

South East England Development Agency

Annual Report and Accounts 2008-09

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Annual Report and Accounts presented to Parliament by the Secretary of State for Business Innovation and Skills in pursuance of Sections 15 (2) and 17 (3) of the Regional Development Agencies Act 1998.

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SOUTH EAST ENGLAND DEVELOPMENT AGENCY

PART ONE

ANNUAL REPORT

1. CHAIRMAN'S INTRODUCTION

The last year has been dominated by the tumultuous events in the global economy. We have witnessed developments that only a year ago seemed beyond the realms of possibility, and are now facing a very different set of prospects and choices.

In this changed world, what continues to strike me is the sheer resilience of businesses and people across the region. Early warnings that this would be an 'upside down' recession, with the South East suffering disproportionately, have so far not been borne out. I am clear that this is due in no small part to so many businesses across the region being at the forefront of innovation, competing effectively in export markets and producing high value-added products and services. I am also clear that this reflects the skills and adaptability of so many in the region's workforce. The Regional Economic Strategy focuses on achieving precisely these outcomes, and tough economic times demonstrate that these remain the right choices.

In saying this, I certainly do not want to suggest any grounds for complacency. Unemployment in South East England more than doubled during the last financial year, and I fear it will rise further in the year ahead. And when the upturn comes, it will bring new challenges for us all. It is clear, for example, that competition to secure inward investment from successful businesses will intensify, and that innovation will be an even more significant driver of business success.

So I am particularly pleased to report that SEEDA has risen to these new challenges with a clear focus and a drive to succeed. I am delighted to note that, in a year in which some thought the world economy was grinding to a halt, SEEDA's direct involvement helped to secure 90 new cases of inward investment to the region. This created or secured almost 4,000 new jobs, attracting new investment from the most successful companies in North America, Asia-Pacific and Europe. This is a great example of what can be achieved even in the most testing times with a clear focus and a strong offer.

Working very closely with UK Trade & Investment SEEDA has supported businesses across the South East in developing overseas trade opportunities. An exciting example of this successful collaboration has been the first class support services offered by the South East Centre for the Built Environment (SECBE) to the region's construction companies. This will be instrumental in helping those companies unlock the massive opportunities which exist in the emerging markets of the Middle East and North Africa, specifically in Abu Dhabi and Libya.

Responding to changed economic circumstances, and anticipating the opportunities that the upturn will bring, have been twin themes of my last full year as Chairman of SEEDA. In August, SEEDA hosted a session with businesses and ministers to ensure that we all understood at first hand the impacts of the downturn on businesses. Since then, in co-chairing the South East Economic Delivery Council with the Regional Minister Jonathan Shaw, I have been keen to ensure that we are all absolutely focused on providing the support that businesses and people need.

Throughout my time at SEEDA, I have placed great emphasis on securing new sources of investment to deliver innovative solutions to the challenges that we and other regions face. Nothing illustrates this better than SEEDA's continued work in securing European investment to deliver new transport solutions. In my time as Chairman, SEEDA has attracted nearly € 50m of EU investment into transport infrastructure projects that deliver strategic benefits for our partners in the South East of England, London and European partner regions, with a third of these funds going straight into our region. The total value of these projects to the South East is € 105m: a good payback for an investment of € 1.75m by SEEDA.

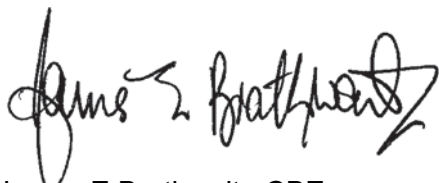
As a result, we are delivering real benefits on the ground such as rail freight gauge enhancement on the route linking the Port of Southampton with the Midlands, and improved access to key stations like Reading, Ebbsfleet, Ashford and Hastings. We must continue to

make the most of these opportunities in the years ahead, for example in securing investment in the region's growing 'cleantech' sector to enable our region's companies to grow their business and reap the benefits from key developments, such as London Array.

Over the last year, I have also been pleased to see SEEDA's work with our partners in local authorities strengthen further. Building on our previous work with the Regional Assembly, we are now preparing for a future in which local authorities and ourselves have a joint duty to prepare and deliver an integrated regional strategy. I know that there have been real concerns about the way in which these changes will affect all those with an interest in the future of the South East and its communities; that is not surprising given the strong interest we all have in securing a prosperous and sustainable future for the South East. It has always been my experience that we are most effective when we work together, and I have no doubt that this will continue to be true.

It has always been important to me that SEEDA works closely with other English regions, to ensure we make a real contribution to the wider UK economy. Last year SEEDA, the London Development Agency and East of England Development Agency completed our combined £36m contribution to the Alphasat project. As a result, over 500 jobs in Portsmouth have been secured as engineers build the most technically advanced civilian satellites in the world. We have also worked with other RDAs to develop the Universities Enterprise Network, supporting universities such as Oxford and Southampton and leading businesses including Microsoft and BAe to work more closely together. These are practical projects, making a real difference to UK competitiveness and demonstrating the unique contribution that RDAs can make.

I would like to thank all those who have made my 7 years as SEEDA's Chairman hugely enjoyable – we've made great progress yet much remains to be done. I know you will make my successor welcome as we tackle the challenges ahead.



James E Brathwaite CBE
Chairman

Date: 10/07/09

2. CHIEF EXECUTIVE'S REVIEW

New Corporate Plan, New Challenges

It is particularly important that SEEDA achieves valuable results in tough economic times, and I am pleased to report that last year SEEDA delivered a strong performance for the South East. In this our first year of delivering SEEDA's Corporate Plan 2008-11, our focus has been on ensuring that SEEDA's contribution to addressing the Regional Economic Strategy's challenges of global competitiveness, smart growth and sustainable prosperity are real and are valued by partners.

The results of a wide-ranging national exercise evaluating the impact of RDAs was published in March. The results showed that over the 5 year period between 2002 and 2007 SEEDA contributed £2.64bn to the economy of the South East, generating £5.60 for every SEEDA pound spent. We have commissioned further research using the information to determine where our impact is greatest and why, and are working with the other RDAs to ensure that key lessons are drawn out and used in developing future interventions.

Responding to the Downturn

Last year we faced a context that was very different. Since SEEDA's Corporate Plan was signed off by Ministers in June 2008, the first international financial crisis of the global age and the ensuing downturn has meant that the South East has been struck by the toughest economic conditions of our working lives.

SEEDA was quick to react, hosting an initial conversation between Ministers and business leaders across the region in early August to understand likely impacts, at which we launched an initial £10m package of immediate assistance. This package, extended in December to assistance worth at least £15m for small businesses across the South East, includes enhanced Business Link services, grants for Business Investment, robust business development advice, helping businesses to access finance, tackling redundancy, assistance in trading overseas and inward investment.

Two examples illustrate our emphasis on early, practical action. Our £3m Transition Loan Fund, managed by Finance South East, was launched in November 2008 and provides access to finance for sound growing businesses facing difficulties in obtaining credit. By the end of March SEEDA had received 102 enquiries, 36 of which had resulted in requests for finance and with 12 loans totalling £1.3m approved, we had been able to preserve or create over 300 jobs in the process.

Meanwhile, Business Link providers in the South East conducted over 7,000 health checks between October and March, the highest number of any region. Most health checks were provided to micro and small businesses, many of whom were exposed suddenly to the full force of the downturn. For every £1 invested in Business Link by SEEDA, an additional £4 is put back into the economy through wages and taxes by the businesses they support. I would like to thank all our partners, and particularly colleagues in Finance South East and the Business Link network for reacting so quickly and effectively to the increased demands on them over the past year.

The downturn has also demonstrated the critical importance of high quality, up-to-the-minute intelligence and interpretation. Our monthly intelligence snapshots, provided for Ministers and shared with every local authority leader, MP and MEP in the region, have been widely welcomed as a reliable and accessible news source. Once again I would like to thank our partners, including the business representative organisations and sub-regional partnerships, for sharing their intelligence and helping us to construct a clear picture of a rapidly-changing landscape.

Preparing for the Upturn

Just as we must in the short term help businesses and individuals to survive tough times, so we must invest to ensure that the South East approaches the upturn from a position of strength. SEEDA is acting in a counter-cyclical manner to maintain construction employment and create a platform for growth. £26m was successfully drawn down from CLG in 2008-09 in additional funds for North Kent Thames Gateway. SEEDA is building Canterbury Innovation Centre to facilitate knowledge transfer between the University of Kent and high growth businesses. At Queenborough and Rushenden work has started on the link road which will open up new employment sites. At Woolston in Southampton, we are on site preparing the infrastructure for new employment and residential development.

We are also investing in the technologies that will help secure the future success of the South East. To take just one example, last year SEEDA invested £2m in the ASTRAEA programme which has the objective of allowing unmanned aircraft to operate safely and effectively in UK civil aerospace. Our investment is supporting a high level of research and development spanning business and public sector research establishments, ensuring through the Farnborough Aerospace Consortium that smaller and medium sized businesses in the supply chain are fully involved to gain maximum benefit.

Delivering Results

Of course, the bottom line for SEEDA is the ability to demonstrate tangible outputs and outcomes that benefit the region's economy. I am pleased to report another year of strong performance against our core output targets, although inevitably our performance was shaped by the changing economic context.

So for example SEEDA's programmes delivered more than 8,000 jobs created or preserved against a target of fewer than 4,000, reflecting the work of our Investor Development Managers who found their caseload expanding rapidly through the year. Similarly our programmes provided support to more than 50,000 businesses against a target of fewer than 35,000 and supported over 22,000 people to start a business against a target of fewer than 16,000 as Business Link providers responded to record levels of demand. Similarly, we helped over 17,000 individuals to secure employment against a target of 10,000, reflecting the rapid expansion of the Continuing Employment Support Service, operated in partnership with JobCentre Plus and the Learning and Skills Council as part of a wider Regional Recovery Plan. We also supported nearly 22,000 people to improve their skills against a target of fewer than 15,000, as we worked closely with the Learning and Skills Council to maximise new opportunities for flexibility in the Train to Gain programme targeting skills in the workforce.

Some targets proved beyond our best efforts in the exceptional circumstances. For example we secured £155m investment leverage on our regeneration infrastructure programme against a target of £173m, reflecting the challenges of keeping physical development projects on track as the construction and development sector endured very tough trading conditions.

I am particularly pleased by the results of SEEDA's work with UKTI over the last year. During 2008-09 SEEDA-led projects resulted in 90 new inward investment projects for the region, creating or safeguarding over 3,800 jobs over the next 3 years and representing a year on year increase of 17% in the number of companies locating in the region. This is our best result ever, and is all the more pleasing when set against a backdrop of such difficult conditions in the global economy.

Implementing the Sub National Review

Following the Government's announcement of its conclusions in November 2008, implementation of the Sub National Review has made good progress in the South East. With the dissolution of the South East England Regional Assembly in March, SEEDA and the new South East England Leaders' Board (representing local authorities across the region) quickly agreed outline arrangements for developing an integrated regional strategy, working together in a new Regional Partnership Board which meets for the first time in July 2009.

Work on identifying the timeline and key milestones for developing the Regional Strategy is underway; the ambition remains to have a draft document ready for submission to the Secretary of State by 2011. In taking this forward, we will all wish to build on the tradition of practical partnership working that is now so well established in the South East, and I look forward to working with local authorities, delivery partners and stakeholders alike to secure investment in a prosperous and sustainable future for the region.

Our vision is to be the best economic development agency a top global region could have; with expert interventions, expert deal making and expert advice. We are now engaged in a major restructuring and down sizing to ensure that we are fit to achieve just that, focused on adding value through strategic partnering and operations directed to maximise sustainable economic growth and take advantage of the upturn.



Pam Alexander
Chief Executive

Date 10/07/09

3. MANAGEMENT COMMENTARY

3.1 SUMMARY OF PERFORMANCE

SEEDA's 2008-11 Corporate Plan aim is to work towards sustainable prosperity for our world class region. In the past year radical changes in the economy have led to a review of our priorities. While maintaining our overall strategic direction, we have placed greater priority on activities to support the region through recession and prepare it to take advantage of the recovery.

Immediate steps included **£15m business support** including advice, grants, loans and enhancements to Business Link. The year also saw progress towards objectives on global competitiveness, smart growth and sustainable prosperity. We continued to enable infrastructure enhancements and strengthen strategic influencing. We also began a restructure to support the new focus and respond to a reduced budget.

An independent review of our performance published this year shows we contributed **£2.64bn to the region's economy** in 2002-2007, generating **£5.60 for £1 spent**. For 2008-9 alone, our core outputs included **8,000 jobs** created or saved in the region, helping **17,000 people find work** and helping **22,000 people improve their skills** – all significant over achievements against our targets. Other highlights this year include:

Global Competitiveness

- SEEDA and UKTI had a direct role in securing **90 new inward investment** projects, delivering **3,800 jobs** over three years.
- Co-ordinating efforts with neighbouring RDAs has seen £3m brought into the Thames Gateway and also invested in the Alphasat space satellite project, leveraging £250m investment and highly skilled jobs.
- Sector consortia provided expert support and practical assistance for high growth sectors, while four new Innovation and Growth Teams were created to support businesses with high growth potential.

Smart Growth

- An enhanced Business Link service delivered over **7,000** health checks, helped **50,000** existing businesses and advised **22,000** potential start-ups.
- Our social enterprise development strategy leveraged £450,000, we continued to promote Women's Enterprise and invested £2.3m in a National Enterprise Academy.
- On skills, the Skills Brokerage Service extended Train2Gain, we drove the Regional Skills for Productivity Alliance and set up a Universities Enterprise Network.
- To help support workers facing redundancy, we set up a Continuing Employment Service with partners, which has supported just under 12,000 workers during 08/09 move into alternative employment.

Sustainable Development

- SEEDA's 'Beyond the Crunch' initiative promoted radical thinking on sustainable development after the downturn.
- A 'no nonsense' online ecological footprint toolkit is helping 8 Diamonds for Investment and Growth do so sustainably.
- A Pathway to Zero Waste programme is helping businesses reduce the costs of waste and exploit business opportunities by turning waste into marketable goods.

Enabling Infrastructure

- SEEDA has moved forward on priority schemes which will aid economic recovery and continue regeneration and development in priority areas, **leveraging £155m**.

Strategic Influencing

- SEEDA's excellent regional economic intelligence service linked national Government to key South East issues and realities, and provided a backdrop for February's Cabinet Meeting in the region.

- We worked closely with local authority partners on area-based projects with council leaders to lead joint working on a new Regional Strategy.
- A new Regional Partnership Board was set up.

3.2 THE RESPONSE TO CHANGING ECONOMIC CLIMATE

In August 2008 SEEDA set out a strategy for dealing with the recession in the South East and developed a new framework of support for business. We published, with the Department for Business Enterprise and Regulatory Reform (BERR), now the Department for Business Innovation and Skills (BIS) and Her Majesty's Treasury (HMT), '**South East Economy - a joint response to changing economic circumstances**' to ensure a joint approach to meeting the difficult economic challenges faced by businesses. The document launch was attended by over 50 businesses and chaired by SEEDA's Chairman Jim Brathwaite with speeches by Gareth Thomas, Parliamentary Under-Secretary of State for Trade and Jonathan Shaw, Regional Minister for the South East.

As part of our response to changing economic circumstances, SEEDA was the first Regional Development Agency (RDA) to establish a £3m Regional Transition Fund which awarded over £1.3m of loans to 12 companies, safeguarding or creating 317 jobs. Our package reflects more intensive support for SMEs, it provides help with cash flow, resource efficiency, debt and liquidity problems. This support is delivered through the Business Link Healthcheck (7,348 Healthchecks were delivered from October 2008 to the end of March 2009). The package extends coverage of the Grants for Business Investment scheme to the entire region and introduced a new programme, Immerse, to harness the power of design to improve profitability, innovation and market penetration.

SEEDA has worked with Job Centre Plus (JCP) and other partners to assist workers facing redundancy into rapid re-employment. The enhanced **Continuing Employment Support Service**, consists of expert brokers who put together support programmes for companies declaring redundancies. The SEEDA brokers liaise closely with JCP and SEEDA Investor Development Managers to deliver a co-ordinated package of support.

Working with GOSE, SEEDA has established the **South East Economic Delivery Council**. The Council is co-chaired by SEEDA Chairman Jim Brathwaite and the Regional Minister Jonathan Shaw and comprises representatives of businesses and organisations from across the South East. The Council has met regularly and proved to be an effective Forum to share and explore ideas.

We collect business-specific, regional and local economic data, such as redundancy statistics, to improve high level understanding of the challenges facing businesses in the South East. This data is widely disseminated and, for example, informed the **South East Briefing (SEBR)** group decision to create Task Forces to manage potential staff redundancies at Ford and BMW.

SEEDA's **Monthly Economic Assessments** reflect feedback from SEEDA-funded partners (eg Business Link and Sector Consortia), Business Membership Organisations and the Sub-regional partnerships and are highly valued inputs to Government departments.

3.3 FIT FOR THE FUTURE

As part of its continuing Organisational Development Programme, SEEDA conducted a radical review of its business, structure, ways of working and governance. This reflected our desire to become a more strategic, agile and business-focused organisation and the need to reduce costs in the face of budget pressures.

