and Climate Change and the Department for Children, Schools and Families, improving project management, developing sub regional partnership arrangements and improving the organisation's overall effectiveness.

Performance pay of the senior management team is determined by the Chief Executive on advice from the Remuneration and Appointments Committee. Performance is measured against targets set individually for each Director by the Chief Executive and the amount of the performance award can be up to 10% of salary.

Service contracts

All Board members have been appointed on a fixed term contract and except for the Chairman, Deputy Chairman and Deputy Chair elect are contracted to carry out two days work per month (three days per week for the Chairman and one day per week for the Deputy Chairman and Deputy Chair elect) on behalf of the Agency.

Board members appointments are made in accordance with the Commission of Public Appointments Code. There is no provision in place for the early termination of appointment of Board Members.

The Chief Executive Steven Broomhead and all other members of the senior management team are employed under permanent employment contracts. The Chief Executive and senior managers work for the Agency full time.

For the Chief Executive and senior management team early termination, other than for misconduct, will be under the terms of the Civil Service Compensation Scheme.

Audited Part of the Remuneration Report

Emoluments of Board members

The emoluments of Board Members can be analysed as follows:

Name	Period of Appointment		Salary £	Pension £	Total 2009 £	Total 2008 £
	From	To				
Bryan Gray (Chairman)	Apr 2002	Dec 2009	81,455	29,000	110,455	106,931
Professor Sir Martin Harris *	Dec 2001	Dec 2008	12,040	-	12,040	16,742
Vanda Murray **	Apr 2006	Dec 2011	17,076	-	17,076	16,742
Brenda Smith	Dec 2001	Dec 2009	8,538	-	8,538	8,371
Marie Rimmer	Dec 2002	Dec 2008	6,020	-	6,020	8,371
Professor Maureen Williams ****	Dec 2002	Dec 2008	8,538	-	8,538	8,371
Dave McCall	Dec 2003	Dec 2009	8,538	-	8,538	8,371
Joe Dwek	Dec 2003	Dec 2010	8,538	-	8,538	8,371
Peter Hensman	Dec 2004	Dec 2010	8,538	-	8,538	8,371
John Merry	Dec 2004	Dec 2010	8,538	-	8,538	8,371
Robert Hough ***	Dec 2007	Dec 2010	11,384	-	11,384	2,479
Tony McDermott	Dec 2007	Dec 2010	8,538	-	8,538	2,479
Susan Williams	Dec 2007	Dec 2010	8,538	-	8,538	2,479
Peter Allen	Dec 2007	Dec 2010	8,538	-	8,538	2,479
John Brooks	Dec 2007	Dec 2010	8,538	-	8,538	2,479
Anne Selby	Dec 2008	Dec 2011	2,561	-	2,561	-
Lord Peter Smith	Dec 2008	Dec 2011	2,561	-	2,561	-
John Stageman	Dec 2008	Dec 2011	2,561	-	2,561	-

* Deputy Chair until December 2008

** Deputy Chair from December 2008

*** Deputy Chair elect from December 2008

**** Resigned in December 2008 but continued to be remunerated for working on the European Policy Programme

Emoluments of the Chief Executive and senior managers

The emoluments of the Chief Executive and senior managers can be analysed as follows:

Name	Salary £	Performance pay £	Benefits in kind £	Pension £	2009 Total £	2008 Total £
Steven Broomhead <i>Chief Executive</i>	139,144	22,386	5,424	29,988	196,942	190,096
Patrick White <i>Executive Director of Policy (appointed 1.8.07)</i>	104,299	9,847	3,940	26,596	144,682	98,103
Peter White <i>Executive Director of Development (retired 31.3.09)</i>	114,407	10,140	2,967	29,174	156,688	136,791
Peter Mearns <i>Executive Director of Marketing & Communications (appointed 1.8.07)</i>	102,947	10,042	5,498	26,252	144,739	98,112
Ian Haythornthwaite <i>Executive Director of Resources</i>	114,407	10,668	5,652	28,990	159,717	148,514
Mark Hughes <i>Executive Director of Economic Development</i>	114,407	10,467	3,768	29,130	157,772	142,162
Bernice Law <i>(on secondment)</i>	113,998	11,161	1,255	28,791	155,205	151,261

Non Consolidated Performance Related Payments

Non consolidated performance related payments to Senior Managers are linked to the Agency's performance appraisal system. The performance appraisal year is aligned to the financial year. Payments made in 2008/09 reflect individual's performance in the 2007/08 financial year.

Benefits in kind

Benefits in kind for the Senior Managers consist of lease cars provided by the Agency. There are no loans made to Directors. Board members received no benefits in kind.

Pension benefits

Pension benefits of Board members

No Board Members are eligible for a pension, performance related pay or any other taxable benefit as a result of employment with the Agency with the exception of the Chairman.

Pension benefits of the Chairman

With the approval of BIS, a 'by analogy' pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme (PCSPS) 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 Chairman's pension will be the responsibility of the Agency, underwritten by BIS.

	Real increase in pension £000	Real increase in lump sum £000	Pension at 31 March 2009 £000	Lump sum at 31 March 2009 £000	CETV at 31 March 2008 £000	CETV at 31 March 2009 £000	Real increase in CETV as funded by employer £000
Bryan Gray Chairman	0 – 2.5	0 – 2.5	5 - 10	0 - 5	110	135	17

The by analogy arrangement shadows the benefits provided under the Principal Civil Service Pension Scheme. The arrangement provides benefits to the present Chairman and one former Chairman of the Agency. A full actuarial valuation was carried out as at 31 March 2009 by a qualified independent actuary.

The major assumptions of the actuary were:

Financial Assumptions

	2009	2008
The inflation assumption	2.75%	2.75%
The rate of increase in salaries	4.29%	4.29%
The rate of increase for pensions in payment and deferred pensions	2.75%	2.75%
The rate used to discount scheme liabilities	6.04%	5.32%

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Expense to be recognised in Income and Expenditure Account	2009	2008
	£000	£000
Current service cost (net of employee contributions)	20	21
Past service cost	-	-
Settlements and curtailments	-	-
Interest cost	9	7
	==	==
Total expense/(income)	29	28
	==	==
Actuarial gains/losses to be recognised in the Statement of Recognised Gains and Losses	2009	2008
	£000	£000
Experience loss/(gain) arising on the scheme liabilities	(4)	2
Changes in assumptions underlying the present value of the scheme liabilities	3	(8)
	=====	=====
Total actuarial loss/(gain)	(1)	(6)
	=====	=====
Analysis of movement in scheme liability	2009	2008
	£000	£000
Scheme liability at the beginning of year	162	140
Movement in the year:-		
Current service cost (net of employee contributions)	20	21
Interest cost	9	7
Employee contributions	2	2
Actuarial loss/(gain)	(1)	(6)
Benefits paid	(2)	(2)
Past service cost	-	-
Net individual pension transfers-in	-	-
Settlements and curtailments	-	-
	=====	=====
Scheme liability at the end of year	190	162
	=====	=====

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Present value of scheme liabilities	Value at 31/03/2009	Value at 31/03/2008
	£000	£000
Liability in respect of:-		
Active members	161	125
Deferred pensioners	-	-
Current pensioners	29	37
	====	====
Total present value of scheme liabilities	190	162
	====	====

**History of experience losses /
(gains)**

	2009	2008	2007	2006
Amount (£000)	(4)	2	2	1
Percentage of scheme liabilities at the end of year	-2.3%	1.5%	1.4%	1.1%

**Estimate of contributions expected to be paid into the scheme over the year 1 April
2009 to 31 March 2010:**

Employer contributions: £23,063
Employee contributions: £2,595

Pension benefits of Chief Executive and senior managers

Steven Broomhead, Bernice Law, Ian Haythornthwaite and Mark Hughes are all members of PCSPS Premium Scheme.

Peter White and Patrick White are members of the PCSPS Classic Scheme.

Peter Mearns is a member of the PCSPS Classic Plus Scheme.

	Real increase in pension £	Real increase in lump sum £	Pension at 31 March 2009 £	Lump sum at 31 March 2009 £	CETV at 31 March 2008 £	CETV At 31 March 2009 £	Employee contributions and transfers in £	Real increase in CETV as funded by employer £
Steven Broomhead	1,552	N/A	58,370	N/A	876,000	958,000	4,116	21,000
Patrick White	1,929	5,787	16,399	49,196	147,000	178,000	1,564	19,000
Peter White	1,968	5,905	12,338	37,014	226,000	286,000	1,716	44,000
Peter Mearns	3,430	560	31,099	35,379	532,000	634,000	12,282	54,000
Ian Haythornthwaite	3,238	N/A	40,454	N/A	638,000	731,000	3,979	43,000
Mark Hughes	2,165	N/A	7,679	N/A	62,000	92,000	3,979	22,000
Bernice Law	673	N/A	59,658	N/A	881,000	955,000	3,952	7,000

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The 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 their 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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Note: This year's figure for the CETV at 31 March 2008 may be different to the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Non Cash remuneration

During the year there has been no element of non cash remuneration, except for the benefits in kind of senior managers.

Compensation paid, significant awards to former senior managers

During the year there was no compensation paid or significant award to former senior managers.

Amounts payable to third party for services as a senior manager

There are no amounts payable to a third party for services as a senior manager.

