

## Annual Report & Accounts 2007-08



# **SOUTH EAST ENGLAND DEVELOPMENT AGENCY ANNUAL REPORT AND ACCOUNTS 2007/08**

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# 1. CHAIRMAN'S INTRODUCTION

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These are testing times for the South East economy and therefore a good time to be demonstrating the added value of having a Regional Economic Strategy (RES), which we are working on together as a region to implement. Growing our export markets, continuing to attract inward investment and ensuring that we maintain investment for innovation is vital. Getting well-serviced physical development and putting the foundations in place for a successful low-carbon economy are crucial. All of these long-term targets increase in importance in times like these.

So, having reported on the publication of a ground-breaking RES last year, this year has been very much about working out how to deliver it. The Implementation Plan was published at our Annual Open Public Meeting in October alongside the first Annual Monitoring Report. We now have a very clear set of priorities for the economic development of the region and we know where we are doing well and where we need to work harder. Unsurprisingly, we have a much more developed approach to most of our Global Competitiveness and Smart Growth targets and more work to do on our new Sustainable Prosperity ones. However, we are making good progress in building partnerships where they are currently lacking; we are gathering an evidence base where one does not yet exist and focusing our work on major interventions that will bring transformational change.

As SEEDA has been coordinating the work on RES implementation, so the Regional Assembly has been working on implementation of the SE Plan. We are agreed that there is a clear win for the region in bringing the two implementation plans together into a Regional Delivery Plan, which will help us make the case to Government for the sort of investment we need to be making at this point in the economic cycle in order to ensure strong growth as the cycle moves up again. I am very much looking forward to seeing this work develop over the course of the coming year, so that we can make a clear, well-evidenced joint case to the coming Regional Funding Allocation and the 2009 Spending Review.

My own work with SEEDA this year has demonstrated to me the importance of the South East as a world-class region and engine room for the country. We have been on the world stage as partners in hosting major events, such as the UK stage of the **Tour de France, bringing £37 million into the region's economy**. Also, the World Cup Archery Competition brought £515,000 into our economy. We have secured the under 21s Beach Volleyball World Championships in Brighton this summer – the first major sporting event of the London Olympiad. This is all fantastic preparation for making the most of 2012. The **launch of the Compete4 electronic brokerage system** for 2012 contracts last October should mean that we secure a good legacy from it for our businesses and our communities. We currently make £2.5 billion a year from sports tourism and it could clearly be a lot more.

As well as supporting major new events, we have been very successful in securing inward investment. Over the three years of the Corporate Plan, **we have assisted over 200 foreign direct investments** leading to the **creation or safeguarding of nearly 12,000 high-quality jobs** over the three years following the investments. These investments only arrive because SEEDA puts effort into making and looking after relationships with key international regions and businesses. It is a contact sport which SEEDA plays well and efficiently, gaining measurable outcomes from small but crucial input.

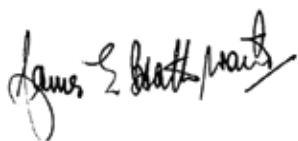
SEEDA has also had a good year helping the region to build on its world-class innovation and knowledge economy. For example, the **Alphasat** programme we worked so hard to support the bid for last year was successful in winning the contract from the European Space Agency to develop and build the most technically advanced civilian satellite in the world. The investment we have helped them secure is more than ten times the funding we are putting in and **will generate revenue flows into the region of £250 million per annum**.

Our Finance SE programme has also had its first flotation of one of its clients, Probability Games, on the AIM market of the London Stock Exchange. The success of Finance SE was recognised when it won the European Business Angel Network Manager of the Year award last April for its innovative approaches. Finance SE has continued to innovate by launching the new SEED Fund to fill the gaps in the sub-£2 million

funding market. These two examples show how SEEDA can add value by pulling in funding from beyond the region to support world-class innovation and by growing our own world-beating businesses from within. This will be especially important in a time of tight financial capital for small and medium-sized enterprises (SMEs).

If we can be as successful as this in growing environmental technologies and businesses through our new Global Environmental Technologies Strategy to be led by our sector consortium, Envirobusiness, then we will have achieved our RES goal of achieving growing business success while reducing our ecological footprint – and I have no doubt we will get there.

This is my last Annual Report as Chair of SEEDA; I am proud of the incredibly successful year the region and SEEDA has had. When I started, the **region's Gross Value Added (GVA)** was £145 billion per annum; it has **now reached £177 billion**. I am very sad to be leaving behind one of the most exciting and fulfilling experiences I have had during my career. I wish every success to the incoming Chair. I know they will have the best quality support from a dedicated team.



James E Brathwaite CBE  
Chairman  
Date: 14 July 2008

## 2. CHIEF EXECUTIVE'S REVIEW

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### **A successful year for SEEDA**

This is the final Annual Report and Accounts for the current three-year Corporate Plan period and I am delighted to be able to report on a period of such success, where we have overachieved on nine out of ten Core Output Targets and delivered the Strategic Added Value planned across all 24 programmes. It is particularly important for the South East economy that we deliver on Higher Level Skills (63% over target), Knowledge Base Collaborations (69% over target) and Business Creation (43% over target). We are increasingly involving the private sector in sustainable economic development and I am very pleased with our outturn on public and private sector leverage over the Corporate Plan period – £638 million against a target of £580 million. Our aspiration in our new Corporate Plan is to achieve £1 billion leverage over the next three years; this will be challenging, especially given the current economic climate, but needs to be a focus if we are really to build successful partnership working in the region.