The Fit for the Future proposals, under the direction of Chief Operating Officer Robert Crawford, received Board endorsement. The programme will continue throughout 2009-10.

The vision for this transformation is clear. SEEDA wants to be the best economic development agency a top global region could have: with expert interventions, expert deal making and expert strategic advice.

The new SEEDA, expected to be fully in place by April 2010, will be characterised by close cross-team working pulling together the expertise of different groups to deliver comprehensive, integrated and targeted development packages for critical parts of the business community.

3.4 CORE OUTPUTS 2008/09

The table below demonstrates the progress made in 2008/09 against the Core Output targets in the Corporate Plan 2008-11. SEEDA exceeded its targets in all but three indicators. The figures demonstrate the success of SEEDA's increasing focus on business development and the tactical approach of direct support and innovation activities, plus more concentrated assistance for getting people back into employment.

Table 1: Progress against Core Output Targets

Output Indicator	Actual	Target	Variance
1. Employment Opportunities			
Jobs created and safeguarded through SEEDA funded projects	8,057	3,853	4,204
Jobs created and safeguarded through Foreign Direct Investment included in the above.	3,846	-	3,846
2. Employment Support			
People assisted to get a job through SEEDA funded projects	17,151	8,750	8,401
3. Business Creation			
New business created and demonstrating growth after 12 months and businesses attracted to the region	5,877	5,428	449
4. Business Support			
Businesses assisted to improve their performance	50,953	34,312	16,641
4a. Knowledge Base Collaborations			
Businesses within the Region engaged in new collaborations with the knowledge base	917	1,013	(96)
5. Regeneration			
Public & Private Regeneration Infrastructure investment levered			
- £M	£154.67m	£173.13m	(£18.46m)
- % private	75%	0%	75%
5a. Brownfield Land			
Reclamation of Brownfield land (Hectares)	15.87	3.77	12.10
6. Skills Development			
People assisted in their skills development as a result of RDA Programmes	21,689	14,940	6,749

6a. Basic Skills Adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA Target	1,107	-	1,107
6b. Higher Level Skills Adults in the workforce who are supported in achieving at least a Full Level 2 qualification or equivalent	194	200	(6)
7. Assisted to Start Up Individuals that request and receive from Business Link, non-trivial information or a service about starting up a business	22,175	15,628	6,547
8. Business Networks New business networks in place	9	7	2
9. Partnerships New partnerships in place	28	20	8
10. Innovation Platform Engagements Number of Innovation Platforms SEEDA is newly engaged with	1	1	-
11. Sustainability in Action Planning Sustainability considered by businesses in their Action Planning	5,695	4,000	1,695
12. Construction Materials Construction waste materials diverted from Landfill sites through re-use and recycling (Tonnes)	258,000	250,000	8,000

Key Comments for 2008/09

We have exceeded 82% of our core targets and sub-targets and have achieved all the others within the recognised variance. At the same time we have absorbed significantly increased demand for some of our services as a result of the recession and focus and have delivered this performance within existing budgets.

3.5 IMPACT EVALUATION

In March 2009, Pricewaterhouse Coopers (PWC) published a major report on the impact of RDAs over the past five years. Commissioned by BERR (now BIS) and RDAs the evaluation:

- provides an independent assessment of the impact of the spending by each of the nine RDAs and the RDA network as a whole
- assesses RDAs' achievements against objectives in their Regional Economic Strategies and Corporate Plans, and each specific programme and project.

PWC concluded that all RDAs have generated regional economic benefits exceeding their costs. This, it is predicted, will increase if the benefits persist and there will continue to be future benefits, although estimates about future benefits are inherently uncertain.

PWC evaluated 81% of our spend between 2002-2007, covering 25 programmes and projects. The results were positive, showing that SEEDA contributed £2.64bn to the economy of the South East over this period, generating £5.60 for every SEEDA pound spent.

SEEDA has commissioned further research, using the PWC information to determine where impact is greatest and why, and is working with the other RDAs to ensure that key lessons are drawn out and used in developing future interventions.

The results of the Impact Evaluation were fed into a review of the Corporate Plan and the re-focussing of the agency. The review looked at our immediate impact on countering the

recession and how we could change to improve impact on preparing the region to take advantage of the economic upturn.

Our business interventions, particularly those relating to sector support, as well as trade and inward investment, show the highest regional GVA returns to date. Nonetheless, we will be looking to maximise our impact by focusing our effort even more sharply on specific sectors.

Our long term regeneration and physical infrastructure schemes will not deliver measurable benefits for some time. The benefits will be evaluated in future years. These interventions generate much wider impacts than those captured in the estimation of GVA by PWC. For example, raising confidence in a location provides a catalyst for revival. Together with other RDAs, we are looking at how we can measure the additional value yielded from a holistic approach, rather than simply measuring the sum total of individual parts. The evaluators acknowledged that identifying and pursuing synergies, within and between partners, to develop creative, innovative solutions are key achievements. Examples include the regeneration of Chatham Dockyard and the University at Medway and Hastings and Bexhill Renaissance Ltd.

3.6 PRINCIPAL ACTIVITIES

Global Competitiveness

Attracting Inward Investment:

SEEDA led the coordination of inward investment activity across the **Thames Gateway**, leveraging nearly £3m of Government funding. With **Locate in Kent**, SEEDA supported the “**China Gateway**”, signing a Memorandum of Understanding with the **United Nations Industrial Development Organisation** to secure investment from leading Chinese companies into Kent.

Making grants for innovation:

SEEDA awarded grants to stimulate exciting new technology projects including:

WheelRight Ltd received a £200k grant to help to design and test a system for installing sensors in a low profile speed hump to measure the pressure and tread pattern of tyres. A successful development could help reduce carbon emissions and save resources because correct inflation helps tyres last longer and reduce fuel consumption.

Supported by a SEEDA grant of just over £200k, **Crompton Technology Group Ltd** has developed a lightweight axial joint on a composite transmission shaft, primarily for the aerospace industry. This is now manufactured in Banbury for export to **Boeing** in the USA.

Supporting Aerospace Technology:

The **HealthMap** programme composition (Health Management and Prognostics for key systems on aircraft) has drawn interest from the national **Technology Strategy Board (TSB)** and some RDAs. The programme, led by QinetiQ, involves 8 SMEs as partners to share risk as well as cascade the benefit of the £3m SEEDA grant through the region. Breakpoints involving independent third parties are also used to ensure that the technologies being developed remain aligned with customer demands. HealthMap is the first programme under the National Aerospace Technology Strategy to adopt this structure.

Gaining high returns for ASTRAEA:

SEEDA led the interim national evaluation of the ASTRAEA unmanned aircraft project removing duplication by other RDAs and BIS, saving some £100k for the public sector. Also, an interim evaluation by PWC assessed the programme as demonstrating an extremely high level of strategic added value. ASTRAEA was awarded maximum scores in the five categories of Strategic Leadership / Catalyst; Strategic Influence; Leverage; Synergy; and Engagement.

Strengthening winning sectors:

SEEDA's seven sector consortia are developing long-term growth strategies. These will identify the best trading opportunities, the sub-sectors and technologies to target for inward investment and where to focus support for member companies to enable them to innovate and grow.

Designing Demand success:

Businesses completing the SEEDA funded Designing Demand programme are reporting substantial business improvement. For example, *Neptune Outdoor Furniture* developed a new product range and increased sales by 12%. *R&D Vehicle Systems* recently won two contracts valued at over £500k, which is partly attributed to Designing Demand.

Mapping the future of broadband:

SEEDA's broadband speed map for the region is helping local authorities with planning and development strategies as well as helping facilitate contacts between BT Openreach and local authorities to encourage investment in next generation access networks. This helps improve the South East's inward investment offer to potential investors.

Making Manufacturing lean:

By raising manufacturing productivity, the **Manufacturing Advisory Service South East (MAS-SE)** has contributed significantly to regional growth. In the downturn, it is providing cost-cutting advice such as guidance on reducing waste, supply chain development and reducing energy consumption. In the financial year 2008/09 MAS-SE supported 1023 unique businesses generating £92m to the economy. SEEDA has awarded a new three-year contract offering more benefits to the region and has been influential in developing the **National Manufacturing Strategy**.

Developing the Innovation and Growth Teams:

SEEDA undertook an extensive consultation exercise with regional partners and subsequently developed plans for the creation of Innovation and Growth teams (IGTs). IGTs catalyze the activities of local and regional stakeholders, to create local communities of innovation that target and support businesses to accelerate their growth and realise their global ambitions. All eight IGTs will be implemented, on a phased approach, during 2009/10.

Attracting filmmaker investment:

SEEDA's relationship with **Screen South** and **South East Media Network (SEMN)** has resulted in **Fox** bringing 60% of the production spend of *Gulliver's Travels* to the UK (\$80m budget) and persuaded **Disney** to produce *The Prince of Persia* in the South East and contribute 60% of its \$220m budget spend to the region.

Smart Growth

Setting up SEBSAB:

The South East Business Support Advisory Board, a board of business representatives and support organisations, was set up to advise on the implementation of the region's Business Support Simplification Programme. The Board will guide the development of Business Link services, promoting rationalisation, better performance, and raising awareness of support available to businesses.

Delivering the Business Link Service:

2008-09 saw continued growth in business support and qualitative service improvements. This included the integration of skills brokerage into the Business Link Information, Diagnostic and Brokerage (IDB) model. Activity was geared towards positioning Business Link in the South East as the primary access channel for business support. The offer was in line with the Business Support Simplification Programme and the Governments' Solutions for Business portfolio of services. The Business Link service worked tirelessly on the front line, to support

businesses as the recession took hold. They implemented the Government's 'Real Help for Business' support package including delivery of health checks, raising awareness of Business Link and reaching new customers through increased marketing and awareness raising.

During 2008-09, Business Link provided information and advice to almost **145,000** customers, close to **18,000** of which received intensive support that enabled them to develop an action plan for growth. Business Link has captured GVA data over a two year period that enables us to evidence GVA growth of £96m from the businesses that received intensive support from Business Link. This equates to a strong return of £4 for every £1 invested in the Business Link service in the South East.

Supporting Tourism:

SEEDA funded **Tourism South East (TSE)** to take the core role in policy development, research and strategic influencing. This contributed to maintaining tourist spending in the South East at the highest level in the UK, outside London. TSE has put together a £500k package, raised from public and private stakeholders, to offer business advice and support to the sector during the recession.

Supporting Social Enterprise:

SEEDA has reprioritised support for social enterprises. This has included making the '**business support voucher**' scheme more flexible for social enterprises. Strategic advice to the new **South East Social Enterprise Partnership (SE²)**, helped them bid for 'Capacitybuilders' funding; leveraging £450,000 for social enterprise development over the next three years.

Promoting Women's Enterprise:

With Business Link, we staged a series of targeted events for women starting new enterprises, especially those facing redundancy, which attracted over 1,200 delegates. Through the SEEDA managed regional **Women's Enterprise Advocates and Ambassadors network**, we are promoting role models and encouraging peer support. SEEDA is also piloting the establishment of a Women's Business Service as part of its support of the Government's Enterprise Strategy. The pilot will comprise of a physical location in Chatham and a series of specialist advisors covering the region.

National Enterprise Academy:

SEEDA has invested £2.3m in the **National Enterprise Academy (NEA)**, being created by *Dragon's Den* Peter Jones in **Aylesbury**, Buckinghamshire. SEEDA's work and funding will go to a pilot programme to test new ways of developing young entrepreneurs, and will help tie in the NEA's HQ to Aylesbury Town Centre economic redevelopment.

Driving the Creative Economy:

The **Creative Economy Partnership**, set up by SEEDA, brought together public agencies, South East Media Network, Sector Skills Council, LSC, HEI, UKTI and Investor Development Managers to support Creative Industries, a vital part of the region's economy. The first completed project was the **Stimulating Creative Graduate Website**, connecting recent graduates to creative businesses and helping them access talent, employment, information and knowledge. SEEDA also commissioned a powerful online tool to help creative people produce effective business plans, strategic marketing and investment proposals.

Establishing the University Enterprise Networks (UENS):

As the RDA innovation lead, our CEO Pam Alexander launched the UENs nationally in November 2008. In the South East, the UEN is focusing on promoting **Science, Technology, Engineering and Mathematics** subjects, championed by Microsoft and **BAE Systems**. SEEDA's work has leveraged regional investment of £4m over four years.

Training Leaders and Managers:

10,000 businesses in the region will benefit over the next three years from the new **Leadership and Management Advisory Service**. The service will be provided, through a £13m LSC contract, by SEEDA in partnership with Skills South East. This programme will

support SMEs in the improvement of their top level management skills, contributing toward Enterprise, Employment and Skills for Innovation priorities.

Improving skills training delivery:

Greater efficiencies and clearer, faster customer access for business support and training are resulting from the SEEDA-created integrated brokerage service delivered by **Business Link**, as a single broker can now have a meaningful discussion with a company both about the improvements it needs to make, and the training needs to support those improvements.

Building sustainable skills:

SEEDA brokered a partnership to make the business case for **SUSCON** – a sustainable skills academy in Kent Thameside, Thames Gateway, Kent. Funding support in principle has been agreed by the HCA and SEEDA, and European funding has been secured to start training construction workers.

Protecting jobs, saving skills:

Southampton - Ford:

SEEDA led on the development of an integrated package of support for employees at **Ford**, when 500 redundancies were announced in February 2009. SEEDA worked with the local authorities of Southampton and Eastleigh, the LSC, JCP and Business Link. A '**one stop shop**' was established to help Ford employees and onsite supply chain workers at the Transit plant, 800 people had help to plan for their future and make the most of other opportunities.

Oxfordshire - BMW:

In February **BMW** announced 850 job cuts to agency workers at their Oxfordshire plant. SEEDA immediately formed a support taskforce of Oxfordshire Economic Partnership, Jobcentre plus, the Learning & Skills Council, Business Link, Oxford City Council and Oxfordshire County Council.

Marine Sector:

SEEDA has taken action to address skills gaps and shortages facing the marine sector. Working alongside Marine South East, the available skills provision has been mapped and a broker appointed to establish employers needs and to liaise with colleges and training organisations to ensure the right standard of training provision is rapidly put in place. SEEDA has worked with the marine sector to promote apprenticeship opportunities and an aluminium welding course will retrain welders made redundant from other sectors.

Financial Services Sector - Surrey:

Working with **Surrey Economic Partnership**, SEEDA has assisted in providing targeted support to the financial services sector. Business Link, LSC and JCP are partners contributing to two workshops giving information, advice and guidance to over 100 delegates about to be, or already, made redundant.

Pushing Productivity:

The **Regional Skills for Productivity Alliance (RSPA)** has proved an effective mechanism for influencing government and bringing key delivery partners together to align priorities. In July 2008 Regional Minister, **Jonathan Shaw**, chaired a South East Employment and Skills Summit where the **South East Employment and Skills Accord** was launched – the Accord is an agreement between SEEDA, JCP and the LSC responding to the need for greater integration. RSPA was instrumental in enabling the delivery of a number of flagship programmes in support of RES objectives, such as **Training Pools** and the **40+ Older Workers** programme, as well as applying strategic influence to the productivity agenda.

Sustainable Prosperity

Winning on the SE Diamonds Ecological Footprint:

The growth areas in the region are the logical places to concentrate on Ecological footprints. Finding and delivering low-carbon, resource-efficient solutions will create local jobs, provide the platform for international exports and make the Diamonds attractive for low-carbon inward investment. An online 'No Nonsense' Guide to reducing the present footprint and building a low carbon economy was subsequently launched in April 2009. Already a model outside the region, the guide will be extended outside the Diamond areas.

Greening SEEDA:

SEEDA's **Environmental Management System (EMS)** has improved the organisation's environmental performance – carbon emissions have been reduced by 12% and water use by 15%. We have also initiated the '**Low Carbon Regional Leadership Group**' bringing together key agencies and South East bodies to tackle resource efficiency and accelerated carbon emissions reductions. The partnership will share information and techniques to provide the tools for region-wide environmental performance improvement.

Reducing regional carbon emissions:

Delivering carbon reductions across the South East, (DCReASE) is the region's low carbon action plan. It was developed following two research studies, one into progressing renewable energy and the second into making the existing housing stock more energy efficient, plus stakeholder workshops. A DCReASE panel has been set up to monitor progress. SEEDA brokered relationships between suppliers and local authorities to support community-wide retrofitting programmes.

Practical support from SEEDA includes the funding of a project manager to prepare the business case for an area-wide retrofit at Queenborough and Rushenden, on the **Isle of Sheppey**, and creating community demand for action by local authorities through the SEEDA-sponsored **Greening Campaign** to reduce greenhouse gases.

Delivering Business Resource efficiency:

SEEDA has developed the **Business Resource Efficiency strategy**, encouraging partners to submit funding applications to the **European Regional Development Fund (ERDF) Competitiveness Programme**. These will be submitted for projects addressing priority actions such as the reduction in CO2 emissions in a local authority area. With the **South East Business Link Consortium** and **Business Resource Efficiency support providers**, SEEDA is working to deliver the new National *Solutions for Business: Improve your Resource Efficiency* product aimed at cutting business costs and improving profitability and productivity.