Payments made for loss of office

During the year there were no payments made for loss of office to senior managers.

Bryan M Gray
Chairman

Steven Broomhead
Chief Executive

Statement on Internal Control 2008-09

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a robust system of internal control that supports the achievement of the Northwest Regional Development Agency's ("the Agency") corporate objectives, whilst safeguarding the public funds and departmental assets, for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Agency is a Regional Development Agency classified as a non-departmental public body of the sponsoring Department for Business, Innovation and Skills (BIS). The Secretary of State is accountable to Parliament for the activities and performance of the Agency. Operational responsibility for monitoring the Agency's activities rests with BIS. The Agency provides comprehensive half yearly reports on performance against targets to Government Office for the North West (GONW) for onward transmission to BIS.

The Agency has corporate responsibility for ensuring that it fulfils the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of its resources. The Agency is committed to the pursuit of economy, efficiency and effectiveness and constantly seeks to employ best practice in accordance with its Corporate Values. As Accounting Officer, I establish the Agency's corporate and business plans in line with BIS's wider strategic aims and the Regional Economic Strategy (RES). I advise the Board on the Agency's performance compared with its aims and objectives and ensure that its governance responsibilities can be discharged in accordance with established guidelines and criteria.

The Purpose of the System of Internal Control

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

The system of internal control is based on a continuous 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. This process has been in place in the Agency for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

Capacity to Handle Risk

The Board sets the Agency's policy and attitude towards risk. The Audit Committee, on behalf of the Board, determines the effectiveness of those policies and procedures, basing its assurance on the reporting of External and Internal Audit as well as the Head of Risk. The Executive Management Board, led by the Chief Executive, is responsible for the operation of the Agency's corporate risk management process. The Risk and Performance Management Group supports the Executive Management Board and Audit Committee. The corporate risk management process continues to develop under the control of the Head of Risk, Executive Director of Resources, Executive Management Board and Audit Committee.

The Risk and Control Framework

The main processes which the Agency has in place for identifying, evaluating and managing risk are:

(a) Risk Management Strategy

Our risk management strategy is reviewed on an annual basis and approved by the Audit Committee. The risk management strategy sets out the Agency's risk philosophy, its strategy, and risk cycle including risk identification, assessment, how it is addressed and reviewed.

(b) Risk Registers

Risk registers are maintained where appropriate throughout the Agency. The most significant risks are elevated through the Risk and Performance Management Group, which meets quarterly, onto the Corporate Risk Register and Sub Committee Risk Registers.

Action owners are assigned and action dates specified to ensure that risks are owned and mitigating actions implemented in a timely manner.

(c) Review of Risk Registers

All risk registers are updated at least quarterly. They are seen as an essential part of the overall management toolkit and within the project environment they are reviewed on a monthly basis.

The Executive Management Board and Audit Committee review the Corporate Risk Register on a quarterly basis and make changes as appropriate.

(d) Risk Appetite

The Agency assesses each objective, project and task on its own merits ensuring that the best available information is used to permit decision makers to identify whether an intended action falls within the risk appetite of the Agency. Key bodies responsible for this at Agency level are: the Board, Board Sub Committees, the Executive Management Board, and the Programme Review Group.

(e) Risk Training

All new members of staff are given training in the Agency's risk management procedures as part of the programme of training provided for staff working in the project environment. All existing project staff continued to receive coaching to ensure the risk principles were embedded across the organisation.

Information and Communication

The Board meets ten times per annum and receives progress reports on significant projects, a monthly Finance Director's report on the Agency's financial position, and the Agency's quarterly performance report that summarises progress against key outcome targets.

Board Sub Committees, including the Audit Committee normally meet on a quarterly basis.

The Executive Management Board meets fortnightly to make key decisions, agree actions and specific initiatives and to review financial and operational performance.

Key decisions made and actions agreed have historically been communicated to the Senior Management Team (SMT) via a monthly Core Briefing session and cascaded to all staff through regular team meetings. As part of the ongoing business re-organisation, a smaller, more strategically focussed SMT is now in place and key information is imparted during the monthly SMT meetings.

Specific policies and procedures are approved by the Executive Management Board and delivered to the relevant teams through induction training, team meetings, and via email and the Intranet. These media address issues such as project appraisal and monitoring, financial management and control, procurement and legislation, for example the Freedom of Information Act.

Information Assurance

We take our responsibilities in handling personal data very seriously and in accordance with Cabinet Office guidelines, we have significantly enhanced our control environment in 2008/09.

An Information Risk policy has been agreed and is being implemented. Under this policy, Ian Haythornthwaite, Executive Director – Resources, has been appointed as Senior Information Risk Officer (SIRO) and Information Asset Owners (IAOs) have also been identified. Additionally, the Director of Information Management and Systems, who will have day to day operational activity for personal data handling, has recently been appointed. In support of the Information Risk policy, the Cabinet Office sponsored training programmes will be rolled out during the coming year to all staff who handle personal data and IAOs.

We have also made considerable progress in protecting the personal data that we hold electronically. During 2008/09, we have implemented:

- An endpoint security software system which ensures that access to memory sticks and cd / dvd drives is tightly controlled and that any data written to removable media is encrypted and auditable.
- A programme to provide encrypted drives in all laptops which is planned for completion by the end of May 2009.
- An email encryption solution to enable confidential emails to be sent securely.
- Software and a supporting Agency policy that will ensure that emails are sent to multiple recipients in a co-ordinated and compliant manner.

These control mechanisms will be kept under review during 2009/10 and supplemented where required.

Our progress to date has been independently audited during the year. A recent review by our Internal Auditors concluded that appropriate processes, policies and procedures had been put in place to meet the mandatory requirements contained within the Cabinet Office Guidelines. Additionally, our ICT department has been re-accredited to ISO 27001 for its Information Management Security system and processes. Finally, an intrusion detection test of our wireless network has been independently conducted with no major issues being raised. These independent audits give us considerable confidence in the integrity of our internal systems.

We have also conducted an internal survey of any personal data that may be held by our delivery partners. The results of this survey will shortly be analysed and further work will be undertaken with our delivery partners to ensure that they have appropriate systems in place to handle personal data.

Personal data incidents during the year

During the year the Agency received one complaint alleging that it had passed on an individual's name to a third party in connection with a Freedom of Information request.

On investigation it was established that only the surname, and no other personal details, were disclosed, and a letter of apology was sent.

The Agency duly reported the incident to the Information Commissioner's Office (ICO). They recognised a breach, but were satisfied that our remedial action taken following the incident was proportionate.

As a result of the incident, the Agency has reviewed its data protection and freedom of information policies and procedures.

Project Management System

The Agency has continued to develop its project management procedures and capacity during this year.

The European Programme

The Agency has taken responsibility for managing the European Regional Development Fund. The European Programme Executive (EPE) team are now firmly in place and the processes and procedures developed to manage the programme have been approved by Department of Communities and Local Government audit.

There are significant risks associated with the European Programme, not least the de-commitment target, which requires the Agency to spend circa £140m by December 2009. The Agency is on track to meet this target subject to the successful drawdown of the Venture Capital Loan Fund.

Significant Internal Control Issues

A comprehensive internal audit programme has been delivered during 2008/09. Whilst no significant control issues were identified, the Agency has had to respond positively to the new global/national economic conditions to minimise the effect on the North West.

This has been without doubt the biggest risk the Agency has faced in 2008/09. In response, investment budgets have been realigned with greater focus on business support and where appropriate direct development is being considered to enable construction projects to continue where they may otherwise be placed on hold. We have also reviewed our payment arrangements to ensure we maximise cashflow to our contractors/suppliers.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive directors within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Steven Broomhead
Accounting Officer

13 July 2009

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSES OF PARLIAMENT AND THE NORTHWEST
REGIONAL DEVELOPMENT AGENCY**

I certify that I have audited the financial statements of the Northwest Regional Development Agency (“the Agency”) for the year ended 31 March 2009 under the Regional Development Agencies Act 1998. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the Agency, Chief Executive/Accounting Officer
and Auditor**

The Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Agency’s and Chief Executive’s Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Operating Review, the Director’s Report and the Environmental Policy Statement, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman’s Statement, the Chief Executive’s Review, the Governance Review and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies

with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State, of the state of the Northwest Development Agency's affairs as at 31 March 2009 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State; and
- information, which comprises the Operating Review, the Director's Report and the Environmental Policy Statement, included within the Annual Report is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

15 July 2009
Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

FINANCIAL STATEMENTS

Group income & expenditure account

For the year ended 31 March 2009

	<i>Note</i>	2009	2008
		£000	Restated £000
Income			
European funding		27,544	22,187
Coalfield and other government grants		10,424	6,970
Rents and maintenance charges		2,470	2,985
Claw-back of grant and contributions		4,039	6,115
Proceeds from disposal of Investments		4,045	2,446
Proceeds from disposal of Development Assets		3,580	9,057
Northern Way income		265	13,935
Income from Joint Venture - NorwePP		332	1,020
Other income		7,979	5,653
Total Income		60,678	70,368
Expenditure			
Grants paid for programme expenditure – public sector	2	132,856	174,158
Grants paid for programme expenditure – private sector	2	177,551	158,790
European funding expenditure	2	16,130	18,469
Non-grant programme expenditure	2	39,388	45,403
Salaries and wages	6	40,354	32,271
Other administrative costs	3	23,578	19,702
Book value of Operating Assets disposed	12	-	5
Book value of Investments disposed	13	4,045	2,446
Book value of Development Assets disposed	16	3,354	8,302
Asset valuation write-down – Operating Assets	12	994	8
Asset valuation write-down – Investments	13	4,290	4,835
Asset valuation write-down – Development Assets	16	15,355	5,478
Asset valuation write-back – Investments	13	(2,340)	-
Asset valuation write-back – Development Assets	16	(1,242)	(5,241)
Movements in provisions	20	-	(22)
Bad debts and movements in provision for bad and doubtful debts		(34)	68
Total Expenditure		454,279	464,672
Net expenditure on operations		(393,601)	(394,304)
Interest payable	4	-	(14)
Interest receivable	5	5,995	7,577
Notional cost of capital	9	(6,357)	(6,021)
Net expenditure on ordinary activities		(393,963)	(392,762)
Taxation	10	(2,377)	(8)
Net expenditure after tax		(396,340)	(392,770)
Reversal of notional cost of capital	9	6,357	6,021
Net expenditure taken to reserves	23	(389,983)	(386,749)

All activities are from continuing operations.