### **Transition and transformation**

As well as the third year of delivery of the last Corporate Plan, this year has been one where our focus has been increasingly on moving not just into a new Corporate Plan period, but into a radically reconfigured role following the publication of the Sub-national Review of Economic Development and Regeneration (SNR) last July. The consultation period on the SNR is not yet finished as I write this. Subject to legislation, it is proposed that SEEDA will take over the regional planning function from the Assembly at some time during the new Corporate Plan period. Secondly, central Government will expect us to deliver our results differently – doing much less directly ourselves, and working strategically to engage local, sub-regional and regional partners in aligning their activities and resources with RES objectives. Thirdly, the outcome of the Comprehensive Spending Review means that our resources will be tightly constrained. All of these things together mean that the programme of Continuous Improvement agreed with the National Audit Office after our very successful Independent Performance Assessment last year, while still very important to us, has had to develop rapidly into a programme of transformational Organisational Development. We have already been working through some of these changes as we have developed the RES Implementation Plan and our new Corporate Plan and I would like to highlight the key ones below.

### **New ways of working**

We have put a lot of effort this year into working with partners to re-imagine the ways we might work together in **place** and through **partnerships**. This has meant: developing strategies for the economic contours, particularly the Coastal and Rural ones; working with partners to develop comprehensive new approaches to economic development in the 8 Diamonds and the 3 Growth Areas; working with local authorities and partners, such as Business Links and the Learning and Skills Council, to align the RES objectives and targets with the new Local Area Agreements (LAAs); reviewing our sub-regional partnership arrangements; and reviewing the role and structure of our own Area Teams.

I am very excited by the new prospects these developments have opened up for us. Some highlights for me, which have built on existing relationships to achieve new approaches to place and partnership are:

**Portsmouth Naval Base:** our input to the strong partnership approach to the enormous threat of losing the naval base had a double result last July. Not only is the naval base retained, but it will be involved in building and being the base for the two new super aircraft carriers. This will save over 50,000 jobs and gain a share of 10,000 new jobs that will be created nationwide.

**Ecological footprint targets in the Diamonds for Investment and Growth:** in March, the Board of the Ecological Footprint Diamonds Policy Group agreed to an overall ambition to stabilise the ecological footprint across the 8 Diamonds for Investment and Growth by 2014, two years earlier than the RES target. This is a hugely positive development showing the determination of the region's key areas of growth to ensure that economic development addresses both energy efficiency and clean energy. This sort of broad and deep approach to transformational change cannot be achieved by applying the resources of any single organisation, least of all SEEDA's; we need to work in partnership across the region as we are doing, for example, with our Zero Waste Region initiative.

**Palmer Johnson investment:** the announcement in April 2008 that we had beat off fierce international competition to secure 800 new jobs through the location of the US super yacht company in the Solent, was the result not only of effective working with external partners, but of joined-up working across SEEDA between the Inward Investment, Property and Area Teams. This 'Team SEEDA' approach will be an increasingly important and visible way of working, as the Partnership for Urban South Hampshire has already experienced through its work with the SEEDA South Hampshire Task Group.

**Thames Gateway Economic Development Investment Plan:** partnership working led by the three Regional Development Agencies of the Greater South East and with central Government has developed a comprehensive and funded plan for the transformational programmes needed to develop the economy of the Thames Gateway, which should mean that it really does become a fully functioning, globally significant economic area rather than a set of dormitory suburbs.

### Dealing with economic shocks

As well as our role in promoting the economic development of the South East, SEEDA also has an important role to play in supporting the region through economic shocks. This year started with local economic problems caused by the Foot and Mouth and flooding problems of last summer, but has ended with our facing the rather bigger shocks caused by the global credit crunch and rising world food and energy prices.

### National Audit Office Independent Performance Assessment

Last financial year I reported that SEEDA's performance had been inspected by the National Audit Office (NAO) in its Independent Performance Assessment (IPA). We were awarded the highest grade of 'performing strongly' with a score of 21 points out of a possible maximum 24. This year we have continued to take forward our IPA Action Plan. The NAO made 18 recommendations of which 6 have been delivered. The remaining 12 are still being developed and we have evidence to show that the recommendations, and much success, are being achieved.