Zero waste:

To improve materials resource efficiency, SEEDA established the **Pathway To Zero Waste (PTZW)** partnership programme with the **Environment Agency** and **Waste & Resources Action Programme (WRAP)**. This programme is nationally significant because it brings together the main regional players in waste policy and delivery to deliver real reductions in major waste streams of the region, it focuses on diverting construction, food and wood wastes from landfill into profitable second uses. **Invest in Recycling** grants totalling £140k for SMEs in the recycling and reprocessing sectors have been targeted at companies dealing with the priority waste streams.

Safeguarding the rural region:

Recycling redundant farm buildings:

The SEEDA scheme, now included in our European programme, to fund the redevelopment of un-used farm buildings is resulting in the creation of new businesses and local jobs in rural areas.

Communicating the rural recession:

SEEDA is capturing and reporting to government on the impact of the economic downturn on rural sectors.

Promoting productivity and products:

Productivity boosting ideas, such as precision farming created by the Rural **Sector Champions** programme, are now being taken up nationally. Regional Food groups are successfully selling local products into public sector institutions such as universities and schools

Tackling rural community issues:

Targeted programmes to tackle specific local concerns are delivering real solutions. The 'Uckfield Upskill' Project in East Sussex provides IT courses for apprentices and local businesses. At West Meon in Hampshire, the Community Shop is a thriving centre, hosting an Internet café, workshops for older people and a Tourism Information Point.

Improving land based skills:

The European funded **Rural Development Programme for England (RDPE)** brought benefits to many land-based businesses through funding large collaborative projects. It supported major strategic projects to improve land-based skills. For example it is helping vets develop skills to increase animals' resistance to diseases.

Supporting Third Sector Enterprises:

SEEDA formally launched the **Corporate Cabinet** in May 2008. It involves 16 of the region's top companies, via their corporate responsibility programmes, in helping to deliver the RES. A key objective is to support **third sector enterprises** which have the potential for sustainable growth, e.g. a package of support that includes business mentoring, advice on business planning, marketing and ICT support was developed. Local credit unions now have access to new investors through the Corporate sponsors' pay roll and BT is leading a South East wide competition to encourage 14 -19 year olds to create innovative projects in the third world which encourage international collaboration and investment.

Promoting ERDF bids:

Significant ERDF funding is available to help increase business productivity during the downturn by enabling projects to deliver against the Low Carbon and Resource Efficiency targets, helping businesses keep costs down. SEEDA will ensure these are accessible to the regional bidders.

Increasing opportunities for all:

SEEDA has appointed a panel of equality and diversity experts to advise on growth and innovation opportunities associated with diversity. An excellent example is the 2012 Paralympic-inspired legacy project, **ACCENTUATE**, a key part of the **South East Triple Gold Implementation Plan**. The film, arts, heritage and tourism industries are working together to create new opportunities for disabled people ranging from improving the hospitality offer to disabled tourists, offering new career pathways, and improving access to our many tourist attractions and sports events. SEEDA's £850k investment has, leveraged in a further £3m, and will secure **£11m GVA** and **202 new jobs** for the South East over the next three years.

Investing in SE seaside resorts:

SEEDA has helped secure major investment from the **DCMS Sea Change** fund for culturally-led regeneration in seaside resorts. £9.8m, including a SEEDA investment of £650k has been secured for Hastings' Jerwood Gallery, a new exhibition space with outreach programmes. The Sea Change programme is creating 104 new jobs and will attract 133,500 additional visitors. In Dover, a SEEDA investment of £500k has secured £4m for the Castle, estimated to attract 93,000 more visitors by 2012. SEEDA advice helped secure £1.5m for local authority projects in Bexhill-on-Sea, Littlehampton and Margate, while £554k of future Sea Change funding has been secured for Worthing, East Kent and Swale.

Preparing to compete:

Of the 12,000 companies from the South East 45% registered on the 2012 CompeteFor website, are now accredited as fit to supply. Over 2,000 of them have taken advantage of the special "Fit to supply" programme preparing them to tender for contracts.

Enabling Infrastructure and Development

Facing the regeneration and development future:

SEEDA worked with the public and private sectors to assess the future of regeneration and development. The 'Beyond the Crunch' research project is expected to have far reaching influence by helping the target audience to understand the prospects for the regional property markets and to consider how regeneration and development should be managed in the future. In March, the emerging recommendations were tested with over 200 stakeholders and we are already hearing of authorities that are seeking to engage more positively with industry as a result. Follow-up to the report will explore alternative approaches to attract investment and expertise from the private sector, to spread risks and reduce transaction costs by exclusive partnership working.

Keeping built environment skills:

The scaling back of the South East's development industry in the recession raises concerns about skills and the industry's capacity to respond to an upturn in the market. The present workforce is aging and new graduates may not take up careers in the industry. In response, SEEDA commissioned a targeted guide for the sector on the **business benefits of internships and work placements**. We ran the Places from Spaces project programme to encourage collaboration between local authorities and Universities and to support emerging graduates through client-focused project work and mentoring from practitioners.

Sustaining infrastructure investment:

SEEDA is working to sustain infrastructure and regeneration investment as far as possible through the downturn. Working to counter the severe slowdown in private sector investment by considering, site-by-site, the re-phasing or restructuring of schemes to maintain momentum. At **Woolston** in Southampton, we are working closely with the HCA to ensure funding is available when the first phase of development begins. Negotiations are also advanced with a marine company to locate their production facility at Woolston.

We used every tool possible to maintain confidence in the market, support construction employment and create a platform for future growth, e.g. we supported the construction of the **Canterbury Innovation Centre**, facilitating knowledge transfer between the University and high growth businesses. At **Queenborough and Rushenden**, infrastructure works started to open up employment sites and funding has been approved for Margate's **Turner Contemporary Arts Centre**.

Securing Growth Points:

SEEDA worked with partners to secure **Growth Point Status** for Shoreham and Dover. Shoreham was awarded growth point status in December 2008, through SEEDA's strategic leadership, supported by GOSE. A detailed case for further investment from the **Community Infrastructure Fund** has been prepared with West Sussex County Council, Brighton & Hove City Council and Adur District Council committed to a Joint Area Action Plan. Task groups have been formed to consider employment needs, employment space and education needs. SEEDA has also supported Dover District Council's work to secure Growth Point status which will deliver **10,000 new homes**, as well as working on a master plan to connect the waterfront and the town.

Sustaining infrastructure spending:

Sustained investment by the public sector is necessary, to support economic growth. We are establishing the **Regional Infrastructure Fund (RIF)**, that will provide forward finance to local authorities for infrastructure to unlock critical development schemes. The investment panel

contains representation from SEEDA, local authority leaders, the Homes and Communities Agency, with the Government Office for the South East as observers.

Identifying infrastructure priorities:

SEEDA consistently articulates regional development needs, opportunities and solutions to partners and stakeholders in the region and in Europe, e.g. SEEDA, jointly with GOSE, were successful in consolidating public sector partnerships and working with business representatives to lobby for M4 upgrades that will unlock the capacity of the **Thames Valley** high growth area. SEEDA worked with the LDA and EEDA to develop a sustainable distribution package for the **Thames Gateway**, prioritising a number of rail freight schemes.

Strategic Influencing

Presenting the region to the Cabinet:

SEEDA welcomed the Prime Minister and Cabinet to Southampton on 23 February for a **Cabinet Meeting**. The Prime Minister commended the work of the **Partnership for Urban South Hampshire (PUSH)**, and SEEDA's involvement, in driving forward the **South Hampshire Economy**.

SEEDA arranged visits by Ministers to a number of local businesses. This included a working lunch for the **Chancellor of the Exchequer** with representatives of the marine sector, hosted by SEEDA's Chairman **Jim Brathwaite** and meetings with **IBM** and **Astrium**. These visits gave Ministers a valuable insight into SEEDA's investment, as well as the opportunities and challenges facing the South East economy.

Gathering economic intelligence:

SEEDA's Area Teams, working with Sub-regional Partnerships, assembled comprehensive intelligence on the regional economy including redundancies, company closures and investments. This has proved a valuable source of information for central government, local authority leaders and key stakeholders. It also enabled SEEDA to work with local partners to support businesses through the recession without duplicating existing services.

Hosting the Regional Economic Council:

After a meeting of the Regional Economic Council, arranged by SEEDA, the Secretary of State for Business Innovation and Skills, **Lord Mandelson** and the Chancellor **Alistair Darling** learned how **Reading** businesses are responding to the recession. Lord Mandelson visited **Microsoft** and met senior staff. The Chancellor toured Reading town centre's Business Improvement District (BID). He also had discussions with businesses from **Thames Valley Enterprise Hub** and heard how they are being supported by SEEDA.

Prioritising European Social Funding:

SEEDA persuaded the European Commission to allocate an additional £1.4m **ESF** funding to the region to increase the funds available for work on issues including skills training, employment for older workers, tackling the downturn and research future economic development themes. SEEDA contributed to the refresh of the **South East ESF Framework** governing the use of ESF funding in the region 2007-10.

Strategic Influencing: Area Actions

Over the past year SEEDA's revamped area teams have worked with local authority partners on cross-cutting activities at an area level. SEEDA has identified eight, South East Diamonds for Investment and Growth and some of their activities are highlighted in the examples below.

Thames Gateway:

SEEDA is working closely with EEDA, the LDA, HCA and CLG to deliver the **Economic Development Investment Plan** for the Thames Gateway, prioritising initiatives which will offer an economic step-change.

Kent and Medway:

Through regular monitoring and publication of economic trends and redundancies in Kent and Medway, SEEDA has demonstrated our key leadership role on the economy. Working closely with the '**Backing Kent Business**' partnership led by Kent County Council, with representatives from local chambers, FSB, IOD and Business Support Kent, SEEDA has ensured that information on business support is cascaded to business and take-up is reported back.

Ashford:

SEEDA worked with partners in Ashford to make the strategic case to Ministers to merge South Kent and West Kent FE colleges. This action is necessary to support growth and regeneration plans and improve business-related skills delivery for wider south and east Kent.

North Kent:

SEEDA, through the Area Team, has been a key member of the Steering Group for the **North Kent Multi Area Agreement** and on various theme groups. This ensured that proposals address RES priorities and the impact of preparing a new regional strategy. SEEDA specialists have been active in developing different aspects of the MAA, such as skills, transport, housing and more recently, enterprise.

Milton Keynes:

SEEDA is working with EMDA and EEDA to lead the growth development plan for Milton Keynes South Midlands (mksm) to create high value jobs in key growth sectors.

Partners in **Milton Keynes** are also being supported to shape the **Science and Innovation** vision and offer for the area. One of the most exciting projects is working with stakeholders in Milton Keynes including **Mercedes**, the European R&D headquarters of **Nissan** and other automotive and engineering manufacturers, Milton Keynes Council and BIS to scope out potential for a low carbon hybrid vehicle infrastructure in the city.

Sussex

Coastal West Sussex:

SEEDA led partners across **Coastal West Sussex** to redevelop the **University of Chichester's Bognor Regis campus** to support wider regeneration opportunities through education.

Gatwick Diamond:

The Gatwick Diamond has been refocused with SEEDA support to deliver "Inspire, Connect Grow" - the strategic plan for the area's future. A new strategic group of senior business leaders is guiding direction and delivery. Four task groups now focus on maximising growth through education and skills, transport and infrastructure, strategic planning and smart growth, while the area will be promoted by a marketing group.

We will create a new strategic relationship with Gatwick Airport to ensure the airport plays its part in delivering the economic development opportunities for the Gatwick Diamond.

Newhaven/Brighton/Shoreham:

We worked with Local Authority leaders to analyse and develop the economic opportunities in the area. In **Brighton** we worked with the City Council and the University of Brighton to realise the development potential of **Preston Barracks** to support business growth and innovation.

Surrey and Berkshire

Reading Diamond:

SEEDA led the design of the concept, benefits and priorities for the Reading Diamond, now approved by the **Berkshire Economic Strategy Board (BESB)**. BESB, the governance of which is guided by SEEDA, is also working on how to maximise the potential of Berkshire's two other economic areas; 360⁰ Heathrow and the Leader area of rural West Berkshire. It also agreed arrangements to work with the **Thames Valley Economic Partnership (TVEP)** to maintain business interest.

SEEDA continues to support the expansion of **Heathrow Airport** as the only effective way to deliver additional capacity for global travel to support the sustainable economic development of the South East. We are carrying out additional work to improve our evidence base on the value of Heathrow to businesses and on its regional carbon impact. This is in addition to the significant work we are already carrying out to promote improvements to surface access to Heathrow and to maximise its effectiveness as an economic development driver.

Basingstoke Diamond:

SEEDA is supporting the development of the **Basingstoke Diamond** and has played a key role in developing the evidence base and providing strategic advice to North Hampshire local authorities. This work now informs the recently established North Hampshire and M3 Economic Board, chaired by SEEDA. SEEDA also chairs the steering group driving forward the Basingstoke Learning Campus concept to bring higher education and innovation facilities to the town centre. The innovation centre is due to open in late 2009 and will serve as a base for Innovation and Growth Team services.

South Hampshire Diamond:

SEEDA has worked closely with PUSH on the development of a Multi Area Agreement (MAA), the first in the South East, which was agreed and signed in June 2008. The MAA is an agreement between 11 local authorities, central government departments and agencies, including SEEDA to co-operate in delivering the key targets and outcomes. SEEDA's work and investment in South Hampshire focuses on strategic economic outcomes and particularly increasing the effectiveness of business support, enabling innovation, bringing forward key employment sites, addressing workforce skills. With SEEDA's support, PUSH has established an 'Economic Delivery Panel' enabling them to put a greater emphasis on inward investment, technologies and the needs of the key sectors.

3.7 National Lead Roles

All RDAs take on national lead roles to coordinate links between Whitehall and RDAs and ensure RDA views are fed into central Government. The aim of this arrangement is to have the most impact on areas of critical importance to regional economic development. SEEDA held the lead role for the following in 2008/09:

- Enterprise (including Social and Women's Enterprise) to January 2009
- Innovation
- Waste to January 2009
- Broadband and ICT to January 2009
- Energy to January 2009
- Skills from January 2009

Enterprise

Business Support Simplification Programme (BSSP)

SEEDA continued its leadership of the BSSP to the end of 2008, representing RDAs on the National Transition Management Board, chairing the Steering Group and taking the RDA seat on the new, tightly-focused Programme Board. All the 30 Solutions for Business (SfB) products have now been signed off to the satisfaction of BIS, HMT and RDAs. SEEDA brought BSSP operational leads and Business Link leads together in November and led discussion on implementation, which is now well underway, offering a much clearer portfolio of products to business through Business Link.

Business Link National

SEEDA continued to manage national Business Link activity until 31 March 2009, when EMDA took on the role. SEEDA shaped the popular Business Link Health Check announced by Lord Mandelson in October 2008 and delivered across England. Just under 40,000 businesses benefited from the Health Check between October 2008 and end March 2009.

RDAs, led by SEEDA, were actively involved in the national cross departmental Real Help for Business advertising Campaign launched in the new year. This was the first time a cross departmental approach was used to support business with a single message with Business Link as the call to action.

Social Enterprise

SEEDA reported regional progress against the national action plan as well RDA activity and investment supporting Social Enterprise to date, before handing over the lead role to EMDA in January 2009.

Women's Enterprise

Until January 2009, SEEDA chaired the cross RDA Women's Enterprise Group and worked closely with BIS in the implementation of thematic elements of the Government's Enterprise Strategy. SEEDA influenced the shaping of the Women's Business Centre pilots and presented on women's enterprise to RDA Enterprise Directors and BIS. SEEDA continues to manage and co-Chair the Women's Enterprise Task Force (WETF). The WETF highlighted the economic case for women's enterprise with a number of key government ministers and departments leading to a reinforced relationship with the Government Equalities Office and Equalities and Human Rights Commission.

Innovation

SEEDA's work with BIS on the Annual Innovation Report ensured that the RDAs were strongly represented. As a result of SEEDA's co-chair (with DIUS) of the Innovation product team of the Business Support Simplification Programme, the products for innovation support draw on RDA best practice and offer sufficient flexibility for delivery of RDA innovation strategies. Good progress has been made on RDA alignment with the Technology Strategy Board with a total of £467M of aligned funding identified through the mechanisms established by SEEDA, comfortably in excess of the £180M target. SEEDA is also chairing a Space task group to make the business case for a funded space strategy to government, the regions and partners including the TSB.

Waste

The cross-RDA Waste lead activity was handed over to EEDA in January. Prior to the handover, SEEDA made submissions on behalf of the network to the House of Lords Enquiry in to Waste Reduction and to DEFRA on their draft policy paper regarding Commercial and Industrial wastes.

Energy

The cross RDA Lead Role on Energy passed to NWDA in January; SEEDA helped to ensure a smooth transition. Prior to the handover, SEEDA coordinated a joint RDAs' response to the Government's Consultation on a Renewable Energy Strategy and had early discussions with the Department of Energy and Climate Change (DECC) on energy supply chain development and regional targets for deployment of renewable energy technology. SEEDA was also able to contribute, on behalf of the RDAs' network, to an early draft of the Government's Heat and Energy Saving Strategy.