The 2008 comparatives have been restated to reallocate the Operating Costs of the subsidiaries to the expenditure headings to which they relate.

Net expenditure is financed by Grant in Aid as explained in accounting policy note 1.

The notes on pages 51 to 83 form part of these accounts.

Group statement of recognised gains and losses

For the year ended 31 March 2009

	<i>Note</i>	2009	2008
		£000	£000
Revaluation on Development Property Assets	16,22	(8,612)	4,649
Revaluation on Operating Assets	22	(19)	19
Movement in the share of Net Assets for Joint Ventures and Associates :	14,21		
- Temporary diminution in the value of the Property Partnership		(18,016)	-
- Other		(2,143)	(1,168)
Actuarial gain (loss) on FRS17 pension scheme	21	1	6
		<hr/>	<hr/>
Gains and losses recognised for the year		(28,789)	3,506
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 51 to 83 form part of these accounts.

Northwest Regional Development Agency
Annual Report and Financial Statements
Year ended 31st March 2009

Group balance sheet

As at 31 March 2009

	<i>Note</i>	2009	2008
		£000	£000
Fixed Assets			
Intangible Operating Assets	11	728	823
Tangible Operating Assets	12	4,463	4,040
Investments	13	26,912	22,833
Investments in Joint Ventures:			
Share of gross Assets	14	51,228	79,040
Share of gross Liabilities	14	(70,859)	(77,971)
Investments in Associates	14	580	40
Long Term Loans	15	93,839	103,839
		<hr/>	<hr/>
		106,891	132,644
		<hr/>	<hr/>
Current Assets			
Development Assets	16	62,740	84,384
Debtors	17	28,852	31,948
Cash at bank and in hand		87,227	73,578
		<hr/>	<hr/>
		178,819	189,910
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	18	(193,078)	(173,957)
		<hr/>	<hr/>
Net Current Assets		(14,259)	15,953
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	19	(11,401)	(22,265)
Provisions For Liabilities And Charges	20	(6,788)	(9,322)
		<hr/>	<hr/>
Total Assets Less Total Liabilities excluding Pension Liability		74,443	117,010
FRS17 Pension Liability (see Remuneration Report)		(190)	(162)
		<hr/>	<hr/>
Total Assets Less Total Liabilities		74,253	116,848
		<hr/>	<hr/>
Reserves			
General Reserve	21	9,518	31,143
Revaluation Reserve	22	57,022	65,653
Grant in Aid Reserve	23	7,713	20,052
		<hr/>	<hr/>
		74,253	116,848
		<hr/>	<hr/>

These financial statements were approved by the Board on 13th July 2009.

Bryan M Gray
Chairman
13th July 2009

Steven Broomhead
Chief Executive
13th July 2009

The notes on pages 51 to 83 form part of these accounts.

Northwest Regional Development Agency
Annual Report and Financial Statements
Year ended 31st March 2009

Agency Balance sheet

As at 31 March 2009

	<i>Note</i>	2009 £000	2008 £000
Fixed Assets			
Intangible Operating Assets	11	531	823
Tangible Operating Assets	12	3,333	2,403
Investments	13	26,912	22,833
Investments in Subsidiaries	14	3,978	4,760
Investments in Joint Ventures:	14		
Share of gross Assets		51,228	79,040
Share of gross Liabilities		(70,859)	(77,971)
Investments in Associates	14	580	40
Long Term Loans	15	93,839	103,839
		<hr/>	<hr/>
		109,542	135,767
		<hr/>	<hr/>
Current Assets			
Development Assets	16	62,740	84,384
Debtors	17	26,514	29,897
Cash at bank and in hand		85,004	72,041
		<hr/>	<hr/>
		174,258	186,322
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	18	(192,777)	(174,824)
		<hr/>	<hr/>
Net Current Assets		(18,519)	11,498
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	19	(11,332)	(22,265)
		<hr/>	<hr/>
Provisions For Liabilities And Charges	20	(5,988)	(9,322)
		<hr/>	<hr/>
Total Assets Less Total Liabilities excluding Pension Liability		73,703	115,678
FRS17 Pension Liability (see Remuneration Report)		(190)	(162)
		<hr/>	<hr/>
Total Assets Less Total Liabilities		73,513	115,516
		<hr/> <hr/>	<hr/> <hr/>
Reserves			
General Reserve	21	9,518	31,143
Revaluation Reserve	22	57,022	65,653
Grant in Aid Reserve	23	6,973	18,720
		<hr/>	<hr/>
		73,513	115,516
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board on 13th July 2009.

Bryan M Gray
Chairman
13th July 2009

Steven Broomhead
Chief Executive
13th July 2009

The notes on pages 51 to 83 form part of these accounts.

Group cash flow statement

For the year ended 31 March 2009

	<i>Note</i>	2009	2008
		£000	£000
Net Cash Outflow from Operating Activities		(366,002)	(387,827)
Dividends from Joint Ventures and Associates			
Dividends received from Joint Ventures		332	1,020
Returns on Investments and Servicing Of Finance			
Interest Received	5	5,995	7,577
Interest Paid	4	-	(14)
Taxation			
UK Corporation Tax paid		(2,092)	(8)
Capital Expenditure and Financial Investment			
Purchase of Fixed Intangible Operating Assets	11	(342)	(701)
Purchase of Fixed Tangible Operating Assets	12	(2,996)	(2,096)
Purchase of Investments	13	(10,114)	(6,354)
Purchase of Development Assets	16	(4,435)	(6,119)
Proceeds from disposal of Investments		4,085	2,507
Proceeds from disposal of Development Assets		3,580	9,057
Repayment of Loan Note	15	10,000	12,000
		<hr/>	<hr/>
Net Cash Outflow before Financing		(361,989)	(370,958)
Financing			
Grant in Aid received	23	375,092	381,000
EU financing for assets	21	119	4,386
Homes and Communities Agency financing for assets	21	935	(105)
		<hr/>	<hr/>
Increase in Cash		14,157	14,323
Net liquid funds at 1 April 2008		73,070	58,747
		<hr/>	<hr/>
Net liquid funds as at 31 March 2009		87,227	73,070
		<hr/> <hr/>	<hr/> <hr/>
		2009	2008
		£000	£000
Reconciliation of Liquid Funds			
Cash at bank and in hand		87,227	73,578
Overdraft		-	(508)
		<hr/>	<hr/>
		87,227	73,070
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 51 to 83 form part of these accounts

Reconciliation of net operating expenditure to net cash outflow from operating activities

	<i>Note</i>	2009	2008
		£000	£000
Net expenditure on operations		(393,601)	(394,304)
Less Dividends from Joint Venture		(332)	(1,020)
Transfer to Reserves		31	-
Decrease in debtors	<i>17</i>	3,096	6,325
Increase/(Decrease) in creditors and provisions	<i>18,19,20</i>	5,975	(4,884)
Depreciation and amortisation	<i>11,12</i>	1,997	1,722
Actuarial gain on FRS17 pension scheme	<i>21</i>	1	6
Loss on disposal of fixed operating assets		-	5
Loss/(profit) on disposal of development assets		(226)	(757)
Operating assets valuation write-down	<i>12</i>	994	8
Investments valuation write-down	<i>13</i>	4,290	4,835
Development asset valuation write-down	<i>16</i>	15,355	5,478
Investments valuation write-back	<i>13</i>	(2,340)	-
Development asset valuation write-back	<i>16</i>	(1,242)	(5,241)
		<hr/>	<hr/>
Net cash outflow from operating activities		(366,002)	(387,827)
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1. Accounting policies

1.1 Basis of Accounting

The Financial Statements of the Northwest Regional Development Agency have been prepared in a form directed by the Secretary of State for Business, Innovation and Skills, with the approval of H M Treasury, in accordance with the Regional Development Agencies Act 1998. The Financial Statements have been prepared as set out in Treasury guidance and the Accounts Direction under the modified historical cost basis as explained in the sub-paragraphs below and in accordance with applicable Accounting Standards.

The Agency was issued with a new Accounts Direction on 26 March 2008 which is effective for the 2008-09 financial year.

1.2 Basis of Consolidation

A separate income and expenditure account is not presented for the Agency as provided by Section 230 of the Companies Act 1985.

The consolidated accounts incorporate the accounts of the Agency and its subsidiary undertakings North West Business Link Limited, Estuary Management Company Limited, NorwePP (NWDA Subsidiary) Limited and Rural Regeneration Cumbria Limited.

Joint ventures relating to Renewables North West Limited, New East Manchester Limited, Central Salford Urban Regeneration Company Limited, Re Blackpool Urban Regeneration Company Limited, NorwePP Limited Partnership and NorwePP (General Partner) Limited have been accounted for on a gross equity accounting basis.

Investments in associate undertakings relating to Liverpool Vision Limited, Furness West Cumbria New Vision URC Limited, Maryport Developments Limited, Elevate East Lancashire Limited, Cumbria Vision Limited, Daresbury Science and Innovation Campus Limited and Hadrians Wall Heritage Limited have been consolidated on an equity accounting basis.

1.3 Properties

Land and buildings held as tangible operating assets, industrial and commercial investment properties, or properties in the course of development are shown in the balance sheet at open market value.

Valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6th. Edition) published by RICS. A valuation of the whole portfolio was carried out as at 31 December 2008 and again as at 31 March 2009 by King Sturge, Chartered Surveyors.

Acquisitions and disposals of land and buildings are accounted for on the date of legal completion.

Notes (continued)

1. Accounting policies (continued)

1.4 Development Assets

Development assets, consisting of land and buildings, are held short term for disposal. They are shown at the lower of current replacement cost and net realisable value, any reductions in carrying value being written off to the Income & Expenditure Account. Movements arising on the revaluation of development assets in excess of historical cost are reflected in the Revaluation Reserve, after eliminating the overall accumulated unrealised deficit, as originally charged to the Income and Expenditure Account.

Acquisitions and disposals of Development Assets are accounted for on the date of legal completion.

1.5 Investments

Loan investments in Venture Capital Trusts are shown at cost and net of provision for amounts considered doubtful and 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 and Skills (BIS) is obtained for any write-off in excess of £250,000.

Returns on loan investments in Venture Capital Trusts are shown at market value over and above the value of the loan.

Movements arising on the revaluation of investments are reflected in the revaluation reserve, except for impairments and reductions in value below historical cost, which are reported in the income and expenditure account.

1.6 Tangible Operating Assets and Intangible Assets

Tangible operating assets are valued at depreciated historic cost as current cost adjustments are not material.

Software licences are capitalised as intangible assets on the same basis.

Assets are capitalised where the cost exceeds £500 on a grouped basis where appropriate.

1.7 Depreciation and amortisation

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

Owned property	50 years
Leasehold buildings with less than 25 years to run	Period of lease
Plant and equipment	5 years
Office furniture, fittings and equipment	5 years
Computer equipment	3 years
Software licences	3 years

Notes (continued)

1. Accounting policies (continued)

1.8 Pension Costs

Employees of the Agency participate in the following defined benefit schemes: the Principal Civil Service Pension Scheme (PCSPS) and the Homes and Communities Agency Pension Scheme. These are multi-employer schemes in which it is impossible to identify the share of the underlying assets and liabilities relating to the Agency. Employer contributions to these schemes are accounted for in the period to which they relate.

The 'by analogy' scheme is for Chairs past and present with rules equivalent to those of the PCSPS. The arrangement is a UK-based benefit promise made by the employer, providing benefits at retirement and on death-in-service. The arrangement is unfunded and the employer pays benefits as and when they arise. Further details are provided in the remuneration report.

The scheme is subject to regular valuations by independent, professionally qualified actuaries. These determine the level of contributions required to fund future benefits. Differences between actual and expected returns on assets during the year are recognised in the Statement of Recognised Gains and Losses, together with differences arising from changes in actuarial assumptions.

1.9 Government Grants

The Agency's activities are funded primarily by Grants in Aid provided by BIS for specified types of expenditure. Grants in Aid used to finance activities and expenditure which support the statutory and other objectives of the Agency are treated as financing and are credited to the Grant in Aid Reserve as they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to Grant in Aid Reserve.

1.10 European Grants

The Agency's activities are funded in part by European Funding for specified types of expenditure. European Funding Grants receivable of a revenue nature are credited to the Income & Expenditure Account 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 Income & Expenditure Account either over the expected useful life of the asset for assets that are depreciated or, upon disposal or loss in value, for assets that are not depreciated.

1.11 Deferred Taxation

Full provision has been made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the Financial Statements and their recognition in the tax computation. In accordance with FRS 19 a deferred tax asset is only recognised if there is sufficient evidence that it is likely to be recoverable at the balance sheet date.

Notes (continued)

1. Accounting policies (continued)

1.12 Foreign Currency Transactions

Transactions in foreign currencies are recorded in sterling at the rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currency are translated into sterling at the rates prevailing at the Balance Sheet date. Resulting exchange gains and losses are taken to the Income & Expenditure Account.

1.13 Leases

Operating lease rentals are charged to the Income & Expenditure Account over the period of the lease.

There are no finance leases.

1.14 Financial Instruments

The Agency has no borrowings and relies primarily on departmental grant in aid for its cash requirements and is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so there is no exposure to interest rate risk or currency risk. Transactions entered into which result in debtors due after more than one year have a low credit risk.

1.15 Operating Income

Operating Income is recognised on a receivable basis.

1.16 Grants Payable

Grants payable are recognised in the period in which the underlying event or activity giving entitlement to the grant occurs.

1.17 Grant Repayments

Grant repayments are recognised as income on a receivable basis. The Agency's entitlement to grant repayment would crystallise in the event of any breach of grant conditions.

1.18 Provisions

The Agency makes provision for liabilities and charges in accordance with FRS12 where, at the balance sheet date, a legal or constructive liability (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable and a reasonable estimate of the obligation can be made.

1.19 VAT

Irrecoverable VAT is written off to the Income and Expenditure Account.

Notes (continued)

2. Analysis of programme expenditure by key driver

	2009	2008
	£000	Restated £000
Programme Expenditure as shown in Group I&E:		
Grants paid for programme expenditure – public sector	132,856	174,158
Grants paid for programme expenditure – private sector	177,551	158,790
European funding expenditure	16,130	18,469
Non-grant programme expenditure	39,388	45,403
	365,925	396,820
	365,925	396,820
 Programme Expenditure Analysis by Key Driver:		
Business	130,225	117,859
Skills & Education	15,348	10,722
People & Jobs	70,543	130,115
Infrastructure	52,190	53,072
Quality of Life	61,738	62,859
Regional Research	1,860	1,211
Legacy	34,021	20,982
	365,925	396,820
	365,925	396,820

Non-grant programme expenditure relates to programmes directly funded and managed by the Agency.

3. Other administration costs

	2009	2008
	£000	Restated £000
Professional costs	1,553	1,423
Marketing and PR	6,390	5,428
Estate management	308	296
Office costs	3,962	3,595
Operating lease rentals	2,114	1,962
Other staff costs	1,896	1,910
IT and communication	3,344	1,754
Travel and subsistence	1,882	1,508
Depreciation and amortisation	2,000	1,722
External auditors' remuneration – statutory audit	108	102
– IFRS audit	6	-
- other non-audit work	15	2
	23,578	19,702
	23,578	19,702

Notes (continued)

4. Interest payable

	2009	2008
	£000	£000
Other interest	-	14
	<u> </u>	<u> </u>

5. Interest receivable

	2009	2008
	£000	£000
Interest on Loan Notes – NorwePP (see Note 25)	4,106	4,989
Bank interest receivable	1,856	2,546
Interest on investments	33	6
Other interest	-	36
	<u> </u>	<u> </u>
	5,995	7,577
	<u> </u>	<u> </u>

6. Salaries and wages

	2009	2008
	£000	Restated £000
Board Members		
Board members salaries	255	213
Chair's pension contributions	29	28
Social security costs	19	18
	<u> </u>	<u> </u>
	303	259
	<u> </u>	<u> </u>
Staff		
Salaries and wages	29,941	24,013
Pension costs	4,904	3,954
Social security costs	2,651	2,350
Redundancy costs	411	464
	<u> </u>	<u> </u>
	37,907	30,781
	<u> </u>	<u> </u>
Temporary staff		
Recruitment agency staff	2,051	855
Seconded staff salary costs	93	376
	<u> </u>	<u> </u>
	2,144	1,231
	<u> </u>	<u> </u>
Total salaries and wages	40,354	32,271
	<u> </u>	<u> </u>

Notes (continued)

7. Staff numbers

The average number of staff employed by the Agency during the year (including all seconded staff) was 481 (2008: 431). The figures do not include recruitment agency staff.

A. Agency

Department	2009 Senior Management	2009 Staff	2009 Seconded In Staff	2009 Total	2008 Total
Chief Executive's Office	2	9	-	11	9
Human Resource Development	-	17	-	17	17
Economic Development	2	253	-	255	-
Marketing	1	26	-	27	25
Tourism	-	13	-	13	11
Enterprise and Skills Development	-	-	-	-	121
Policy and Planning	-	-	-	-	39
Resources	1	47	1	49	46
National Secretariat	1	100	-	101	156
	-	8	-	8	7
	7	473	1	481	431
	7	473	1	481	431

During the year there was a directorate restructuring which resulted in the directorates of Enterprise and Skills, Development and part of Resources being combined to form a new directorate, Economic Development.