Skills

SEEDA took on the RDA lead role for both BIS and DWP in January and has led the development of the network to prepare an agreed 'manifesto' for skills. SEEDA has sought to join up skills and employment related agendas across BIS and DWP, providing a business perspective into the departments, to help ensure that skills policy is responsive to business need, and provide business perspectives on future Department strategies, such as the development of the arrangements taking over from the LSC.

Department for Work and Pensions (DWP)

SEEDA led a DWP/RDA Partnership Agreement with three key themes on which the Department and the RDAs will combine to take future action:

- Tackling the recession
- Commissioning through a Prime Contracting Model, and
- Raising skills for disadvantaged groups

We are engaged with DWP on work for the integrated employment and skills national planning model. We are also working on national protocols as part of the integrated brokerage service and Business Simplification Support agreed between Jobcentre plus, National Apprenticeships Service, Business Links and RDAs.

4. DIRECTORS' REPORT

4.1 Introduction

The South East England Development Agency (SEEDA) was established under the provisions of the Regional Development Agencies Act 1998. The Agency is a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills. It came into existence on 14th December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency became fully operational on 1 April 1999.

Principal Activities

The Agency's principal activities are as follows:

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

SEEDA is responsible, in conjunction with public and private sector partners, for compiling the Regional Economic Strategy, originally published in 1999 and updated in 2002 and 2006. The Regional Economic Strategy (RES) is the framework for current and future major activities for the Agency and other related bodies in the South East region.

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 statements of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of Treasury. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end; of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts the Agency is required to:

1. 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;
2. Make judgements and estimates on a reasonable basis;
3. State whether applicable accounting standards set out in the Government Financial Reporting Manual have been followed; and disclose and explain any material departures in the financial statements;
4. Prepare the accounts on the going concern basis, unless it is inappropriate to assume 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 South East England Development Agency. Her duties include responsibility for the propriety and regularity of the public finances and for the keeping of proper records and are set out in the 'Non-Departmental Public Bodies Accounting Officer's memorandum' issued by the Treasury and published in Managing Public Money.

The Agency and the Chief Executive are responsible for ensuring that there are appropriate controls over any publication of the financial statements, including the publication of the National Audit Office audit report on the Agency's website and in other electronic forms. As far as the Chief Executive is aware, there is no relevant audit information of which SEEDA's auditors are unaware and the Chief Executive has taken all the steps she ought to have taken

to make herself aware of any relevant information and to establish that the Agency's auditors are aware of that information.

Audit Services

The Comptroller and Auditor General is appointed by statute to audit the South East England Development Agency, and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The costs incurred in relation to the statutory audit of the accounts by the Comptroller and Auditor General in 2008/09, were £57,750, and in relation to the audit of the opening balance sheet at 1st April 2008, restated on an IFRS-basis, were £6,500. The Comptroller and Auditor General has also statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

4.2 SEEDA Board

The SEEDA Board, appointed by the Secretary of State for Business, Enterprise and Regulatory Reform, comprises the Chairman and 14 members. The Board is responsible for setting the strategic direction of the Agency and for establishing its policies.

With the Chief Executive, the Board ensures that the public funds with which the Agency is trusted are used appropriately to the benefit of the region and deliver value for money in meeting our objectives.

The Board is accountable to the Government and to Parliament. It is also required to give an account of its activities to the South East England Regional Assembly and to consult with the Assembly on the development of the Regional Economic Strategy. SEEDA values this relationship with the Regional Assembly and recognises the Assembly's role as the representative voice of the region.

The Agency maintains a Register of Board Members Interests, which is available on the SEEDA website and on request from the Board Secretary, SEEDA Headquarters, Cross Lanes, Guildford GU1 1YA. In addition, Members declare their interests to the Board in any transaction involving the relevant organisations and may be withdrawn from participating in any discussions or vote on any related matters. SEEDA complies with the standard RDA Code of Best Practice for Board members.

The SEEDA Board members during 2008/2009 were:-

Jim Brathwaite CBE	Chairman
Cllr Peter Jones	Deputy Chairman
Keith Riley	Senior Board Member
Zenna Atkins	(contract commenced December 2008)
Cllr Rob Anderson	(contract expired December 2008)
Cllr Jeremy Birch	(contract commenced December 2008)
Dolores Byrne OBE	
Pamela Charlwood	
Poul Christensen CBE	(contract expired December 2008)
Les Dawson OBE	(contract commenced December 2008)
Imtiaz Farookhi	
Robert Goldfield	
Cllr Keith House	(contract expired December 2008)
Susan John	
Cllr Keith Mitchell CBE	(contract commenced December 2008)
John Peel OBE	(contract expired December 2008)
Alex Pratt OBE	
Prof. Bill Wakeham	
Phil Wood	

SEEDA NON EXECUTIVE BOARD MEMBERS

James E Brathwaite CBE appointed in 2002, is the SEEDA Chairman. He is an entrepreneur involved with a number of businesses, and is a member of several Government advisory bodies, task forces and working groups. Along with all our Board Members, Jim's full biography can be found on the SEEDA website. The Chairman leads on the Berkshire and Surrey area.

Peter Jones appointed 2003, is SEEDA's Deputy Chair. He is Leader of East Sussex County Council and a Commissioner of the Audit Commission. He sits on the Board as a local authority representative, is Chairman of the Remuneration Committee and advises on Strategy and Communications. Peter leads on the Sussex area.

Zenna Atkins appointed 2008 is an Executive Director for Social Solutions. She is also Chairman of Ofsted, Places for People, Non Executive Director on the Board of the Royal Navy Board where she is the Audit Committee chair. She is also a trustee of the Olympic Legacy Trust and voluntary Chair and trustee of a number of charities including 21st Century Legacy, Dreamall. Zenna is a member of the Audit Committee and advises on Smart Growth. Zenna leads on the Sussex area.

Dolores Byrne OBE appointed 2007, is MD Innovation for QinetiQ, an international defence and technology company. She is currently a member of the board of AIRTO. She sits on the Science, Engineering and Technology Advisory Council of SEEDA. Dolores advises on Global Competitive matters. Dolores leads on the Hampshire and Isle of Wight area.

Les Dawson OBE appointed 2008, is CEO of Southern Water, the largest supplier of water and wastewater services in the South of England. Les is a member of the Major Projects Committee and advises on Sustainable Prosperity matters. Les leads on the Kent and Medway area.

Keith Riley appointed 2007, is SEEDA's Senior Board Member. Managing Director, Group Technical Services of Veolia Environmental Services plc he has a wide experience in recycling & waste management, particularly working with local authorities. Keith advises on Sustainable Prosperity. Keith is a Chair of Major Projects Committee and a member of the Remuneration Committee. Keith leads on the Berkshire and Surrey area.

Cllr Jeremy Birch appointed 2008, is a member of Hastings Borough Council and East Sussex County Council and led the former from 2000-2006. He also serves on the regional council of the Arts Council for the South East and is a non-executive director of Hastings and Rother Primary Care Trust. Jeremy advises on Smart Growth. Jeremy leads on the Kent and Medway area.

Pamela Charlwood appointed 2006, is Council member of the South East Learning and Skills Council (LSC) and brings to the Board the perspective of the voluntary and community sector. She is also a non executive director and Vice Chair on the Board of the Hampshire Partnership NHS Trust. She advises on Sustainable Prosperity and is a member of the Audit Committee. Pamela leads on the Hampshire and Isle of Wight area.

Imtiaz Farookhi appointed 2004, is Chief Executive of the National House Building Council, which provides warranty, risk management and regulatory services to the UK house building and construction industry. He is a member of the Major Projects Committee and advises on Smart Growth. Imtiaz sits on the Regional Housing Board. Imtiaz leads on the Milton Keynes, Oxfordshire and Buckinghamshire area.

Bob Goldfield appointed 2006, is Chief Executive of Dover Harbour Board and represents the business sector. Bob is a member of the Major Projects Committee and advises on Global Competitiveness. Bob sits on the Regional Transport Board and Regional Infrastructure Fund Investment Panel. Bob leads on the Kent and Medway area.

Cllr Keith Mitchell CBE appointed 2008, is a qualified Chartered Accountant. He has served as a County Councillor for the Bloxham Division comprising the villages of Adderbury, Bloxham, Bodicote, Milcombe and Milton and has been Leader of Oxfordshire County Council since 2001. Keith is a member of the Audit Committee and advises on Strategy and Communications. Keith leads on the Milton Keynes, Oxfordshire and Buckinghamshire area.

Professor Bill Wakeham appointed 2004, is Vice Chancellor of Southampton University and has a special interest in innovation and education. He represents the business sector. Bill advises on Global Competitiveness and sits on the South East Science Engineering and Technology Advisory Council. Bill leads on the Hampshire and Isle of Wight area.

Sue John appointed 2006, is a former deputy Leader of Brighton & Hove Council and now works in social research. She represents local government and cultural issues. She has chaired the Joint Europe Committee for 2 years and advises on Sustainable Prosperity. Sue leads on the Sussex area.

Alex Pratt OBE appointed 2006, is founder of Serious Brands Ltd, which manufactures high-grade reading and task lights. He has worked in a number of areas including global innovation, exports, and business support for BIS and represents the business sector. Alex advises on Global Competitiveness and chairs South East Business Support Advisory Board. He was a member of the Joint Europe Committee. Alex leads on the Milton Keynes, Oxfordshire and Buckinghamshire area.

Phil Wood appointed 2003, is Regional Secretary of the South East Region of UNISON, the public sector union. He is interested in social issues and the trade union representative on the Board. Phil is a Chair of the Audit Committee and a member of the Remuneration Committee. He advises on Smart Growth. Phil leads on the Berkshire and Surrey area.

Full biographical notes of the Board members can be found on the SEEDA website www.seeda.co.uk.

4.3 Board Committees

The Board Committees assist in informing and monitoring the implementation of the Regional Economic Strategy. A clearer distinction has been established between the 'Advisory' SEEDA Board Committees and those Committees that assist in the management of the Agency. During 2008/09 the Board Committee structure was as follows:

Advisory Committees

Business South East

Social Dialogue Forum – ceased to exist as a Board Committee in January 2009

Joint Europe Committee (joint Committee with the Regional Assembly) – ceased to exist in June 2008

South East Science Engineering and Technology Advisory Council (SESETAC)

Management Committees

Audit

Remuneration

Major Projects

4.4 Audit Committee

Role of the Audit Committee

The main purpose of the Committee is to give advice to the Accounting Officer and the Board on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk, control and governance. The Committee acts in an advisory capacity only on audit matters and has no executive powers. Its objectives are to advise the Accounting Officer on:

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

Meetings of the Audit Committee

Members of the Committee are appointed by the Board for fixed terms not exceeding three years in the first instance. Rotation of members applies with members being eligible for immediate re-election for a maximum of three years. During 2008/09 the members were the following:

- Rob Anderson (to December 2008) *
- Phil Wood *
- Pamela Charwood
- Imtiaz Farookhi (to December 2008)
- Keith Mitchell (from January 2009)
- Zenna Atkins (from January 2009)

* Rob Anderson chaired the Audit Committee until he retired in December 2008. He was succeeded as Chair in January 2009 by Phil Wood.

The members of the Audit Committee are remunerated as Board Members and receive no extra remuneration for sitting on the Audit Committee.

Delivery of Formal Responsibilities

During 2008/09 the Audit Committee met on four occasions to perform its functions in accordance with HM Treasury's Audit Committee Handbook. The minutes of these meetings and an annual report on the Audit Committee's activities were presented to the full Board. The Head of Internal Audit provides a management service to the Audit Committee.

Key Performance Indicators

Key performance indicators relevant to the Audit Committee are the grading given in internal audit reports and the number of outstanding internal audit recommendations.

Stakeholder Relationships

Effective working arrangements are in place with the National Audit Office (NAO) and the Government Office for the South East (GOSE) whose representatives attend Audit Committee meetings on a regular basis. Both the NAO and GOSE value the insight they get into SEEDA's operations from Audit Committee attendance.

Internal Financial Control and Risk Management Systems

Audit Committee reviewed the Audit reports covering these areas presented to it by the Head of Internal Audit, the Corporate Services Director and the NAO.

Internal Audit Function

The Internal Audit Strategy and Plan, the executive summaries of individual Internal Audit assignments, reports on the implementation of recommendations, progress reports and the Internal Audit Annual Report and Assurance Statement were reviewed by the Audit Committee.

4.5 Senior Executive

The Executive Directors are responsible for driving forward the implementation of the relevant elements of the Regional Economic Strategy and for delivering the programmes through which we support the activities of our partners, as well taking corporate responsibility with the Chief Executive for the running of the Agency.

Members of the SEEDA senior executive including functional and geographic responsibilities as at March 2009:

Pam Alexander	-	Chief Executive and Accounting Officer.
Jeff Alexander	-	Executive Director, Competitiveness and Growth, with area responsibility for Surrey and Berkshire.
Lee Amor	-	Executive Director, Enabling Infrastructure and Development, with area responsibility for Kent and Medway.
Paul Lovejoy	-	Executive Director, Strategy and Communications with overall responsibility for Area Policy, with area responsibility for Sussex.
Oona Muirhead CBE		Executive Director, Skills and Sustainable Prosperity, with area responsibility for Milton Keynes, Oxfordshire and Buckinghamshire.
John Parsonage	-	Executive Director, Smart Growth (until October 2009).
Robert Crawford	-	Chief Operating Officer, (from September 2008) with area responsibility for Hampshire and the Isle of Wight.

4.6 Human Resources and Services

Resourcing

The critical focus for resourcing this year in SEEDA was threefold

- to ensure the calibre of candidates for all SEEDA vacancies were of a high standard, thoroughly scrutinised and fit for purpose, through robust selection processes.
- to ensure that the 'time to recruit' was reduced to enable business continuity
- to ensure the cost per hire was reduced

Time to recruit and cost per candidate were addressed, with a full review of our media campaigns of the past. Through a focussed online strategy, 68 people were recruited into permanent or fixed term employment in SEEDA in 2008, with a reduction in cost per candidate and a reduction in time to recruit. Time to recruit was 37 days, 14 days below target. Tools for selection introduced this year were assessment centres, desktop exercises and broader use of behavioural assessments.

Staff turnover for the year was 20% (2007/08 – 18%). This showed an increase of 2% on last year, due to the formal restructuring process of our Area, Culture, Communities and Consumer and Communications teams. These change programmes accounted for 9% of our turnover.

Learning and Development

The Learning and Development Team was created during Summer 2008. Since then 538 employees attended 121 training courses, with an average rating of 5 (1 – 6 rating score) In addition SEEDA improved its workforce appraisals and enhanced its ability to plan successively by implementing a new Online Appraisal system. Other leadership interventions included 'Persuading and Influencing techniques, new Induction programmes, Hay job evaluation and Select Committee training.

Remuneration and Pension

SEEDA received approval from BIS to an increase in the pay remit for the year. The treatment of pension liabilities and the relevant pension scheme details are set out in the

Accounting Policies note on page 59 of the Annual Accounts and in the Remuneration Report on page 36 of this Annual Report.

Staff consultation

SEEDA's Joint Staff Council met regularly during 2008/09 to discuss a range of employee-related issues, including the organisational development programme. SEEDA also maintained a productive working relationship with its two recognised unions, PCS and Prospect.

Equality and Diversity

SEEDA wholly supports the principles and practices of equal opportunities in employment and service provision and opposes all forms of unlawful or unfair discrimination on grounds of gender, colour, marital status, race, nationality or ethnic/national origin, religion and belief, sexual orientation, disability, age, membership of a trade union and working arrangements.

At the end of March 2009 44% of staff who fell within the Agency's senior management/professional pay ranges were female.

During 2008/09 SEEDA recorded the ethnic origin of all staff. 5.2% of staff identified themselves as being Black or Minority Ethnic (BME). This compares to our BME population of 6.95% in the South East region (source: 2005 Census, Office of National Statistics). The staff profile for 2008/09 was as follows:

- 17% of external applicants for SEEDA roles were BME
- 100 % of BME staff participated in learning and development activities.
- 100% of BME staff benefited from SEEDA's performance assessment procedures (and received a performance-related pay award if eligible).
- No staff of BME suffered a detriment from SEEDA's performance assessment procedures (did not receive a performance-related pay award if eligible).
- No staff of BME were the subject of disciplinary procedures.
- Four members of BME staff left SEEDA (and seven joined SEEDA).

SEEDA also recorded during 2008/09 the number of staff registered as disabled. Of those who have informed SEEDA of their disability, 3.4% of staff identified themselves as registered disabled. This compares to our registered disabled workers population of 7.65% (source: 2007 DWP Working Age Audit)

SEEDA also continued its "Access to SEEDA" disability awareness campaign, with a number of workshops throughout the year.

SEEDA published its Disability Equality Scheme in December 2006 and its Gender Equality Scheme (including an equal pay audit), in April 2007. Both are subject to six monthly reviews.