The Policy directorate was renamed Policy and Planning.

During the year the Agency recruited an additional 30 staff into the European Programme Executive, which is part of the Resources directorate. All of these posts are 50% funded through ERDF.

Staff sickness absence data

Total number of sick absence days for the year: 3,497.

This figure includes 1,283 days attributable to long term sickness.

Average sick absence days (excluding long term sick): 4.6 days

B. Subsidiaries – All Administration

	2009 Total	2008 Total
Northwest Business Link	284	227
	284	227

The increase in Northwest Business Link average staff during the year has arisen due to the creation of new service departments (Learning & Skills Council Leadership and Management Programme, Access to Finance and the Innovation Programmes) and recruitment to move towards the agreed staffing level of 330 which is needed to support core activities.

Notes (continued)

8. Pension arrangements

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS scheme is an unfunded multi-employer defined benefit scheme but NWDA is unable to identify its share of underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2008/09, employers' contributions of £3,349,660 were payable to the PCSPS (2007/08 £2,894,886) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). New entrants after 1 October 2002 could choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account). From 30 July 2007 new entrants may choose between the new *nuvos* "career average" defined benefit scheme or the partnership pension account. All the schemes, apart from the partnership pension account, are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and *nuvos* are increased annually in line with changes in the Retail Prices Index.

Classic Scheme

Benefits accrue at the rate of 1/80th 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 1/60th 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 3/80ths 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 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on 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

Notes (continued)

8. Pension arrangements (continued)

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 Scheme

Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. Members pay contributions of 3.5% of pensionable earnings. The maximum pension payable is 75% of pensionable earnings. Members may commute part of their pension for a lump sum up to a maximum calculated as the member's pension multiplied by 30 and divided by 7 (the commutation rate is £12 of lump sum for each £1 of pension given up). The scheme has a pension age of 65. On death, pensions are payable to the surviving spouse at a rate of 37.5% of 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. Where the member's ill health permanently prevents them undertaking any gainful employment, service may be enhanced to what they would have accrued at age 65.

Pensions payable under classic, premium, classic plus and nuvos are increased in line with the Retail Prices Index.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Partnership Pension Scheme

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. 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). In 2008/09 employers' contributions of £44,664 (2007/08 £35,578) were paid to one or more of a panel of three appointed stakeholder pension providers.

Homes and Communities Agency Pension Scheme

Former employees of English Partnerships participate in the Homes and Communities Agency Pension Scheme. This scheme is a multi-employer defined benefit scheme but NWDA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and more details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2008/09, normal employer contributions of £148,614 were payable to the Homes and Communities Agency Pension Scheme (2007/08 £143,673) at the rate of 23.8% of pensionable pay (2007/08 23.8%). It has been agreed that contributions will be reviewed on an annual basis although the Actuary conducts a full revaluation of the fund every three years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Balance Sheet date there were no outstanding or prepaid contributions to the scheme.

Notes (continued)

9. Notional cost of capital

When calculating the net expenditure for the year, the Agency is required to include a notional cost of capital as expenditure, to the extent that there is no real charge for this. This has been calculated as 3.5% (2007/08: 3.5%) of the average of total assets less total liabilities. After net expenditure for the year there is an entry reversing this amount.

Notes (continued)

10. Taxation

a) Analysis of the tax charge / (credit) in year:

	2009	2008
	£000	£000
<i>Current taxation</i>		
UK corporation tax	(15)	8
Adjustments in respect of prior years	2,392	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences - current	-	-
Origination and reversal of timing differences - prior	-	-
	2,377	8
	2,377	8

b) Factors affecting the tax charge (credit) for the year:

The effective rate of tax for the year is more than the standard rate of corporation tax in the UK of 28%
The differences are explained below

	2009	2008
	£000	£000
Net income/(expenditure) on ordinary activities	<u>(393,963)</u>	<u>(392,762)</u>
Net income/(expenditure) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% NWDA (2008 30%) and 21% Business Link (2008 20%)	(110,295)	(118,249)
<i>Effect of:</i>		
Income and expenditure not subject to corporation tax (Business Link)	50	(832)
Notional cost of capital	1,780	1,806
Non taxable grant funding	(11,000)	(17,669)
Non relieviable grant funded expenditure	115,711	117,945
Expenses not deductible for tax purposes	6	8,278
Depreciation for the year in excess of capital allowances	11	39
Utilisation/creation of SGF deficit	3,760	-
Other timing differences	1	(2)
Accounting profit in excess of capital gain arising on disposal of investment assets	-	(1)
Creation / (utilisation) of tax losses	(1)	6,893
Difference in rate at which tax loss utilised	(1)	1,800
Results of NorwePP LP	(37)	-
Adjustments in respect of prior years	2,392	-
	2,377	8
	2,377	8

c) Factors that may affect future tax charges:

The Agency expects its effective rate in future years to exceed the standard rate of corporation in the UK principally due to non relieviable grant funded expenditure

Notes (continued)

10. Taxation (continued)

A potential deferred tax asset totalling £2.6m has been calculated by the Agency's tax advisers for 2008/09 (2007/08 £24.9m) largely as a result of accumulated tax losses. It is not considered probable that taxable profits will arise in the future to utilise these losses. For this reason, in accordance with FRS 19, an asset has not been recognised in the accounts.

11. Intangible operating assets

	Group: Software Licences	Agency: Software Licences
	£000	£000
Cost		
As at 1 April 2008	1,499	1,499
Additions in year	342	133
	<hr/>	<hr/>
As at 31 March 2009	1,841	1,632
	<hr/>	<hr/>
Amortisation		
As at 1 April 2008	676	676
Amortisation in year	437	425
	<hr/>	<hr/>
As at 31 March 2009	1,113	1,101
	<hr/>	<hr/>
Net Book Value		
As at 31 March 2009	728	531
	<hr/> <hr/>	<hr/> <hr/>
As at 31 March 2008	823	823

Notes (continued)

12. Tangible operating assets

	Group land & buildings	Group fixtures & fittings	Group computer equipment	Total
	£000	£000	£000	£000
Cost or Valuation				
As at 1 April 2008	1,064	1,855	3,720	6,639
Additions in year	2,168	208	620	2,996
Impairment	(1,013)	-	-	(1,013)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	2,219	2,063	4,340	8,622
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 April 2008	11	1,161	1,427	2,599
Depreciation in year	64	352	1,144	1,560
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	75	1,513	2,571	4,159
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
As at 31 March 2009	2,144	550	1,769	4,463
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 March 2008	1,053	694	2,293	4,040
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Agency land & Buildings	Agency fixtures & fittings	Agency computer equipment	Total
	£000	£000	£000	£000
Cost or Valuation				
As at 1 April 2008	1,037	1,534	1,839	4,410
Additions in year	2,168	131	406	2,705
Impairment	(1,013)	-	-	(1,013)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	2,192	1,665	2,245	6,102
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 April 2008	2	1,068	937	2,007
Depreciation in year	62	233	467	762
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	64	1,301	1,404	2,769
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
As at 31 March 2009	2,128	364	841	3,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 March 2008	1,035	466	902	2,403
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

13. Investments held as fixed asset investments

Group and Agency	North West BIS	North West Seed Fund	Rising Stars	Transitional Loan Fund	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 April 2008	18,116	3,898	8,525	-	30,539
Additions in year	5,377	602	265	3,870	10,114
Disposals in year	(2,415)	(1,630)	-	-	(4,045)
Repayments in year	(40)	-	-	-	(40)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	21,038	2,870	8,790	3,870	36,568
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Impairments					
As at 1 April 2008	1,826	2,394	3,486	-	7,706
Movement in provision	3,807	(2,340)	235	248	1,950
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	5,633	54	3,721	248	9,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
As at 31 March 2009	15,405	2,816	5,069	3,622	26,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>					
As at 31 March 2008	16,290	1,504	5,039	-	22,833
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Agency Interest 31 March 2009	75.00%	80.00%	42.40%	100.00%	
Agency Interest 31 March 2008	75.00%	80.00%	37.90%	-	

The Agency has loan investments in the North West Business Investment Scheme (NW BIS), the North West Seed Fund and the Rising Stars Growth Fund. These limited partnerships provide funding, in the form of loans and equity, to small businesses in the North West region. After recovery of the loan investment, the Agency is entitled to a return on investments equivalent to its interest in the fund as shown above. The NW BIS has been primarily funded by the European Union with the objective of making equity based investments in small & medium enterprises (SMEs) in the North West region.

During the year the Transitional Loan Fund was established to provide loans to SMEs in the region to obtain finance for working capital in the absence of conventional commercial sources. Funding is available to companies with a viable business plan that can demonstrate an ability to service the borrowing required.