Health and Safety Policy

The Health and Safety Policy adopted by SEEDA meets the legal requirements to provide and maintain a safe working environment. The policy is approved by the Chief Executive and Executive Management Team and implementation is monitored by a Health and Safety Committee with a wide membership representing all staff, and the appointment of a named responsible person to administer and manage the workplace environment. The management process involves training and cooperation of all employees to identify hazards that could be a risk and production of risk assessments to necessarily include control measures. These control measures are used to assist in implementing standards to consistently improve the workplace. Staff are provided with familiarisation and training programmes through the management process and the increased use of e-learning modules are constantly being developed.

Open Government

The Agency received and answered 72 individual requests in 2008/09 (2007/08: 47) that was covered under the Freedom of Information Act. The Agency also handled a substantial volume of correspondence, much of which concerned requests for information.

The SEEDA website is used to communicate much of the business activity and general information. The website received 97,642 page views on average each month, giving an annual figure of over 1.1m page views. Visitors primarily came from the UK (89%), followed by US visitors (2%).

The Regional Economic Strategy was downloaded on average 508 times each month, or over 6,000 times in the year. SEEDA's Corporate Plan 2008-12 was downloaded on average 838 times each month, or over 10,000 times in the year.

Better Payment Practice Code

Until October 2008 the Agency was committed to pay all undisputed invoices within 30 days or on the terms agreed with the supplier. Based on date of invoice received, during the period from April 2008 the Agency paid 97% of invoices within 30 days. The average time to pay an invoice is now 7 days, in line with government policy from October 2008. SEEDA's average monthly performance was 95% of undisputed invoices paid within the new 10 day target.

Commitment to Customer and Stakeholder Service

SEEDA staff are committed to operating professionally and in accordance with best practice we work with our customers to provide the highest level of service. SEEDA is committed to careful handling of information, efficient delivery of services and providing accessible information to the public within a reasonable timescale.

Research and Development

SEEDA research and development focuses on statistical analysis. Close working with partners provides regional intelligence and analysis for policy making. To achieve this goal, SEEDA sponsors economic modelling, market and business research and skills intelligence. SEEDA is a key partner in the South East England Intelligence Network.

Environment Management

SEEDA is determined to show leadership in the region by bearing down on its own carbon costs. SEEDA was awarded the prestigious ISO14001 Environmental Management System Certificate in March 2008. We have since introduced new ways of reducing our energy costs such as replacing old, inefficient boiler and chiller, installing sensor lighting, automatic evening computer shut-down and gradually introducing energy efficient, multi functional printing machines. It is early days yet to prove savings but we aim to reach 30% carbon reduction by 2011.

In addition, again to provide leadership to the region's work to deliver the RES ecological footprint targets, SEEDA has brought together the key regional players and all have committed collectively to making a 30% reduction in their carbon costs by the end of 2011.

The Sustainability Management System developed through the achievement of ISO14001 will also provide SEEDA with an opportunity to become a flagship for a sustainability management system and to promote the sustainability model to partners and businesses in the region.

4.7 Risk Management

Risk Strategy

SEEDA has in place a well-established strategy for risk management, which was reviewed and refreshed during 2008-09, leading to endorsement by Audit Committee and SEEDA Board. The essential features include the following: -

- Compliance with the Treasury (Orange Book) and the guidance for project appraisal (Green Book).
- Delegated responsibility to divisions within the agreed strategic framework and procedures.
- Risk management concentrates on achievement of business plan objectives, budgets and output performance targets.
- Linkage to the ten year Regional Economic Strategy, the three year Corporate Plan and the annual Business Plan.
- Risks are assessed at project appraisal stage before any commitment is undertaken.
- Risk registers list the identified risks, the accountable and responsible persons.
- Risk registers for each Directorate are reviewed quarterly and feed into a register of higher corporate risks reported to: the Executive Board, including the Accounting Officer; the Audit Committee and the SEEDA Board.
- Legal and other professional advice is taken on all significant contractual matters.

In addition to the Directorate Risk Registers, a list of the Top 10 Corporate Risks has been regularly reviewed by the Executive, the Audit Committee and the Board. At the end of each year the Executive Directors must provide a Statement of Internal Control to the Chief Executive that risk management has been properly handled during the year. The Statement of Internal Control procedure has been reviewed during the year and further improvements are scheduled for next year.

Risk Policy

Risk cannot and should not be eliminated from SEEDA business. Every reasonable action will be taken to reduce risk to the organisation, this will be achieved by a combination of risk identification and positive action to manage and/or reduce or transfer risk of undertakings. All projects are appraised in accordance with the Government approved GRADE (Guidance for RDAs in Appraisal, Delivery and Evaluation) process.

4.8 Subsidiary Companies

A list of all the SEEDA companies is included in the full Financial Statements.

4.9 Financial Review

The financial results for the year ended 31 March 2009 are set out in the attached financial statements. The Agency operates on an income and expenditure basis and all expenditure has been covered by grant in aid and other income. The format of the Accounts conforms to the Treasury guidance including the Group and Agency basis for the Balance Sheet.

SEEDA was mainly funded by Central Government via the then Department for Business, Enterprise and Regulatory Reform (BERR) as the sponsoring Department, now Department for Business, Innovation & Skills (BIS). The funding resource for RDAs is indicated in the Treasury's three year Comprehensive Spending Review. A Single Pot funding formula is applied by BIS, which provides the total allocation of the annual resource – including direct grant in aid and capital receipts. The BIS resource allocation is provided in a 'Single Pot', including any ring fenced amounts.

Apart from the BIS resource allocation described above, SEEDA acts as an accounting body for a number of funding streams. These include the Kent Coalfields programme, which is administered by SEEDA on behalf of the Homes and Communities Agency, the ERDF Competitiveness Programme, the European Social Fund, EU Interreg Programme, DEFRA Rural Programme and the CLG Sustainable Communities Fund for growth areas in Kent.

It is important the spending commitments do not exceed the indicative level of funding as laid out in the Treasury Spending Reviews, as notified by BERR (now BIS). Many of the grant-funded initiatives undertaken by SEEDA are more than a year in duration and commitments entered into by SEEDA are within the level of indicative future funding.

The capital structure of SEEDA is by way of a reserve of net balance sheet assets, mainly funded by the BIS annual resource allocation. The attached audited Financial Statements provide more information about the specific figures for SEEDA as at 31st March 2009. The value of net Balance Sheet reserves, as at 31st March 2009 is £127.9m for SEEDA. This is a decrease in the reserves from last year of £72.3m (2008 £200.2m), mainly as a result of the fall in the market value of the development asset portfolio.

During 2008/2009, SEEDA received and applied a grant in aid amounting to £153.6m. In addition, SEEDA received grants from the European Community and other Government bodies including the Homes and Communities Agency grants for Coalfields and Brownfield sites.

SEEDA can apply the available funds to achieve performance targets and operation requirements as stated in the Regional Economic Strategy, in the Corporate Plan and as reported. To provide flexibility of planning, any allocated resource funding not used in one year is identified, confirmed with the BIS, and subject to approval by Parliament rolled over into the following year.

The overall financial control regulations are contained in the Accountability and Financial Framework which is published by BIS under authority provided in the RDA Act 1998. A revised paper was issued by BIS, with effect from October 2008. Under the Act and as stated in the Accountability and Financial Framework, SEEDA must comply with various constraints including borrowing and lending above given limits, without the approval of the Secretary of State. The Agency has complied in all material respects with the terms of this framework during 2008/09.

The accounting policies followed by SEEDA are in accordance with Managing Public Money guidance and Generally Accepted Accounting Practice (GAAP) in the UK. There is Financial Procedures guidance in operation which includes a delegation scheme which is regularly updated.

4.10 Post Balance Sheet Events

Department for Business, Innovation and Skills

On 5 June 2009 the Agency's sponsor Department, the Department for Business, Enterprise and Regulatory Reform, merged with the Department for Innovation, Universities and Skills to form the Department for Business, Innovation and Skills (BIS).

5. REMUNERATION REPORT

5.1 Remuneration Committee

The SEEDA Remuneration Committee comprises four Board members, Jim Brathwaite SEEDA Chairman, Peter Jones SEEDA Deputy Chairman, Phil Wood Board Member and Keith Riley, Senior Board Member. The duties are to:-

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

Remuneration of the Chief Executive and Executive Directors is set by the Board and agreed by the Department for Business, Innovation and Skills and take into account recommendations of the Senior Salaries Review Body. Most senior staff are on permanent contracts and subject to six months notice for Chief Executive and three months notice for Executive Directors. No significant awards, or compensation or payments to third parties for services of past senior staff were made in the last year.

Audited Part of the Remuneration Report

5.2 Emoluments of Board Members

The remuneration of the Board is set by the Department for Business, Innovation and Skills.

Name	Position	Date of Appointment	Contract Expiry Date	Salary £	Pension Contribution £	Total inc. pension contributions 2008/09 £	Total inc. pension contributions 2007/08 £
James Brathwaite CBE	Chairman	14.12.02	13.12.09	81,028	109,476* (for 6 years)	190,504	78,413
Peter Jones	Deputy Chairman	14.12.03	13.12.09	17,187	0	17,187	16,631
Poul Christensen CBE	Deputy Chairman (to 13.12.08)	14.12.02	13.12.08	12,095	0	12,095	10,774**
Keith Riley	Senior Board Member	14.12.07	14.12.10	11,044	0	11,044	2,426
Rob Anderson	Board Member	14.12.03	13.12.08	6,103	0	6,103	8,316
Zenna Atkins	Board Member	15.12.08	15.12.11	2,490	0	2,490	0
Jeremy Birch	Board Member	15.12.08	15.12.11	2,490	0	2,490	0
Dolores Byrne OBE	Board Member	14.12.07	13.12.10	8,554	0	8,554	2,426

Pamela Charlwood	Board Member	14.12.06	13.12.09	8,593	0	8,593	8,316
Les Dawson OBE	Board Member	15.12.08	15.12.11	2,490	0	2,490	0
Imtiaz Farookhi	Board Member	14.12.04	13.12.10	8,593	0	8,593	8,316
Robert Goldfield	Board Member	14.12.06	13.12.09	8,593	0	8,593	8,316
Keith House	Board Member	14.12.02	13.12.08	6,103	0	6,103	8,316
Susan John	Board Member	14.12.06	13.12.09	8,593	0	8,593	8,316
Keith Mitchell CBE	Board Member	15.12.08	15.12.11	2,490	0	2,490	0
John Peel OBE	Board Member	14.12.02	13.12.08	6,103	0	6,103	8,316
Alex Pratt OBE	Board Member	14.12.06	13.12.09	8,593	0	8,593	8,316
Bill Wakeham	Board Member	14.12.04	13.12.10	8,593	0	8,593	8,316
Phil Wood	Board Member	14.12.03	13.12.09	8,593	0	8,593	8,316
Fiona Pollard	Board Member	01.09.06	15.08.07 (Resigned)	21	0	21 (arrears)***	3,119
Robert Douglas CBE	Deputy Chairman (to 31.12.07)	14.12.01	31.12.07	83	0	83 (arrears)***	12,473

Board members have been appointed on a fixed term of three years and contracted to carry out two days work per month (three days per week for the Chairman and one day per week for the Deputy Chairmen) on behalf of the Agency. At the end of this period, Board members may be re-appointed for a period of up to three years. No Board Members are entitled to receive performance related pay or any other taxable benefit as a result of employment with the Agency. The Chair has been in post since December 2002 and is the only Board Member entitled to receive pension contributions. Employer contributions of £104,344 to cover his six years in the post, based on the civil service pension scheme rates, were paid to the Chairman's personal pension scheme in December 2008 when he was due to retire. When the Chairman's tenure was extended for a further year an amount of £5,132 was accrued for further contributions covering the remaining period to the end of March 2009. Please see Pages 39 to 41 for more information about pension schemes.

* covers pension contributions for the period from December 2002 to March 2009 (see note above for detail)

** appointed to carry out extra duties from 14th December 2007

*** arrears relate to the backdated 07/08 pay award paid after service ended

5.3 Emoluments of Chief Executive and Executive Directors

Name	Salary £	Bonus £	Sub Total £	Other Benefits £	Pension Contribution £	Total 2008/09 Including Pension Contribution and Other Benefits £	Total 2007/08 Including Pension Contribution and Other Benefits £
Pam Alexander Chief Executive	143,447	25,219	168,666	8,024	41,743	218,433	202,842
Jeff Alexander Executive Director Competitiveness and Growth	100,936	11,723	112,659	3,468	25,702	141,829	135,788
Lee Amor Executive Director Enabling Infrastructure and Development	109,786	9,095	118,881	0	27,893	146,774	138,115
Robert Crawford Chief Operating Officer	63,458*	0	63,458	766	16,182	80,406*	0
Paul Lovejoy Executive Director Strategy and Communications	96,215	11,165	107,380	1,871	24,534	133,785	130,074
Oona Muirhead CBE Executive Director Skills and Sustainable Prosperity	110,351	8,600	118,951	0	27,968	146,919	89,942**
John Parsonage Executive Director, Smart Growth	84,780***	9,769	94,549	2,108	21,618	118,275	133,131

The Chief Executive and Executive Directors are on permanent contracts. The Chief Executive's pay is agreed by the Secretary of State and Executive Directors are covered by the annual pay remit approved by BIS and the Treasury. Bonuses are determined following reviews based on the individual's performance against agreed objectives and competencies for the previous year. The main element within "Other Benefits" relates to the taxable charge of using a lease car or other travel entitlement.

The Chief Executive bonus to a maximum of 20% is determined by the Chairman in consultation with the Remuneration Committee and the Regional Director of the Government Office, subject to approval by the Secretary of State. Executive Directors are eligible for a bonus up to 15% as determined by the Chief Executive in consultation with the Remuneration Committee. The bonus payments paid in 2008/09 refer to performance against agreed targets for 2007/08.

* part year for 2008/09, commenced 29 September 2008.

** part year for 2007/08, commenced August 2007

*** The above emoluments cover the whole financial year but John Parsonage changed role and became part time Executive Advisor on 1.11.2008. He left SEEDA on 31.3.2009.

5.4 Emoluments of Chief Executive and Executive Directors – Pension Information

	1	2	3	4	5	6	7	8
Name	Real increase in projected pension (£k ranges)	Real increase in projected lump sum (£k ranges)	Projected Pension at 31/03/09 (£k ranges)	Projected Lump sum at 31/03/09 (£k ranges)	Cash Equivalent Transfer Value at 31/3/08 (nearest £k)	CETV at 31/3/09 (nearest £k)	Employee Contributions and Transfers In (£)	Real increase In CETV Funded by Employer (nearest £k)
Pam Alexander Chief Executive	0-2.5	N/A	65-70	N/A	1,072	1,190	18,456	21
Jeff Alexander Executive Director Competitiveness and Growth	0-2.5	2.5-5	35-40	115-120	698	762	1,512	18
Lee Amor Executive Director Enabling Infrastructure and Development	0-2.5	N/A	0-5	N/A	36	62	3,828	20
Robert Crawford Chief Operating Officer	0-2.5	N/A	0-5	N/A	0	15	2,221	13
Paul Lovejoy Executive Director Strategy and Communications	0-2.5	N/A	10-15	N/A	174	210	3,367	21
Oona Muirhead CBE Executive Director Skills and Sustainable Prosperity	No increase	No Increase	40-45	120-125	783	781	1,645	No increase
John Parsonage Executive Director, Smart Growth	0-2.5	0-2.5	40-45	130-135	985	1,010	1,272	2

Pension entitlement may include previous periods of employment within the Civil Service.

Cash Equivalent Transfer Value (CETV)

Columns 5 & 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 8 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.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Civil Service Pension Scheme

Although not 'civil servants', SEEDA staff are able to take part in the Civil Service pension arrangements. From October 2002, SEEDA staff may be in one of four statutory based 'final salary' defined benefit schemes (Classic, Premium, Classic Plus and Nuvos). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes to the Retail Price Index. New entrants after 30 July 2007 may choose between membership of Nuvos or a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

The Principal Civil Service Pension Scheme (PSCPS) is an unfunded multi-employer defined scheme but SEEDA is unable to identify its share of underlying assets and liabilities. The scheme actuary, Hewitt Associates, valued the scheme as at 31st March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

• 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 salary. On death, pensions are payable to the surviving spouse at a rate of 50% of the late member's pension. On death in service, the scheme pays a lump sum of twice the pensionable pay and also a service enhancement on computing the spouse pension. The enhancement depends on length of service to a maximum of 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are paid immediately without actuarial reduction and with service enhanced as for the widow(er) pensions.

• Premium Scheme

Benefits accrue at the rate of 1/60th 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 the pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purpose of pensions disclosures the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the members pension (before any commutation).

On death in service, the scheme pays a lump – sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them under taking any gainful employment, service is enhanced to what they would have accrued at age 60.

• Classic Plus Scheme

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

• Nuvos Scheme


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

On death in service the scheme pays a lump-sum benefit of twice your 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. Where the member's ill health is such that it permanently prevents them under taking any gainful employment, service may be enhanced to what they would have accrued at age 65.

- **Partnership Pension Account**

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5 % (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

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



James E Brathwaite CBE
Chairman

Date: 10/07/09



Pam Alexander
Chief Executive and Accounting
Officer

Date: 10/07/09

6. STATEMENT ON INTERNAL CONTROL

6.1 Scope of responsibility

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

The Agency, via the Accounting Officer and the Board, works very closely with the Government Office of the South East, with the South East Regional Assembly and directly with Central Government Departments. These relationships ensure the sponsor department, the Department for Business, Innovation and Skills and all concerned are kept abreast of strategy issues of the Agency, statutory requirements, Government policy and overall corporate governance.

SEEDA has a number of subsidiary and joint venture undertakings as listed under note 10 of the attached financial statements. In each case approval is given by the Department for Business, Innovation and Skills in accordance with the RDA Act 1998. Participation in these undertakings is for strategic reasons as the best method to achieve applicable objectives. SEEDA staff are Directors of the undertakings in order to ensure the correct level of accountability and control.

6.2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of SEEDA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has continued to be in place in SEEDA for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, which accords with Treasury guidance.

6.3 Capacity to handle risk

The established capacity to handle risk continued in 2008/09 by way of the following:

- A main Board which met 10 times in 2008/09 to consider the plans and strategic direction, performance and risk management of the Agency;
- An Audit Committee which met four times in 2008/09 and which oversees the Agency's audit, risk management, control and governance arrangements;
- A process of monthly financial reports for all directorates and budget managers which are reviewed at management meetings, at the monthly Directors' Group and by the Board;
- Regular meetings of the Project Advisory Board, the Investment Committee and the Board Members' Major Projects Committee are held to review project proposals and appraisals using the Guidance for RDAs in Appraisal, Delivery and Evaluations.

The Agency matrix of major risks includes procedures and processes by which the likelihood and impact are managed and includes the relationships with external partners. This matrix is used to identify the types of risk associated with the ongoing and normal undertakings of the Agency. During the year training was provided to staff on risk management practices and the maintenance of risk management registers.

6.4 The risk and control framework

The Agency procedures and processes include the following:

- A framework of written guidance covering the Agency's policies, standards, procedures, delegations and financial control;
- A Risk Management Strategy;
- Maintenance of a set of risk management registers which are based on the Agency's policies, aims and objectives as laid out in the SEEDA Corporate Plan with a top corporate risks matrix reviewed by the Executive Board, the main Board and Audit Committee;
- A Senior Information Risk owner (and Deputy) at Executive Board level to manage risk to information.
- The establishment of a team to coordinate the implementation of Cabinet Office guidance on handling information risk;
- Improvements to physical data security have been undertaken and new protocols introduced surrounding encryption of data and use of removable storage devices.
- Information assets and their owners have been identified in accordance with the Cabinet Office guidance.
- A system of identifying risks for all projects proposed and undertaken is carried out at appraisal stage;
- Guidance for RDAs in Appraisal, Delivery and Evaluations issued by the Department for Business, Innovation and Skills is adhered to and support is provided by the Programme Office which was set up during the year;
- The Directors' Group reviews progress on risk management issues, discuss and resolve problems and receive advice;
- Legal advice is taken for contracts and a generic contract pro-forma has been developed for use as a template.

All staff operate to agreed annual objectives and regular review meetings with line managers are held. Delegations are issued for specific purposes and to named individuals. These delegations are updated on a regular basis during the year. Training is an important control factor and staff receive instruction and guidance in the use of written policies, procedures and systems to ensure compliance and adherence to standards and rules.

6.5 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 managers 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 report 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review has been informed by:

- An Internal Audit Team that operates to the Government Internal Audit Standards and which provides me with reports on the audit reviews carried out together with recommendations for improvement and reports on the implementation of recommendations, including progress reports;
- An Annual Report and Assurance Statement from the Head of Internal Audit giving his professional opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes;
- Assurance from the SIRO that risk to information is low and is being managed appropriately

- Feedback from Executive Directors and senior managers within SEEDA who have responsibility for the operation, development and maintenance of the internal control and risk management framework;
- The Board which determines all single major project proposals above £3m and the Major Projects Committee of the main Board that advises me on all single projects above £1m;
- The Board also receives reports from, and advises on the work of, the Audit Committee, including an annual report of work undertaken;
- The Directors' Group and the Board receive reports on monthly financial performance and advise on required actions;
- The Audit Committee reviews all audit reports and related recommendations, reviews risk management issues and advises on actions as necessary;
- The systems in place were able to provide all of the information required to monitor financial performance throughout the year. These systems continue to be refined and improved as a reliable source of essential information. A division of the IT Department has been established to support and improve all systems.
- A system whereby Board members, staff and contractors declare any interests in related parties.

6.6 Significant internal control problems

With consideration to the above, no significant internal control issues were highlighted during the year. There were no information security incidents during the year.



Pam Alexander
Chief Executive and Accounting Officer

Date: 10 July 2009

7. REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO HOUSES OF PARLIAMENT AND THE SOUTH EAST ENGLAND DEVELOPMENT AGENCY

I certify that I have audited the financial statements of the South East England Development Agency for the year ended 31st 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 the directions made thereunder by the Secretary of State 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 the directions made thereunder by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Director's Report included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the 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 Introduction, the Chief Executive's Review, the Management Commentary 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 Chief Executive/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 South East England Development Agency's affairs as at 31st 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 the directions made thereunder; and
- information, which comprises the Directors' Report included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

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

16th July 2009

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

PART TWO

ANNUAL ACCOUNTS

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 MARCH 2009

	Notes	2008/09	2007/08
		£'000	£'000
Income			
Non single pot grant Income	2	19,680	27,602
Other Income	3	8,015	8,660
Proceeds from disposal of development assets	15	0	3,720
Total Income		27,695	39,982
Expenditure			
Programme expenditure	4	139,435	161,414
Staff costs	7	20,646	19,417
Other administrative costs	5	6,195	6,729
Book value of development assets sold	15	0	2,969
Book value of development/ Investment assets written down	8 & 15	78,929	5,145
Book value of development/ Investment assets written back	8 & 15	0	(2,063)
Bad debts written off		2	8
Movement in provision for doubtful debts	14	76	314
Total Expenditure		(245,283)	(193,933)
Group net operating expenditure		(217,588)	(153,951)
Share of gross income of Joint Ventures	10c	1,566	5,462
Share of gross expenditure of Joint Ventures	10c	(1,597)	(5,155)
Share of operating profit/(loss) expenditure of Joint Ventures		(31)	307
Share of operating profit of Associates	10c	2,159	132
Net Group expenditure on ordinary activities before interest	18	(215,460)	(153,512)
Group interest receivable	6	1,343	1,111
Share of net interest of Associates	6	53	109
Notional cost of capital	1i	(5,732)	(6,754)
Net Group expenditure on ordinary activities before taxation		(219,796)	(159,046)

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 MARCH 2009
(CONT ...)

	Note	2008/09	2007/08
Group Taxation	19	(7)	(11)
Share of Taxation of Joint Ventures	19	4	(93)
Share of Taxation of Associates	19	(9)	0
Net Group expenditure for the year after tax		<u>(219,808)</u>	<u>(159,150)</u>
Minority Interest	10 b	(7)	(5)
Reversal of notional cost of capital	1i	5,732	6,754
Net Expenditure for the financial year	17	<u>(214,083)</u>	<u>(152,401)</u>

All activities are from continuing operations. Net expenditure is transferred to the Grant in Aid Reserve where it is financed by Grant in Aid.

GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES, FROM CONTINUING OPERATIONS, FOR THE YEAR TO 31 MARCH 2009

	Notes	2008/09 £'000	2007/08 £'000
Unrealised surplus (loss) on revaluation of Development Assets	17	(16,034)	2,642
Total gains recognised for the year		<u>(16,034)</u>	<u>2,642</u>

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009**

GROUP BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2008/09	2007/08
		£'000	£'000
FIXED ASSETS			
Investment Assets	8	9,580	13,940
Tangible operating assets	9	689	696
Investments in Joint Ventures	10c	423	450
Investments in Associates	10c	2,653	449
Long Term Loans	16	69	94
		<u>13,414</u>	<u>15,629</u>
Debtors due after one year	11	1,602	4,790
CURRENT ASSETS			
Stock of development assets	15	102,898	168,105
Debtors due within one year	11	20,552	31,220
Cash at bank and in hand	20	29,102	33,285
		<u>152,552</u>	<u>232,610</u>
CREDITORS due within one year	12	<u>(27,670)</u>	<u>(38,216)</u>
NET CURRENT ASSETS		124,882	194,394
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>139,898</u>	<u>214,813</u>
CREDITORS due after more than one year	12	(9,469)	(9,176)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(2,788)	(5,708)
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>127,641</u>	<u>199,929</u>
RESERVES			
Grant in Aid Reserve	17	61,739	124,470
General Reserves	17	56,185	49,715
Revaluation Reserve	17	9,949	25,983
		<u>127,873</u>	<u>200,168</u>
Minority Interest	10b	(232)	(239)
		<u>127,641</u>	<u>199,929</u>



James E Brathwaite CBE

Chairman

Date 10/07/09



Pam Alexander

Chief Executive and Accounting Officer

Date 10/07/09

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009**

AGENCY BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2008/09	2007/08
		£'000	£'000
FIXED ASSETS			
Investment Assets	8	9,580	13,940
Tangible operating assets	9	688	694
Investments in Subsidiary undertakings	10b	(925)	(952)
Investment in Joint Ventures	10c	423	450
Investments in Associates	10c	2,653	449
Long term loans	16	69	94
		<u>12,488</u>	<u>14,675</u>
Debtors due after more than one year	11	1,602	4,790
CURRENT ASSETS			
Stock of development assets	15	102,898	168,105
Debtors due within one year	11	12,987	23,516
Cash at bank and in hand	20	26,715	32,450
		<u>142,600</u>	<u>224,071</u>
CREDITORS due within one year	12	<u>(26,029)</u>	<u>(37,660)</u>
NET CURRENT ASSETS		116,571	186,411
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>130,661</u>	<u>205,876</u>
PROVISIONS FOR LIABILITIES AND CHARGES	13	(2,788)	(5,708)
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>127,873</u>	<u>200,168</u>
RESERVES			
Grant in Aid Reserve	17	61,739	124,470
General Reserves	17	56,185	49,715
Revaluation Reserve	17	9,949	25,983
		<u>127,873</u>	<u>200,168</u>



James E Brathwaite CBE

Chairman

Date 10/07/09



Pam Alexander

Chief Executive and Accounting Officer

Date 10/07/09

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

GROUP CASH FLOW STATEMENT FOR THIS YEAR TO 31 MARCH 2009

	Notes	2008/09 £'000	2008/09 £'000	2007/08 £'000	2007/08 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18		(163,028)		(167,736)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	6		1,343		1,220
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible operating assets	9	(337)		(232)	
Long term loan repayments	16	<u>25</u>		<u>5</u>	
Cash outflow from capital expenditure			(312)		(227)
Corporation Tax (paid)/refund			(7)		(104)
FINANCING					
Grant in Aid received for capital additions of Development/Investment assets	8 & 15	25,396		11,128	
Grant in Aid applied to capital additions of operating assets	9	<u>337</u>		<u>232</u>	
			25,733		11,360
Grant in Aid applied to revenue expenditure			127,824		153,640
CLG grant Funding			<u>4,264</u>		<u>361</u>
Reduction in cash	20		<u><u>(4,183)</u></u>		<u><u>(1,486)</u></u>

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

ACCOUNTING POLICES

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2008-2009 Financial Reporting Manual (FReM) as issued by the Treasury. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the agency for the purposes of giving a true and fair view has been selected. The particular policies adopted by the agency are described below. They have been applied consistently in dealing with items that are considered material in the accounts.

(a) Accounting convention

These financial statements have been prepared using the historical cost convention modified by the inclusion of development and investment assets at their market value at the Balance Sheet date.

The financial statements have been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury Fees and Charges Guide.

(b) Basis of Consolidation

The consolidated Financial Statements incorporate those of the Agency and its subsidiary undertakings, Ryde Business Park Management Company Ltd and East Kent Spatial Development Company Ltd.

The Group's joint ventures and associates are all incorporated entities in which the Group has 20% or more of the equity voting rights and over which it exerts either joint control or significant influence (associates). In the Group Financial Statements, investments in joint ventures and associates are accounted for using the gross equity and equity methods respectively. All information is taken from audited financial statements except in the case of Countryside Maritime Ltd, whose year end is 30th September. Management accounts are used for consolidation purposes.

The share of net assets and profit/loss information of the joint ventures and associates is based upon audited financial statements to 31 March 2009.

Consolidation adjustments have been undertaken in respect of East Kent Spatial Development Company Ltd and Hastings and Bexhill Renaissance Ltd to align the accounting policies with those of the Group.

(c) Fixed Operating Assets

Fixed Assets are capitalised if an item costs over £1,000 and valued at depreciated cost.

(d) Depreciation

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

Information Technology - over three years

Fixtures and Fittings - over five years

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

(e) Development and Investment Assets

Development assets are held short term for disposal while Investment assets are held medium term for rental income and capital appreciation. The accounting policy is to revalue each year at market value. A valuation of the whole portfolio was carried out as at 31 March 2009, all of which was undertaken by Drivers Jonas, Chartered Surveyors.

Each asset has an individual calculation to find the net gain or loss on the site following revaluation. Any increase above historic cost is taken to the Revaluation Reserve. Where the value is below cost the loss is written off against any previous revaluation reserve figure in respect of that property with the remainder being charged to the Income and Expenditure account. Development assets are shown as Inventories while Investment assets are shown as such on the Balance Sheet. Disposals and purchases of land and buildings are accounted for on the date of legal exchange.

(f) Government Grants Received

The Agency's activities are funded primarily by the grant in aid provided by the Department for Business, Innovation and Skills for specified types of expenditure. Grant in Aid received to finance activities and expenditure which supports the statutory and other objectives of the Agency are treated as financing and credited to the Grant in Aid Reserve because they are regarded as contributions from a controlling party.

(g) Pension Costs

Employees of the South East England Development Agency can participate in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a defined benefit scheme and is non-contributory for employees except for dependents' benefits as detailed in the Annual Report (Remuneration Report Section).

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

(h) Deferred Taxation

Deferred Taxation is fully provided on timing differences arising between the recognition of gains and losses in the financial statements and in the tax computation. It is calculated based on tax rates which are enacted or substantively enacted, as at the Balance Sheet date.

(i) Notional Cost of Capital

When calculating the surplus or deficit for the year, the agency is required to include as expenditure a notional cost of capital, 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 the surplus or deficit for the year there is an entry reversing this amount.

(j) Operating Leases

Operating lease rentals payable are accounted for in the Income and Expenditure Account on a straight line basis over the term of the lease. There are no finance leases.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

(k) 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 the majority of assets and liabilities are denominated in sterling. The Euro Bank Accounts are exposed to currency risk (see note 26).

(l) Third Party Assets

The Agency holds deposits on behalf of tenants to ensure that rental obligations are fulfilled. These are assets for which the Agency acts as custodian but in which the Agency has no direct beneficial interest. Third Party assets are not recognised in the financial statements but are disclosed by way of note (note 27).

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

2. OTHER GRANT INCOME

	2008/09	2007/08
	£'000	£'000
DCLG - Growth Areas	5,208	7,897
European Regional Development Fund	3,776	6,089
European Social Fund	372	3,381
Learning and Skills Council	8,998	7,318
Other contributions	1,326	2,917
	<u>19,680</u>	<u>27,602</u>

Other contributions include funding from Advantage West Midlands for a joint project, EU Life environment and the Office of the Third Sector along with numerous small amounts from various organisations

3. OTHER INCOME

	£'000	£'000
Rental and other Income	7,675	6,288
Clawback	213	2,200
Subsidiary company income	127	172
	<u>8,015</u>	<u>8,660</u>

Clawback relates to part repayment of third party grants where the grantee is in breach of the funding agreement.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

4. ANALYSIS OF PROGRAMME EXPENDITURE BY KEY DRIVER

Programme Expenditure Only	2008/09	2007/08
	£'000	£'000
Competitiveness & Growth	67,574	76,490
Enabling Infrastructure and Development	28,840	33,570
Skills & Sustainable Prosperity	13,859	18,712
European funded programmes	19,685	12,205
DCLG Community Fund	5,530	6,467
Resources	900	5,786
Strategy & Communications	2,645	7,535
Coalfields	402	611
Subsidiary Companies	0	38
	<u>139,435</u>	<u>161,414</u>

The 2008/09 programme expenditure above is split as follows:

Private Sector	118,898	124,436
Public Sector	<u>20,537</u>	<u>36,978</u>
	<u>139,435</u>	<u>161,414</u>

Payments to the private sector include payments through Business Links and Train to Gain, as well as directly to recipient organisations. Payments to the public sector which, in the main, go to local authorities include final settlement of the Single Regeneration Budget (SRB), Area Investment Frameworks (AIFs), and direct development on land and property.