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures

Subsidiaries

Name	Interest	Nature	Type
Estuary Management Company Limited	100%	Provision of Services at the Estuary Commerce Park	Company Limited by Guarantee
Rural Regeneration Cumbria Limited	81%	Regeneration of Furness and Cumbria	Company Limited by Guarantee
NorwePP (NWDA Subsidiary) Limited	100%	Shareholder in NorwePP (General Partner) Limited	Private Limited Company
North West Business Link Limited	100%	Business support, advice and information service	Company Limited by Guarantee

Joint Ventures

Name	Interest	Nature	Type
Renewables NorthWest Limited	50%	Development of Initiatives for Renewable Energy	Company Limited by Guarantee
New East Manchester Limited	33.333%	Regeneration of East Manchester	Company Limited by Guarantee
Re Blackpool URC Limited	50%	Regeneration of Blackpool	Company Limited by Guarantee
Central Salford URC Limited	33.333%	Regeneration of Central Salford	Company Limited by Guarantee
NorwePP Limited Partnership	49.95%	Investment in properties in the North West	Limited Partnership
NorwePP (General Partner) Limited	50%	General partner of NorwePP Limited Partnership	Private Limited Company

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Associates

Name	Interest	Nature	Type
Liverpool Vision Limited URC	33.333%	Urban Regeneration of Liverpool	Company Limited by Guarantee
Furness West Cumbria New Vision URC Limited	20%	Regeneration of West Cumbria	Company Limited by Guarantee
Maryport Developments Limited	20.4% ordinary share capital 100% preference share capital	Management of the Development of Maryport Harbour	Private Limited Company
Elevate East Lancashire Limited	12.5%	Development of strategy for housing market renewal in East Lancashire	Company Limited by Guarantee
Cumbria Vision Limited	12.5%	Regeneration of Cumbria	Private Limited Company
Daresbury Science and Innovation Campus Limited	16.667%	Management of Daresbury Innovation Campus	Company Limited by Guarantee
Hadrians Wall Heritage Limited	25%	Regeneration of the Hadrian's Wall World Heritage Site	Company Limited by Guarantee

On 30 April 2008 Liverpool Land Development Company Limited, in which the Agency held a 33.333% interest, was acquired by Liverpool Vision Limited.

Key Financial Results of Subsidiaries

	2009 Total	2009 Agency share	2008 Total	2008 Agency share
	£000	£000	£000	£000
Estuary Management Company Limited Profit/(loss) for the year after taxation	-	-	-	-
North West Business Link Limited (Loss)/profit for the year after taxation	(215)	(215)	4,760	4,760
Total (Loss)/Profit of Subsidiaries for the year after taxation	(215)	(215)	4,760	4,760

NorwePP (NWDA Subsidiary) Limited did not trade during the year.
Rural Regeneration Cumbria Limited ceased trading on 31 August 2006.
The Estuary Management Company Limited is a non-profit making company. Any surplus/deficit is returned to/recovered from the tenants.

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Investments in Net Assets of Subsidiaries

	2009	2009	2008	2008
	Total	Agency	Total	Agency
	£000	share	£000	share
		£000		£000
Gross Assets				
Estuary Management Company Limited	134	134	95	95
Rural Regeneration Cumbria Limited	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	1	1	1	1
North West Business Link Limited	6,558	6,558	7,451	7,451
	<u>6,693</u>	<u>6,693</u>	<u>7,547</u>	<u>7,547</u>
Gross Liabilities				
Estuary Management Company Limited	134	134	95	95
Rural Regeneration Cumbria Limited	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	1	1	1	1
North West Business Link Limited	2,580	2,580	2,691	2,691
	<u>2,715</u>	<u>2,715</u>	<u>2,787</u>	<u>2,787</u>
Net Assets				
Estuary Management Company Limited	-	-	-	-
Rural Regeneration Cumbria Limited	-	-	-	-
NorwePP (NWDA Subsidiary) Limited	-	-	-	-
North West Business Link Limited	3,978	3,978	4,760	4,760
	<u>3,978</u>	<u>3,978</u>	<u>4,760</u>	<u>4,760</u>

Key Financial Results of Joint Ventures

	2009	2009	2008	2008
	Total	Agency	Total	Agency
	£000	share	£000	share
		£000		£000
Renewables North West Limited				
(Loss) for the year after taxation	-	-	(8)	(4)
New East Manchester Limited				
(Loss)/Profit for the year after taxation	(111)	(37)	259	86
Central Salford URC Limited				
Profit for the year after taxation	7	2	-	-
Re Blackpool Urban Regeneration Company Limited				
(Loss) for the year after taxation	-	-	(4)	(2)
NorwePP Limited Partnership				
(Loss) for the year after taxation	(78)	(39)	(264)	(132)
NorwePP (General Partner) Limited				
Profit/(loss) for the year after taxation	2	1	-	-
Total Profit/(Loss) of Joint Ventures for the year after taxation	<u>(180)</u>	<u>(73)</u>	<u>(17)</u>	<u>(52)</u>

Renewables North West Limited did not trade during the year.

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Investments in Net Assets of Joint Ventures

	2009	2009	2008	2008
	Total	Agency	Total	Agency
	£000	share	£000	share
		£000		£000
Gross Assets				
Renewables North West Limited	-	-	-	-
New East Manchester Limited	652	217	507	169
Liverpool Land Development Company Limited	-	-	7,661	2,554
Re Blackpool Urban Regeneration Company Limited	128	64	99	49
Central Salford URC Limited	222	74	171	57
NorwePP Limited Partnership	101,844	50,871	152,573	76,210
NorwePP (General Partner) Limited	3	2	1	1
	<u>102,849</u>	<u>51,228</u>	<u>161,012</u>	<u>79,040</u>
Gross Liabilities				
Renewables North West Limited	-	-	-	-
New East Manchester Limited	641	213	342	114
Liverpool Land Development Company Limited	-	-	7,661	2,554
Re Blackpool Urban Regeneration Company Limited	128	64	99	49
Central Salford URC Limited	215	71	171	57
NorwePP Limited Partnership	141,162	70,510	150,547	75,197
NorwePP (General Partner) Limited	1	1	-	-
	<u>142,147</u>	<u>70,859</u>	<u>158,820</u>	<u>77,971</u>
Net Assets				
Renewables North West Limited	-	-	-	-
New East Manchester Limited	11	4	165	55
Liverpool Land Development Company Limited	-	-	-	-
Re Blackpool Urban Regeneration Company Limited	-	-	-	-
Central Salford URC Limited	7	3	-	-
NorwePP Limited Partnership	(39,318)	(19,639)	2,026	1,013
NorwePP (General Partner) Limited	2	1	1	1
	<u>(39,298)</u>	<u>(19,631)</u>	<u>2,192</u>	<u>1,069</u>

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Key Financial Results of Associates

	2009	2009	2008	2008
	Total	Agency	Total	Agency
		share		share
	£000	£000	£000	£000
Liverpool Vision Limited				
Profit/(loss) for the year after taxation	1,725	575	(240)	(80)
Furness West Cumbria New Vision Limited				
(Loss)/profit for the year after taxation	(10)	(2)	20	4
Maryport Developments Limited				
(Loss)/profit for the year after taxation	(681)	(139)	140	28
Cumbria Vision Limited				
(Loss)/profit for the year after taxation	(25)	(3)	5	1
Daresbury Science and Innovation Campus Limited				
Profit for the year after taxation	9	2	15	2
Hadrian's Wall Heritage Limited				
Profit for the year after taxation	2	-	3	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Profit/(Loss) of Associates for the year after taxation	1,020	433	(57)	(44)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Elevate East Lancashire Limited did not trade during the year.

Notes (continued)

14. Interests in subsidiaries, associates and joint ventures (continued)

Investments in Net Assets of Associates

	2009	2009	2008	2008
	Total	Agency	Total	Agency
	£000	share	£000	share
		£000		£000
Gross Assets				
Liverpool Vision Limited	3,279	1,093	276	92
Furness West Cumbria New Vision Limited	1,077	215	1,091	218
Maryport Developments Limited	3,163	645	3,952	806
Elevate East Lancashire Limited	-	-	-	-
Cumbria Vision Limited	302	38	296	37
Daresbury Science and Innovation Campus Limited	447	75	364	61
Hadrian's Wall Heritage Limited	1,368	342	379	95
	<u>9,636</u>	<u>2,408</u>	<u>6,358</u>	<u>1,309</u>
Gross Liabilities				
Liverpool Vision Limited	1,557	519	172	57
Furness West Cumbria New Vision Limited	959	192	944	189
Maryport Developments Limited	3,308	675	4,146	846
Elevate East Lancashire Limited	-	-	-	-
Cumbria Vision Limited	302	38	272	34
Daresbury Science and Innovation Campus Limited	433	72	347	58
Hadrian's Wall Heritage Limited	1,328	332	340	85
	<u>7,887</u>	<u>1,828</u>	<u>6,221</u>	<u>1,269</u>
Net Assets				
Liverpool Vision Limited	1,722	574	104	35
Furness West Cumbria New Vision Limited	118	23	147	29
Maryport Developments Limited	(145)	(30)	(194)	(40)
Elevate East Lancashire Limited	-	-	-	-
Cumbria Vision Limited	-	-	24	3
Daresbury Science and Innovation Campus Limited	14	3	17	3
Hadrian's Wall Heritage Limited	40	10	39	10
	<u>1,749</u>	<u>580</u>	<u>137</u>	<u>40</u>

Notes (continued)

15. Long Term Loans

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Cost:				
As at 1 April	113,839	119,960	113,839	119,960
Arising in year – NorwePP Limited Partnership (see Note 25)	-	5,879	-	5,879
Amounts repaid in year	(10,000)	(12,000)	(10,000)	(12,000)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March	103,839	113,839	103,839	113,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Repayable within 12 months - debtors	10,000	10,000	10,000	10,000
Repayable after more than one year	93,839	103,839	93,839	103,839