5. OTHER ADMINISTRATIVE COSTS

	£'000	£'000
Travel and subsistence	691	754
Other staff costs (recruitment, training etc.)	523	683
Office and rent expenses	2,981	2,752
Operating lease rentals (excluding Office Leases)	146	128
Publications, events and media	277	721
Professional fees	392	370
IT and communication	604	712
Subsidiary company expenditure	126	134
Depreciation	307	335
Auditors' remuneration - statutory	58	56
Auditors' remuneration - IFRS compliance	7	0
Net exchange losses	83	84
	<u>6,195</u>	<u>6,729</u>

Administration costs above exclude expenditure related to programmes and reflect only central management costs.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

6. INTEREST RECEIVABLE	2008/09	2007/08
	£'000	£'000
Bank Interest	1,287	1,080
Interest on rural loans	13	0
Share of Interest - subsidiary companies	43	31
	<u>1,343</u>	<u>1,111</u>
Share of net interest - associates	53	109
	<u>1,396</u>	<u>1,220</u>

7. SALARIES AND WAGES

(a) Staff Costs

	2008/09	2007/08
	£'000	£'000
Chairman's Salary	81	78
Chairman's pension (December 2002 - March 2009)	109	0
Board Members' fees	138	131
National Insurance	18	17
Board Total	<u>346</u>	<u>226</u>

Salaries and wages including overtime	11,793	10,457
Pension	2,828	2,132
National Insurance	1,051	923
Restructuring/redundancy cost	270	328
Permanent Staff Costs	<u>15,942</u>	<u>13,840</u>
Other staff	1,589	726
Seconded Staff	212	229
Administrative Total	<u>17,743</u>	<u>14,795</u>

Programme -Salaries and wages, including overtime	1,484	2,631
Programme - Pensions	324	837
Programme - National Insurance	114	235
Programme - other staff	342	168
Programme - seconded staff	293	525
Programme Total	<u>2,557</u>	<u>4,396</u>

Total staff costs	<u>20,646</u>	<u>19,417</u>
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SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009

NOTES TO THE ACCOUNTS

7. SALARIES AND WAGES (CONT ...)

Staff performance is assessed each year against previously agreed objectives and targets. They are then awarded a pay increase taking into account two factors:

- Overall performance against the achievement of the agreed objectives
- Their current pay position within the pay band

SEEDA's average pay award for 2008/09 was 3.4% (2007/08 2.7%) comprising both consolidated and non-consolidated amounts, which includes a cost of living element of 2%

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined scheme but SEEDA 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 contribution of £2,654,048 were payable to the PCSPS (2007/08 £2,660,166) at one of four rates in the range of 17.1% to 25.5% (2007/08 17.1% to 25.5%) of pensionable pay, based on salary bands. The Scheme Actuary reviews the employer contributions every four years following a full valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred and they reflect past experience of the scheme.

Employer contributions of £32,731 (2007/08 £46,417) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2007/08 3%-12.5%) of pensionable pay. Employers also match employee contributions of up to 3% (2007/08 3%) of pensionable pay. In addition, employer contributions of £2,082 (2007/08 £2,969), 0.8% (2007/08 0.8%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due or prepaid to the partnership pension providers at the Balance Sheet Date.

For details on the Chairman's backdated pension contributions please refer to section 5.2 on page 36 to 37.

In addition, SEEDA paid £111,075 (2007/08 £27,900) for early retirement costs and has provided a further £352,741 (2007/08 £232,100) in respect of early retirement costs to cover the future early retirement pension entitlement of past employees.

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009**

NOTES TO THE ACCOUNTS

7. SALARIES AND WAGES (CONT ...)

(b) Average Staff Numbers (Full Time Equivalent)

Year	Resources		Enabling Infrastructure & Development		Skills & Sustainable Prosperity		Competitiveness & Growth		Strategy & Communications		SEEDA Total full time equivalents	
	08/09	07/08	08/09	07/08	08/09	07/08	08/09	07/08	08/09	07/08	08/09	07/08
Senior Managers on payroll	6	7	8	7	9	8	10	6	7	7	40	35
Staff on payroll	56	63	67	60	53	67	70	71	28	26	274	287
Agency/seconded/contractors not on payroll	25	3	18	16	16	8	24	7	16	0	99	34
Total	87	73	93	79	78	83	104	84	51	33	413	356

Senior Managers include those staff on the Hay scale Senior Manager/Professional banding A and B and above. 127 members of staff received emoluments of more than £40,000 including the Chief Executive (2007/08 112 members). Senior executive salaries are agreed within a range approved by BIS.

Staff on payroll, including part-timers in the above table, include 25 (2007/08 20) seconded out to and charged to the Hastings and Bexhill Renaissance Ltd Company which is 20% owned by the Agency. The increase is predominately due to the increasing number of temporary staff, employed in anticipation of the restructuring of the Agency, and contractors.

(c) Seconded Staff

Staff resourced from organisations which were reimbursed by the Agency during 2008/09 were:

	2008/09 Staff	2008/09 £'000	2007/08 Staff	2007/08 £'000
Dept. for Work and Pensions	1	93	1	33
Creative Environment Networks	0	0	1	20
Government Office for the South East	1	13	1	67
BIS	1	33	1	53
HMRC	1	175	0	0
UKTI	2	37	0	0
Environment Agency	1	96	0	0
National Physical Laboratory	0	0	1	56
Others	3	59	0	0
	10	506	5	229

Staff seconded from outside organisations and paid for by their own employers are not included above. Seconded work on a variety of projects as part of the SEEDA policy of fostering partnership working relations. Costs consist of salary, pension contributions, Employers National Insurance Contributions and irrecoverable Value Added Tax.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

8. STOCK OF INVESTMENT ASSETS

	2008/09	2007/08
	£'000	£'000
Opening Balance	13,940	13,826
Additions in year	137	193
Transfer to/(from) Revaluation Reserve	0	(35)
Book value of investment assets written down	(4,497)	(112)
Book value of investment assets written back	0	68
	<u>9,580</u>	<u>13,940</u>

9. TANGIBLE OPERATING ASSETS

	2008/09		
	Information Technology	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 31 March 2008	2,308	2,822	5,130
Additions in year	71	266	337
Disposals	(108)	(653)	(761)
At 31 March 2009	<u>2,271</u>	<u>2,435</u>	<u>4,706</u>

Depreciation

At 31 March 2008	2,109	2,325	4,434
Depreciation in year	134	204	338
Disposals	(107)	(648)	(755)
At 31 March 2009	<u>2,136</u>	<u>1,881</u>	<u>4,017</u>

Net book value at 31 March 2009

<u>135</u>	<u>554</u>	<u>689</u>
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Fixed assets shown above include £718 for subsidiary companies (2007/08 £1,537).

The depreciation charge consists of £31,000 (2007/08 £77,000) charged to programme and £307,000 (2007/08 £335,000) charged to administration costs.

	2007/08		
	Information Technology	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 31 March 2007	2,241	2,689	4,930
Additions in year	99	133	232
Disposals	(32)	0	(32)
At 31 March 2008	<u>2,308</u>	<u>2,822</u>	<u>5,130</u>

Depreciation

At 31 March 2007	1,964	2,090	4,054
Depreciation in year	177	235	412
Disposals	(32)	0	(32)
At 31 March 2008	<u>2,109</u>	<u>2,325</u>	<u>4,434</u>

Net book value at 31 March 2008

<u>199</u>	<u>497</u>	<u>696</u>
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**SOUTH EAST ENGLAND DEVELOPMENT AGENCY
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2009**

NOTES TO THE ACCOUNTS

10a. INVESTMENT IN SUBSIDIARIES ASSOCIATES AND JOINT VENTURES

Name of Undertaking	Interest	Class of shares	Value	Nature of Business	SEEDA Share of distributable Reserves (£000)	
					2008/09	2007/08
Companies Limited by Shares						
South East England Properties Limited	100%	Ordinary Share £1	£100	Dormant	0	0
Ryde Business Park Management Co. Ltd	100%	Ordinary Share £1	£2	Property Management	5	6
Countryside Maritime Ltd	50%	Ordinary Share £1	£4,950	Joint Venture	423	450
	75%	Income Share 5p	£74	Property Development		
Companies Limited by Guarantee						
East Kent Spatial Development Co Ltd	80%	Nil Limited by Guarantee	0	Regeneration of Thanet and Dover	(930)	(958)
Finance South East Ltd	50%	Nil Limited by Guarantee	0	Venture Capital Management	72	68
Hastings and Bexhill Renaissance Ltd	20%	Nil Limited by Guarantee	0	Regeneration of Hasting & Bexhill	2562	368
Aylesbury Vale Advantage Ltd	20%	Nil Limited by Guarantee		Regeneration of Aylesbury Vale	12	5
Brownfield Land Assembly Co Ltd	20%	Nil Limited by Guarantee	0	Land Assembly	7	8
Ashford's Future Company Ltd	25%	Nil Limited by Guarantee		Regeneration of Ashford	0	0
The following Companies are joint ventures of HBRL in which SEEDA has less than 20% interest:						
Coastal Land (Sussex) LLP	10%	N/A	N/A	Property Development	0	0
Pebble Properties (Marline) Ltd	20%	Ordinary Share £1	0	Dormant	0	0

South East England Properties Ltd is a dormant company. A strategic business plan is presently being developed to invoke the operational use of this company.

Ryde Business Park Management Co Ltd is a subsidiary undertaking. It has no fixed assets and collects rental and service income from tenants of the business park.

Countryside Maritime Ltd is a joint venture with Countryside Properties PLC to build houses on St Mary's Island, Chatham.

East Kent Spatial Development Co Ltd is a subsidiary undertaking. The other participants are three Kent local authorities and the Homes and Communities Agency.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

10a. INVESTMENT IN SUBSIDIARIES ASSOCIATES AND JOINT VENTURES (CONT ...)

Finance South East Ltd is a joint venture with Business Links Wessex. The management structure of the company allows for it to be considered as an associate undertaking.

Hastings and Bexhill Renaissance Ltd is a regeneration company with the East Sussex County Council, Rother District Council, Hastings Borough Council, Sussex Enterprise and the University of Brighton.

Aylesbury Vale Advantage Ltd is a regeneration management company for the Aylesbury Vale area. In addition to SEEDA, members of the company include Buckinghamshire County Council, Aylesbury Vale District Council, Homes and Communities Agency and the Vale of Aylesbury Primary Care Trust (NHS).

The Brownfield Land Assembly Company Ltd was registered in February 2007. Other members are the Hyde Housing Association and RJ Barwick Construction Services Ltd.

Ashford's Future Company Ltd was incorporated on 20th November 2008 and commenced trading shortly thereafter. On 31st March 2009 staff were transferred on to the Company payroll from Ashford Borough Council together with various assets used by the company. The vision of the Ashford's Future Partnership is to transform and promote Ashford as best place to work, live and enjoy life – a place where people feel happy and secure about the future for them and the next generation. The aim is to implement that vision and make Ashford an attractive place to live and to invest in and to deliver growth in a sustainable way.

Coastal Land (Sussex) LLP is a limited liability partnership in which HBRL has a 50% interest.

Pebble Properties (Marline) Ltd is a company limited by shares. It is currently dormant.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

10b. AGENCY INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are calculated on the basis of the Agency's share in Net Assets/(Liabilities). Details of the subsidiaries assets and liabilities are shown below.

	2008/09 Total	2007/08 Total
		£'000
Fixed Assets:		
Ryde Business Park Management Company Ltd	0	0
East Kent Spatial Development Company Ltd	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
Current Assets:		
Ryde Business Park Management Company Ltd	10	11
East Kent Spatial Development Company Ltd	<u>9,941</u>	<u>8,529</u>
	<u>9,951</u>	<u>8,540</u>
Gross Assets:		
Ryde Business Park Management Company Ltd	10	11
East Kent Spatial Development Company Ltd	<u>9,942</u>	<u>8,530</u>
	<u>9,952</u>	<u>8,541</u>
Liabilities due within one year:		
Ryde Business Park Management Company Ltd	5	5
East Kent Spatial Development Company Ltd	<u>1,635</u>	<u>550</u>
	<u>1,640</u>	<u>555</u>
Liabilities due after one year:		
Ryde Business Park Management Company Ltd	0	0
East Kent Spatial Development Company Ltd	<u>9,469</u>	<u>9,177</u>
	<u>9,469</u>	<u>9,177</u>
Gross Liabilities:		
Ryde Business Park Management Company Ltd	5	5
East Kent Spatial Development Company Ltd	<u>11,104</u>	<u>9,727</u>
	<u>11,109</u>	<u>9,732</u>
Net Assets/(Liabilities):		
Ryde Business Park Management Company Ltd	5	6
East Kent Spatial Development Company Ltd	<u>(1,162)</u>	<u>(1,197)</u>
Total	<u>(1,157)</u>	<u>(1,191)</u>

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

10b. AGENCY INVESTMENT IN SUBSIDIARIES (CONT ...)

The results for the year and accumulated reserves for the subsidiary companies are

- Ryde Business Park Management Co Ltd - Loss £410 Reserves £5,064
- East Kent Spatial Development Co Ltd - Profit £35,956 Reserve (£1,162,186)

Minority Interest's share of the operating profit of subsidiary companies

	2008/09 <u>£'000</u>	2007/08 <u>£'000</u>
Minority Interest of 20% East Kent Spatial Development Company:	<u>7</u>	<u>5</u>

Minority Interest in subsidiary companies at the Balance Sheet date

	2008/09 <u>£'000</u>	2007/08 <u>£'000</u>
Minority interest of 20% in East Kent Spatial Development Company - Net liabilities of (£1,162,186) (2007/08 £1,196,155)	<u>(232)</u>	<u>(239)</u>

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

10c. AGENCY INVESTMENT IN JOINT VENTURES AND ASSOCIATES

• **Group interest in Joint Ventures**

The Group's share of operating profit/(loss) in joint ventures included in the Income and Expenditure Account is as follows:

	2008/09 £'000	2007/08 £'000
Share of gross operating income of joint ventures	1,566	5,462
Share of gross expenditure of joint ventures	(1,597)	(5,155)
Share of operating (deficit) in joint venture	<u>(31)</u>	<u>307</u>

The following are SEEDA's share of the audited results for 2008/09 of the joint ventures Countryside Maritime Ltd and Ashford's Future Company Ltd. These figures are based on the agreed control - sharing ratio which is, in respect of Countryside Maritime Ltd, 50% for turnover, assets and net borrowing, while taxation and profit/loss is 66.7%, and the project management fees are split on an actual basis. The Agency share of Ashford's Future Company is 25% for all aspects.

Countryside Maritime Ltd	£'000		£'000
Turnover	1,528	Fixed Assets	0
Profit before taxation	(31)	Current Assets	5,588
Taxation	4	Liabilities due within one year	(2,752)
Profit after taxation	(27)	Liabilities due after more than one year	(2,413)
		Reserves	423
Ashford's Future Company Ltd	£'000		£'000
Turnover	38	Fixed Assets	10
Profit before taxation	0	Current Assets	54
Taxation	0	Liabilities due within one year	(64)
Profit after taxation	0	Liabilities due after more than one year	0
		Reserves	0

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NOTES TO THE ACCOUNTS

10c. AGENCY INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT ...)

• **Group interest in Associates**

	2008/09 Total £'000	2008/09 Agency Share £'000
Hastings and Bexhill Renaissance Ltd	12,810	2,562
Brownfield Land Assembly Company Ltd	34	7
Finance South East Ltd	144	72
Aylesbury Vale Advantage Ltd	59	12
Total Net Assets	<u>13,047</u>	<u>2,653</u>

	2008/09
Group share of operating profit after tax	<u>2,203</u>

SEEDA's share of the results of associate companies is itemised below

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

Turnover	£'000 343	Fixed assets	£'000 2,117
Operating Profit	2,153	Current assets	1,592
Interest receivable	47	Liabilities due within one year	(1,146)
Profit before tax	2,200	Liabilities due after more than one year	(1)
Taxation	(7)	Reserves	2,562
Profit after taxation	2,193		

Brownfield Land Assembly Company Ltd (20% SEEDA)

Turnover	£'000 0	Fixed assets	£'000 0
Operating Loss	(3)	Current assets	525
Interest receivable	4	Liabilities due within one year	(368)
Profit before tax	1	Liabilities due after more than one year	(150)
Taxation	(2)	Reserves	7
Profit after taxation	(1)		

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

10c. AGENCY INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT ...)

Finance South East (50% SEEDA)

	£'000		£'000
Turnover	580	Fixed assets	59
Operating Profit	0	Current assets	247
Interest receivable	4	Liabilities due within one year	-234
Profit before tax	4	Liabilities due after more than one year	0
Taxation	0	Reserves	72
Profit after taxation	4		

Aylesbury Vale Advantage (20% SEEDA)

	£'000		£'000
Turnover	169	Fixed assets	0
Operating Profit	7	Current assets	48
Interest receivable	0	Liabilities due within one year	-36
Profit before tax	7	Liabilities due after more than one year	0
Taxation	1	Reserves	12
Profit after taxation	6		

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

11. DEBTORS

Debtors due within one year	2008/09 £'000	2007/08 £'000
Trade Debtors	15,882	24,155
Other Debtors	4	6
Value added tax	864	130
Taxation recoverable	7	4
Payments on account	1,253	4,508
Prepayments	2,200	2,075
Prepayment - Chatham Maritime Trust	342	342
Group Debtors	<u>20,552</u>	<u>31,220</u>
Less trade debtors of subsidiary companies	<u>(7,565)</u>	<u>(7,704)</u>
Agency Debtors	<u>12,987</u>	<u>23,516</u>

Debtors due after more than one year	2008/09 £'000	2007/08 £'000
Management Fees From Countryside Maritime Ltd	918	1,013
Prepayment - Crown Estates	0	2,750
Prepayment - Chatham Maritime Trust	684	1,027
	<u>1,602</u>	<u>4,790</u>

Debtors - Intra-Government balances

Debtors due within one year	2008/09 £'000	2007/08 £'000
Balances with other central Government bodies	7,059	5,700
Balances with local authorities	267	5,066
Sub total: intra-Government balances	<u>7,326</u>	<u>10,766</u>
Balances with bodies external to Government	<u>13,226</u>	<u>20,454</u>
	<u>20,552</u>	<u>31,220</u>
Debtors due after more than one year	2008/09 £'000	2007/08 £'000
Balances with public corporations and trading funds	0	2,750
Balances with bodies external to Government	1,602	2,040
	<u>1,602</u>	<u>4,790</u>

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

12. CREDITORS

	2008/09	2007/08
Creditors due within one year		
	£'000	£'000
Trade creditors	2,137	704
Other creditors	12	70
Accruals	19,622	30,512
Taxation - PAYE	221	241
Social security	161	165
Income in advance	3,217	1,358
Office Lease	697	814
Grant creditor - DCLG	0	2,750
Coal grant creditor - HCA	1,603	1,602
Group Creditors	<u>27,670</u>	<u>38,216</u>
Less trade Creditors of Subsidiary Companies	<u>(1,641)</u>	<u>(556)</u>
Agency creditors	<u><u>26,029</u></u>	<u><u>37,660</u></u>
Creditors due after more than one year	2008/09	2007/08
	£'000	£'000
Subsidiary companies - grants received in advance	<u>9,469</u>	<u>9,176</u>
	<u>9,469</u>	<u>9,176</u>

Creditors - intra-Government balances

Creditors due within one year	2008/09	2007/08
	£'000	£'000
Balance with other central Government bodies	2,868	1,201
Balances with local authorities	502	8,236
Sub total: intra-Government balances	<u>3,370</u>	<u>9,437</u>
Balances with bodies external to Government	24,300	28,779
	<u>27,670</u>	<u>38,216</u>
Creditors due after more than one year	2008/09	2007/08
		£'000
Balances with Local Authorities	2,241	2,218
Balances with public corporations and trading funds	<u>7,228</u>	<u>6,958</u>
Total intra-Government balances	<u>9,469</u>	<u>9,176</u>

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation is fully provided on timing differences arising between the recognition of gains and losses in the financial statements and the tax computation. It is calculated based on tax rates which are enacted or substantively enacted as at the Balance Sheet date. There is no deferred tax liability for 2008/09; consequently no provision has been made for deferred tax.

The acquisition of the GKN Isle of Wight site in 2004 included an option for English Partnerships (now the Homes and Communities Agency -HCA) to acquire part of the land. If invoked, this option involves a land transfer by SEEDA to HCA, as return for a grant awarded by HCA of £4.5m. HCA has indicated they will invoke this option and SEEDA has made provision for £2.78m which reflects the reduced value of the land.

	2008/09	2007/08
	£'000	£'000
Opening Balance	5,708	4,500
Increase/(Reduction) in provision due to recalculation of liability	(2,592)	880
Provision for redundancy costs	(328)	328
	<u>2,788</u>	<u>5,708</u>

14. BAD AND DOUBTFUL DEBT PROVISION

	2008/09	2007/08
	£'000	£'000
Opening Balance	3,943	3,629
Movement in provision - Programme	76	314
Offset of CML provision against debt	(3,629)	0
	<u>390</u>	<u>3,943</u>

15. STOCK OF DEVELOPMENT ASSETS

	£'000	£'000	£'000	£'000
Opening Balance		168,105		160,500
Additions in year		25,259		10,935
Disposal proceeds in year	0		(3,720)	
(Loss)/Profit on disposals	0		751	
Net book value of assets sold		0		(2,969)
Transfer to/(from) Revaluation Reserve		(16,034)		2,677
Book value of development assets written down		(74,432)		(5,033)
Book value of development assets written back		0		1,995
		<u>102,898</u>		<u>168,105</u>

Amounts written down and back in respect of Development Assets relate to the difference between valuations at year end performed on a basis of the lower of current replacement cost and net realisable value (see note 1.e), compared to historic cost.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY
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NOTES TO THE ACCOUNTS

16. LONG TERM LOANS

	2008/09	2007/08
	£'000	£'000
Opening balance - Former Rural Development Commission	94	99
Loans repaid during the year	<u>(25)</u>	<u>(5)</u>
	<u>69</u>	<u>94</u>

17. RESERVES

	Grant in aid Reserve £000's	General Reserve DCLG £000's	General Reserve HCA £000's	General Reserve £000's	General Reserve Total £000's	Revaluation Reserve £000's	2008/09 Total £000's
Opening Balances	124,470	46,368	3,400	(53)	49,715	25,983	200,168
2008/09 GIA received	153,558						153,558
Net expenditure for the year	(216,289)			2,206	2,206		(214,083)
Decrease in Revaluation Reserve						(16,034)	(16,034)
DCLG funding for Thames Gateway		4,264			4,264		4,264
	<u>61,739</u>	<u>50,632</u>	<u>3,400</u>	<u>2,153</u>	<u>56,185</u>	<u>9,949</u>	<u>127,873</u>

18. RECONCILIATION OF NET EXPENDITURE TO NET CASH OUTFLOW FROM OPERATIONS

	2008/09	2007/08
	£'000	£'000
Net expenditure on ordinary activities	(215,460)	(153,512)
Depreciation	338	412
Additions to stock of development/investment assets	(25,396)	(11,128)
Book Value of development assets sold	0	2,969
Amounts written off - development/investment assets	78,929	5,145
Amounts written back - development/investment assets	0	(2,063)
Share of results in joint ventures	31	(307)
Share of results in associates	(2,159)	(132)
Group Companies Consolidation Adjustments	0	(1,703)
(Increase)/decrease in group debtors	13,856	(4,758)
Increase/(decrease) in group creditors and provisions	(13,173)	(2,659)
Loss on disposal of fixed assets	<u>6</u>	
Net cash outflow from operating activities	<u>(163,028)</u>	<u>(167,736)</u>

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19. TAXATION

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

	2008/09 £'000	2007/08 £'000
Current year taxation charges	(7)	(11)
Share of taxation charge of joint ventures	4	(93)
Share of taxation charge of associates	(9)	0
	<u>(12)</u>	<u>(104)</u>

There is no deferred tax liability for 2008/09

20. RECONCILIATION OF GROUP NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2008/09 £'000	2007/08 £'000
(Decrease)/Increase in cash	(4,183)	(1,486)
Net Group Funds as at 31 March 2008	<u>33,285</u>	<u>34,771</u>
Net Group Funds as at 31 March 2009	<u><u>29,102</u></u>	<u><u>33,285</u></u>
	Cash 2	1
	Euros 3,412	2,531
	Sterling <u>25,688</u>	<u>30,753</u>
	<u>29,102</u>	<u>33,285</u>

The Agency Net Funds position decreased from £32.4m to £26.7m (£5.7m).

21. OPERATING LEASES

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

	Building 2008/09 £'000	Car Leases 2008/09 £'000	Other 2008/09 £'000	Total 2008/09 £'000	Total 2007/08 £'000
Lease expiring					
Within 1 year	86	26	5	117	124
Between 2 and 5 years	0	117	3	120	366
After 5 years	1,289	0	0	1,289	1,025
	<u>1,375</u>	<u>143</u>	<u>8</u>	<u>1,526</u>	<u>1,515</u>

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

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22. COMMITMENTS

	2008/09 £'000	2007/08 £'000
Commitments	<u>119,434</u>	<u>81,440</u>

Commitments are the forecast future expenditure on approved projects as at 31st March 2009

23. CONTINGENT LIABILITY

A Letter of Comfort has been provided to the bankers of the Joint Venture company, Countryside Maritime Ltd (CML). This letter has been issued with approval from the Department for Business, Innovation and Skills (BIS) and HM Treasury, in accordance with the requirements of the Financial Memorandum. The Letter of Comfort provides support for the financing facility required for the house-building project at St Mary's Island, Chatham. An additional £5m funding has been provided, as collateral security, by the Department for Communities and Local Government (DCLG) in order to increase the rate of house building. This amount will be used as working capital for the CML building activity. A matching amount will be provided by the JV partner, Countryside Properties PLC, in accordance with the signed utilisation agreement.

In June 2008, BIS gave approval for SEEDA to issue a guarantee for £750k to facilitate the release of EU funds for a technology transfer project.

24. RELATED PARTY TRANSACTIONS

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

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

SEEDA has had a number of material transactions with other Government Departments and other central Government bodies, including the Department for Innovation, Universities and Skills and the Department for Business, Enterprise and Regulatory Reform before they merged to become the Department for Business, Innovation and Skills. In addition, SEEDA has financial dealings with a large number of public and private sector organisations including Business Links, Learning and Skills Council, Local Authorities, Economic Partnerships, voluntary groups and private companies.

The Agency had a number of related transactions with the undertakings it has an interest in: Ryde Business Park Management Co Ltd, East Kent Spatial Development Co Ltd, Finance South East Ltd, Hastings and Bexhill Renaissance Ltd (HBRL), Countryside Maritime Ltd (CML) and Brownfield Land Assembly Co Ltd (see note 10). SEEDA made grant payments to HBRL of £5.6m, to Finance South East Ltd of £3.9m, and Brownfield Land Assembly Co Ltd of £253k in 2008/09.

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

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

Jim Brathwaite CBE - (Director) Environment Agency which received £160,280 for fees.
(Director) Farnham Castle Briefings Ltd which received £558 for events.
(Director) University of Greenwich which received £909,544 for grants.
(Member) University of Sussex which received £2,236 for sponsorship and venue hire
(Committee Member) Strategic Supply Chain Group which received £59,715 for grants.
(Member) The Commonwealth Club Ltd which received £843 for venue hire
(Member) Arts & Business Services Ltd which received £12,937 for sponsorship and grant funding.

Robert Anderson - (Councillor) Slough Borough Council which received £848,134 for grants.

Zenna Atkins – (Executive Director) Sustainable Social Solutions Ltd which received £4,477 for staff training

Jeremy Birch – (Councillor) Hastings Borough Council which received £1,362,660 for grants.
(Councillor) East Sussex County Council which received £1,316,003 for grants
(Regional Council Member) Arts Council England which received £10,000 for grants

Dolores Byrne O.B.E – (M.D. Innovation QuinetiQ Ltd) which received £1,273,223 consisting of grants of £491,118 as part of a consortia of businesses in respect of a next generation wing project and £782,105 as part of a second consortia of businesses dealing with the “Health Map” programme.

Pamela Charlwood – (Council Member and Vice Chair – Audit Committee for the Learning and Skills Council) which received £196,960 for grants

Les Dawson – (CEO) Southern Water which received £108,124 for supply of water to various sites
(Member) Institute of Directors which received £5,086 for sponsorship and venue hire

Bob Goldfield - (Chief Executive) Port of Dover Harbour Board which received £141,485 for grants.
(Board Member) Kent Economic Board which received £50,000 for grants.

Keith House - (Councillor) Hampshire County Council which received £610,968 for grants.
(Member) South East England Regional Assembly which received £15,583 for sponsorship and grants
(Honorary Member) Royal Town Planning Institute which received £588 for sponsorship

Sue John – (Director) Culture South East which received £60,500 for grants
(Post Graduate student) University of East London which received £6,000 for sponsorship
(Member) Labour party which received £3,799 for exhibition stand hire

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Peter Jones - (Leader) East Sussex County Council which received £1,316,003 for grants.
(Member) National Trust which received £1,645 for event catering costs
(Member) East Sussex Economic Partnership which received £20,000 for grant funding

Keith Mitchell – (Council leader) Oxfordshire County Council which received £640,481 for grants.

John Peel OBE - (Director) West Sussex Economic Partnership which received £265,927 for grants.

(Member) Institute of Directors which received £5,086 for sponsorship and venue hire
(Fellow) Art & Business Services Ltd which received £12,938 for sponsorship and grants
(Director) EEF South Ltd which received £2,486,637 grant funding for the Manufacturing Advisory Service (MAS)
(Director) EEF Ltd which received £2,251 towards event costs
(Member of Court) University of Sussex which received £2,236 for sponsorship and venue hire
(Chair of Corporation) Central Sussex College which received £55,000 for grants

Alex Pratt OBE - (Chairman) Buckinghamshire Economic Partnership which received £126,018 for grants.

(Director) Ngage Business Solutions which received £4,051,066 for grants.
(Member) Learning and Skills Council which received £196,960 for grants
(Member) Institute of Directors which received £5,086 for sponsorship and venue hire
(Director) Aylesbury Vale Advantage which received £2,132 for grants

Keith Riley – (Visiting Professor) University of Southampton which received £191,396 for grants.

(Director) Veolia ES Ltd which received £10,399 for building maintenance and cleaning
(Member) Institute of Directors which received £5,086 for sponsorship and venue hire
(Member) National Trust which received £1,645 for event catering costs
(Fellow) Institute of Mechanical Engineers which received £1,367 for venue hire

Bill Wakeham – (Vice Chancellor) University of Southampton which received £191,396 for grants.

Phil Wood – (Member) Learning and Skills Council which received £196,960 for grants.

The following SEEDA staff are also Directors of SEEDA subsidiaries, joint ventures and associates as detailed in note 10 but receive no additional remuneration.

Pam Alexander	Countryside Maritime Ltd
Jeff Alexander	Finance South East Ltd (Also a SEEDA-nominated Director of Locate in Kent Ltd of which SEEDA is not a member).
Lee Amor	Countryside Maritime Ltd. Hastings and Bexhill Renaissance Ltd Ashford's Future Company Ltd
Valerie Carter	East Kent Spatial Development Ltd
Peter Cusdin	Ryde Business Park Management Ltd East Kent Spatial Development Ltd

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Chris Moore	East Kent Spatial Development Ltd Brownfield Land Assembly Company Ltd
Oona Muirhead CBE	Aylesbury Vale Advantage Ltd
John Parsonage	Hastings and Bexhill Renaissance Ltd
Susan Priest	East Kent Spatial Development Ltd
Jonathan Sadler	South East England Properties Ltd Countryside Maritime Ltd East Kent Spatial Developments Ltd
John Shaw	Hastings and Bexhill Renaissance Ltd Coastal Innovation Ltd Coastal Land (Sussex) LLP
David Tucker	Countryside Maritime Ltd East Kent Spatial Development Ltd Hastings and Bexhill Renaissance Ltd.
Robert Crawford	Hastings and Bexhill Renaissance Ltd. Coastal Innovation Ltd Coastal Land (Sussex) LLP

25. POST BALANCE SHEET EVENTS

The South East England Development Agency's financial statements are laid before the Houses of Parliament by the Secretary of State of the Department for Business, Innovation and Skills, formerly the Department for Business, Enterprise and Regulatory Reform. FRS21 requires the Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Agency to the Secretary of State of the Department for Business, Innovation and Skills. The authorised date for issue is 17 July 2009.

As indicated in the Management Summary (Section 3.1.1) the agency anticipates implementing a programme to reduce numbers of staff during 2009-10. A budget to meet the costs of compensation has been set aside in 2009-10 and 2010-11.

26. FINANCIAL INSTRUMENTS

SEEDA's treasury policy is to use cash to make grant payments and to pay for goods and services. Generally, it does not make use of any other financial instruments.

SEEDA has made specific cash payments to: Kent County Council (now partially refunded) leaving a balance outstanding of £319k relating to a security bond in respect of redevelopment works at the Betteshanger colliery site, Hampshire County Council (now partially refunded) of £450k relating to redevelopment works at Southmoor Park and £253k for the Fratergate scheme again with Hampshire County Council. Provided the works are completed to the necessary standard the amounts will be repaid to SEEDA. The payments were made in order to enable infrastructure works for further development to proceed as laid down by planning consents. The risks associated with non compliance are considered to be low.

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SEEDA leads a number of European projects and manages the risk from exposure to foreign currency fluctuations between the Euro and the Pound by holding in Euro bank accounts the required level of cash to fund project activities on an ongoing basis. The Value held in Euros at the Balance Sheet date is 3.6m Euro. The value of the Euro denominated cash held at the Balance Sheet date has been translated into Pounds sterling and included in the balance sheet value of cash. The pound sterling value of Euro-denominated cash was £3.4m.

27. THIRD PARTY ASSETS

	2008/09	2007/08
	£'000	£'000
Tenants' rental deposits	<u>116</u>	<u>132</u>

The above relates to closing bank balances held in client bank accounts. These amounts are not recorded in the financial statements but simply shown by way of note.



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