16. Development assets

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
As at 1 April	84,384	88,034	84,384	88,034
Additions in year	4,435	6,119	4,435	6,119
Transfers to NorwePP Limited Partnership (see Note 25)	-	(5,879)	-	(5,879)
Disposals	(3,354)	(8,302)	(3,354)	(8,302)
Amounts written down: European aid-Funded	-	-	-	-
Amounts written down: Grant In Aid-Funded	(15,355)	(5,478)	(15,355)	(5,478)
Amounts written back: Grant In Aid-Funded	1,242	5,241	1,242	5,241
Transfers to/(from) revaluation reserve	(8,612)	4,649	(8,612)	4,649
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March	62,740	84,384	62,740	84,384
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

17. Debtors

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Trade debtors	11,202	7,918	10,338	6,864
Other debtors	4,564	10,430	4,564	10,430
Prepayments and accrued income	2,977	2,036	1,504	1,427
Value Added Tax	94	20	93	-
European Regional Development Fund	-	1,511	-	1,143
Loan Note repayment due within 12 months	10,000	10,000	10,000	10,000
Rural Loans	15	33	15	33
	28,852	31,948	26,514	29,897

Intra-government balance analysis:

	2009 £000	2008 £000	2009 £000	2008 £000
Balances with other central government bodies	4,485	9,020	5,289	8,213
Balances with local authorities	236	1,214	236	1,158
Balances with NHS trusts	-	46	-	46
Balances with bodies external to government	24,131	21,668	20,989	20,480
	28,852	31,948	26,514	29,897

18. Creditors: Amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Bank loans and overdrafts	-	508	-	-
Trade creditors	59,019	54,154	58,988	54,058
Accruals and deferred income	131,773	116,385	130,956	117,989
Other creditors	1,438	1,861	1,991	1,736
Value Added Tax	-	523	-	523
Corporation Tax	285	-	279	-
Other Taxes and social security	563	526	563	518
	193,078	173,957	192,777	174,824

Intra-government balance analysis:

	2009 £000	2008 £000	2009 £000	2008 £000
Balances with other central government bodies	4,985	5,029	7,188	7,124
Balances with local authorities	64,250	82,854	64,250	82,854
Balances with NHS trusts	2,168	549	2,168	549
Balances with bodies external to government	121,675	85,525	119,171	84,297
	193,078	173,957	192,777	174,824

Notes (continued)

19. Creditors: Amounts falling due after more than one year

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Deferred Income - Other	637	5,330	568	5,330
Deferred Income - European Capital Grants	10,764	16,935	10,764	16,935
	<u>11,401</u>	<u>22,265</u>	<u>11,332</u>	<u>22,265</u>

20. Provisions for liabilities and charges

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Compulsory Purchase Orders (CPOs)				
As at 1 April	9,322	12,718	9,322	12,718
Arising during the year	-	2,914	-	2,914
Released during the year	(3,334)	(6,310)	(3,334)	(6,310)
	<u>5,988</u>	<u>9,322</u>	<u>5,988</u>	<u>9,322</u>
As at 31 March	<u>5,988</u>	<u>9,322</u>	<u>5,988</u>	<u>9,322</u>
	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
Other provisions:				
As at 1 April	-	31	-	31
Charge / (credit) to the Income & Expenditure account	-	(22)	-	(22)
Arising during the year	800	-	-	-
Released during the year	-	(9)	-	(9)
	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>6,788</u>	<u>9,322</u>	<u>5,988</u>	<u>9,322</u>

CPOs:

Represent liabilities for compensation payments for land and buildings which have transferred to the Agency under CPOs. These should be settled within the next three years. The provision above has been provided by an independent chartered surveyor, but the final liability may be settled by arbitration.

Other provisions:

The provision arising during the year in a subsidiary relates to performance payments payable to staff but awaiting board approval.

Notes (continued)

21. General Reserve

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
EU funded assets:				
At beginning of year	21,830	17,493	21,830	17,493
Additions	5,536	6,832	5,536	6,832
Disposals	(2,415)	(2,446)	(2,415)	(2,446)
Amounts released to income	(3,002)	-	(3,002)	-
Revaluation	-	(49)	-	(49)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	21,949	21,830	21,949	21,830
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Homes and Communities Agency funded assets:				
At beginning of year	3,607	2,780	3,607	2,780
Additions	935	1,180	935	1,180
Disposals	-	(1,285)	-	(1,285)
Transfer from (to) Grant In Aid Reserve	(1,710)	932	(1,710)	932
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,832	3,607	2,832	3,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Activities in relation to subsidiaries and joint ventures:				
At beginning of year	5,868	-	5,868	-
Surplus/Share of net assets of subsidiary	31	4,760	(782)	4,760
Transfer to Grant in Aid reserve	(813)	-	-	-
Movement in share of net assets of Associates and Joint Ventures:				
- Temporary diminution in the value of the Property Partnership	(18,016)	-	(18,016)	-
- Other	(2,143)	(1,168)	(2,143)	(1,168)
Transfer from revaluation reserve-net assets of subsidiaries and joint ventures (prior year)	-	2,276	-	2,276
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	(15,073)	5,868	(15,073)	5,868
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Pensions:				
At beginning of year	(162)	(140)	(162)	(140)
Actuarial gain (loss)	1	6	1	6
Transfer from Grant In Aid Reserve	(29)	(28)	(29)	(28)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	(190)	(162)	(190)	(162)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total general reserve	9,518	31,143	9,518	31,143
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

22. Revaluation Reserve

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
At beginning of year	65,653	63,261	65,653	63,261
Revaluations during the year	(8,631)	4,668	(8,631)	4,668
Transfer to general reserve	-	(2,276)	-	(2,276)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	57,022	65,653	57,022	65,653
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23. Grant in Aid Reserve

	Group 2009 £000	Group 2008 £000	Agency 2009 £000	Agency 2008 £000
At beginning of year	20,052	31,466	18,720	31,466
Grant in Aid received in year and applied to expenditure	375,092	381,000	375,092	381,000
Net expenditure from Income and Expenditure Account	(389,983)	(386,749)	(388,578)	(392,842)
Transfer to/(from) General Reserve – Activities in relation to Subsidiaries	813	(4,760)	-	-
Transfer to General Reserve – English Partnerships funded assets	1,710	(932)	1,710	(932)
Transfer to General Reserve – Pensions	29	28	29	28
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	7,713	20,052	6,973	18,720
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

24. Third Party Assets

The Agency holds a third party asset of £74,383 relating to the Train to Gain programme. The funds are held on behalf of the Learning and Skills Council for subsequent distribution to Northwest Business Link.

Notes (continued)

25. Public Private Partnership

On 8 December 2006 the Agency entered into a 10 year partnership with Ashtenne Industrial Fund Limited Partnership in relation to its property portfolio. All investment property assets and some of the development property assets were transferred to a 50:50 joint venture arrangement with Ashtenne Industrial Fund Limited for a consideration of £132,759,667.

Further development property assets were transferred during the previous year for a consideration of £5,879,428.

Consideration details

In return for transferring the properties the Agency received two loan notes to the value of the transfer payable over the duration of the partnership as follows:

	£
Loan Note A	34,159,774
Loan Note B	104,479,321

Loan Note B carries interest at 5% per annum and is repayable by instalments up to 31 March 2016.

Loan Note A carries interest of 5% on the excess of the loan over the amount of the Loan Note of Ashtenne Industrial Fund (It is expected that Ashtenne will have matched the value of the loan by 31 March 2010). Loan Note A is only repayable at the end of the partnership.

During the year the Agency received interest of £4,106,387 (2008 £4,989,432) on the Loan Notes.

The management of the properties is carried out by Ashtenne Asset Management Limited. The Agency is entitled to receive a share in rental income and any uplift in value of the properties.

During the year the Agency received a distribution of £332,277 (2008 £1,020,079) for its share of profits.

NWDA has first ranking security over the assets of the partnership to the value of any outstanding amount that has not been redeemed from Loan Note B. This security takes priority above that of any third party finance taken out by the partnership.

Structure of the joint venture arrangement

NorwePP Limited Partnership is effectively the joint venture vehicle. NWDA owns 49.95%, Ashtenne Industrial Fund Limited owns 49.95%, and 0.1% is owned by NorwePP (General Partner) Limited.

NorwePP (General Partner) Limited is owned equally by NorwePP (NWDA Subsidiary) Limited and Ashtenne Industrial Fund Limited Partnership.

In turn NorwePP (NWDA Subsidiary) Limited is 100% owned by NWDA and Ashtenne Industrial Fund Limited Partnership is 100% owned by Ashtenne Industrial Fund General Partner Limited .

Notes (continued)

26. Contingent liabilities

The regeneration of Ancoats as an urban village is a major project for the Agency and is anticipated to make a vital contribution to the regeneration of East Manchester and the growth of the region.

The project includes a programme of purchases under a Compulsory Purchase Order (CPO). Over the last five years the Agency has acquired nearly 200 plots of land and repackaged these into a smaller number of plots more suitable for redevelopment. The CPO process enables these acquisitions to take place without the price of each purchase needing to have been agreed with or paid to the former landowners.

Under CPO legislation, the former owners submit claims to the Agency for the compensation they believe is due. A period of negotiation then follows. If a valuation cannot be agreed through negotiation, the final settlement is ultimately resolved through a reference to and ruling of The Lands Tribunal. Over 90% of compensation due has already been paid.

Provision of £1.48million has been made in the accounts for the compensation outstanding on the Ancoats project. This is based on both the judgement exercised by the management of the Agency and an independent valuation and assessment by GVA Grimley, the appointed Consultant Surveyors. This provision covers the most likely cost of the compensation not yet agreed or paid. The Agency believes that the valuation provided is sufficient in terms of market conditions at the date of vesting and capable of being successfully defended at a Tribunal if this proves necessary.

However there is a contingent liability of £0.75 million based upon the difference between the amounts of compensation which have been offered and provided for and the former land owners' views of the compensation amounts they are entitled to.

The balance in the CPO provision relates to the Rochdale Kingsway project and there is no contingent liability.

27. Commitments

(a) Operating leases

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

	2009		2008	
	Buildings £000	Others £000	Buildings £000	Others £000
Leases expiring				
- within one year	-	35	-	54
- between one and five years	250	262	91	204
- over five years	970	-	931	-
	<u>1,220</u>	<u>297</u>	<u>1,022</u>	<u>258</u>

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

Notes (continued)

(b) Capital commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2009	2008
	£000	£000
Authorised by the Board and contracted	16,860	15,400
	<u> </u>	<u> </u>

28. Financial instruments

The Agency has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. Transactions entered into which result in debtors due after more than one year have a low credit risk.

29. Post balance sheet events

The Northwest Regional Development Agency's financial statements are laid before the Houses of Parliament by the Secretary of State for the Department for Business, Innovation and Skills. FRS 21 requires the Northwest Regional Development Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Agency to the Secretary of State for The Department for Business, Innovation and Skills. The authorised date for issue is 15 July 2009.

30. Related party transactions

The Northwest Regional Development Agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills ('BIS'). BIS is regarded as a related party with which, during the year, Northwest Regional Development Agency has had a significant number of material transactions.

In addition, the Agency has had various material transactions with other Government Departments and other central bodies. Most of these transactions have been with the Department for Communities and Local Government and the Homes and Communities Agency (HCA).

Other Regional Development Agencies are also sponsored by BIS and so are regarded as related parties. The Agency has had transactions with East of England Development Agency, East Midlands Development Agency, Advantage West Midlands, One North East, South East England Development Agency, South West of England Development Agency and Yorkshire Forward in the year.

Board Members took no part in the discussions which concerned organisations that Board Members have connections with as reported in the Register of Members' Interests.

During the year none of the Board Members, key management staff or other related parties has undertaken any material transactions with the Northwest Regional Development Agency apart from those detailed below

Notes (continued)

30. Related party transactions (continued)

(a) Board members

Name and position	Related Party	Position	Income to the Agency		Payments made to Organisations		Nature of transaction
			£	£	£	£	
Bryan Gray CBE, DL <i>Chairman</i>	Lancaster University	Pro Chancellor	46,025	3,095,267	-	3,095,267	Grant claims
	National Museum Liverpool	Trustee	-	16,703,348	-	16,703,348	Grant claims
	Learning & Skills Council (National)	Board Member ¹	-	501,839	-	501,839	Grant claims
	Culture Northwest	Board Member (to 01/11/2008)	17,719	211,550	-	211,550	Grant claims
	Lake District National Park Authority	Member	-	145,712	-	145,712	Grant claims
	Lowther Castle & Gardens Trust	Trustee (from 31/05/2007)	-	485,361	-	485,361	Grant claims
	Energetix Group plc	Consultant (to 01/12/2008)	-	13,567	-	13,567	Grant claims
	United Utilities plc	Non-executive director (from 01/1/2008)	-	241,730	-	241,730	Goods and services
	Churches Trust in Cumbria	Director (from 17/04/2008)	-	139,985	-	139,985	Grant claims
	University of Salford	Chancellor	-	-	-	722,568	Grant claims
Professor Sir Martin Harris CBE, DL <i>Board Member (to 13/12/2008)</i>	Manchester Knowledge Capital	Chairman (to 30/09/2008)	-	-	-	455,767	Grant claims
Brenda Smith <i>Board Member</i>	Manchester International Festival	Board Member	-	-	-	250,000	Grant claims

Notes
¹ NWDA Representation

Notes (continued)

30. Related party transactions (continued)

(a) Board members (continued)

Name and position	Related Party	Position	Income to the Agency £	Payments made to Organisations £	Nature of transaction
Councillor Marie Rimmer CBE <i>Board Member (to 13/12/2008)</i>	St Helens Metropolitan Borough Council	Councillor	20,000	67,015	Grant claims
Professor Maureen Williams <i>Board Member (to 13/12/2008)</i>	Liverpool John Moores University The Mersey Partnership Lee Kai Hung Foundation	Visiting Professor of Governance Board Member ¹ Deputy Chair	- 57,020	1,100,232 1,994,716 10,000	Grant claims Grant claims Grant claims
Dave McCall <i>Board Member</i>	Migrant Workers North West North West TUC	Chairman Chairman (to 12/05/2008)	- -	98,553 13,812	Grant claims Grant claims
Joe Dwek CBE <i>Board Member</i>	University of Manchester	Board Member	-	3,287,121	Grant claims

Notes

¹ NWDA Representation

Notes (continued)

30. Related party transactions (continued)

(a) Board members (continued)

Name and position	Related Party	Position	Income to the Agency £	Payments made to Organisations £	Nature of transaction
Peter Hensman DL <i>Board Member</i>	Lancaster University Cumbria Rural Enterprise Agency	Wife - Member of Court Vice Chairman	46,025 73,198	3,095,267 519,358	Grant claims Grant claims
Councillor John Merry <i>Board Member</i>	Salford City Council MIDAS Marketing Manchester	Leader Director Director	- - 5,000	19,893,653 1,685,500 1,637,926	Grant claims Grant claims Grant claims
Robert Hough DL <i>Board Member</i>	New East Manchester Liverpool Airport plc University of Manchester North West Business Leadership Team Director	Chairman Chairman Governor North West Business Leadership Team Director	41,875 - - -	2,213,876 2,000,000 3,287,121 10,000	Grant claims Grant claims Grant claims Grant claims
Lord Peter Smith <i>Board Member (from 14/12/2008)</i>	Wigan Metropolitan Borough Council	Leader	-	168,240	Grant claims
Dr. John Stageman <i>Board Member (from 14/12/2008)</i>	University of Manchester	Hon. Professor of Life Sciences	-	744,507	Grant claims

Notes

¹ NWDA Representation

Notes (continued)

30. Related party transactions (continued)

(a) Board members (continued)

Name and position	Related Party	Position	Income to the Agency £	Payments made to Organisations £	Nature of transaction
Councillor Susan Williams <i>Board Member</i>	Manchester Enterprises Central Salford URC Limited Trafford Metropolitan Borough Council	Board Member (to 07/07/2008) Board Member Leader	14,485 - -	4,158,936 310,000 86,518	Grant claims Grant claims Grant claims
Councillor Tony McDermott CBE <i>Board Member</i>	Halton Borough Council	Leader	30,527	9,368,690	Grant claims
Peter Allen <i>Board Member</i>	Natural England	Non-executive Board Member	-	341,700	Grant claims
John Brooks <i>Board Member</i>	Manchester Metropolitan University	Chief Executive	-	1,046,930	Grant claims

Notes (continued)

30. Related party transactions (continued)

(b) Executive Management Board & Board Members

Name and position	Related Party	Position	Income to the Agency £	Payments made to Organisations £	Nature of Transaction
Steven Broomhead	Warrington Chamber of Commerce ¹	Director	-	7,805	Grant Claims
	University of Central Lancashire	Board Member	-	2,631,469	Grant Claims
	Liverpool Vision ¹	Board Member	-	278,000	Grant Claims
	Institute of Directors	Member	-	17,663	Goods and Services
	The Princes Trust ¹	Board Member	-	69,487	Grant Claims
	Manchester Enterprises ¹	Board Member	89,785	8,834,410	Grant Claims, Goods & Services
	Skelmersdale College	Chair of Advisory Committee	-	2,000	Grant Claims
Peter Mearns	Arts Council England (Northwest)	Non-executive Council Member	-	15,000	Sponsorship
	Culture Northwest ¹	Non-Executive Board Member (to 31/12/2008)	17,719	275,654	Grant Claims
	Tate Liverpool	Trustee	-	1,000	Promotional Events
	Northwest Vision and Media	Non-Executive Board Member	-	2,573,293	Grant Claims
	FACT	Non-Executive Board Member (from 01/12/2008)	-	2,161	Goods and Services
Ian Haythornthwaite	National Football Museum	Director of Finance	-	100,000	Promotional Events
	Cumbria Vision ¹	Board Member	4,716	-	Goods and Services
	Norwepp (General Partner) Limited ¹	Board Member	-	264,312	Goods and Services
	The Mersey Partnership	Chair of Audit Committee	97,359	3,268,748	Grant Claims, Goods & Services
	West Lakes Renaissance	Board Member	-	23,030	Grant Claims
Bernice Law	Liverpool Vision ¹	Alternate Member	-	278,000	Grant Claims
	Liverpool Biennial	Board Member	-	887,484	Grant Claims



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