## NATIONAL AUDIT OFFICE – INDEPENDENT PERFORMANCE ASSESSMENT SEEDA IMPROVEMENT PLAN, UPDATE ON PROGRESS

1. Improve transparency to partners on our priorities and flexibilities by incorporating the following in the next RES: a) further feedback to partners on what has and has not been included in the RES and why not if not included; b) practical help for small organisations that want to consult on the RES, i.e. signposting parts of RES.	Action completed
2. Partner relationships to be strengthened to deliver the new RES. This includes keeping sub-regional partners informed of issues and challenges.	Action ongoing
3. Improved joint planning across the organisation by: a) clearer link from RES to Corporate Plan; b) thematic, corporate business plan in place; c) increased transparency of decision-making as part of planning process; d) update IS strategy.	Action completed (a) Action ongoing (b–d)
4. Organisational structure to support RES implementation including area teams integration.	Action ongoing
5. Improve business information and further develop internal communications to address silo working.	Action ongoing

6. Develop flexible working practices.	Action ongoing
7. Conduct Value for Money benchmark research to ascertain what and how benchmark indicators could be used to discuss and compare projects.	Action ongoing
8. Improve project and contract management and monitoring to: a) focus on smaller number of projects; b) ensure consistent approach to agreeing AIF and delivery plans with sub-regional partnerships; c) keep more robust written records of variance so can derive more learning.	Action ongoing
9. Review risk management within the Agency and ensure best-practice adopted to ensure continuous review of risk at Board level, and effective mitigation and communication within contract management.	Action ongoing
10. Contracts fit for purpose to deliver the new 2006/2016 RES.	Action completed
11. Have a single reference for Governance issues and formal SEEDA induction process for Board Members.	Action completed
12. Continue simplification work of business support across Agency, applying where possible to all other agency's programmes.	Action ongoing
13. Continue to implement SEEDA's business engagement strategy for improving business engagement.	Action ongoing
14. More focus on Innovation lead role.	Action completed
15. Further embed performance management more systematically within SEEDA, supported by robust systems including: a) improved choice of outputs; b) annual performance measures contained within Corporate Plan; c) reviewing possible outcomes targets; d) further monitoring of CIB by the Executive Board.	Action ongoing
16. Complete implementation of evaluation framework to include: a) more publicity of achievements (inward investment) to help stakeholders; b) disseminate achievements more – between projects and with regional bodies and partners (especially with sustainability); c) continue to push partners' role in achievements to help their local standing.	Action completed
17. New Equality and Diversity SEEDA Implementation Plan launched and mainstreamed. Further work with voluntary and community sector in region.	Action ongoing
18. SEEDA gains ISO14001/EMAS certification and sets SMS delivery programme.	Action ongoing

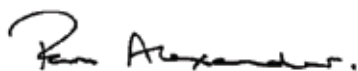
Two examples of the work we have done are on environmental management and performance management. In February 2008, SEEDA was awarded partial ISO14001 for the environmental management and audit of our own offices and we have started work on Phase II to achieve full certification by December 2008. A new Balanced Scorecard is being used to monitor SEEDA's overall performance and progress against the new Corporate Plan 2008–11.

### **RDA national impact evaluation**

It is very important that we underpin successful achievement of our output targets with good and comprehensive evaluation of our programmes so that we develop and refine our understanding of what interventions are most effective in achieving our objectives. For this reason, I welcome the independent evaluation of the impact of RDA spend over the period 2002/03 to 2006/07, commissioned by BERR in December 2007.

So far we have evaluated £61 million (10.2%) of SEEDA's relevant spend. We have a challenging, but achievable, task ahead of us and we aim to evaluate a further £415 million of expenditure (69.3%). This will mean coverage of 79.5% overall. We have made significant progress with five new, large sampling evaluations under way, covering the themes of physical regeneration, skills and employability, business development and competitiveness, in addition to the national SRB evaluation and the evaluation of Seaspaces and the AIF Programme, all of which evaluate more than £10 million of SEEDA's spend each.

As part of this process, consultation will be undertaken with partners, delivery agencies and beneficiaries to build up a picture of the added value of SEEDA's investments. I have been particularly pleased with, and grateful for, the level of engagement so far from stakeholders in this process. The final Impact Evaluation report is due at the end of November 2008 and I look forward to reporting on our successes and lessons learnt in next year's report.



Pam Alexander  
Chief Executive  
Date: 14 July 2008

## 3. MANAGEMENT COMMENTARY

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### 3.1 Introduction

#### 3.1.1 Principal activities

The main focus of this year has been on continuing to deliver the last year of our 2005/08 Corporate Plan output targets while gearing up to deliver the new Regional Economic Strategy (RES).

In 2007/08, SEEDA fully spent its grant budget performing well against output targets. The Agency exceeded targets on eight out of ten outputs and delivered on its milestones in its 24 Strategic Added Value programmes. Over the three-year Corporate Plan period, SEEDA has exceeded targets on nine out of ten outputs. Full detail is given for output targets at section 3.3 and for Strategic Added Value programmes at section 3.2.2.

A major task was the development and publication of the RES Implementation Plan with the first Annual Monitoring Report at our Open Public Meeting in October. The Implementation Plan set out a 'Living RES' process of continuous monitoring and review organised around a quarterly meeting of a RES Steering Group of key partners and an annual Partners' Conference. The Steering Group has been established and the first Partners' Conference will be held on 4 July this year.

SEEDA has also been reviewing our structures and procedures to ensure that we are geared up to deliver the RES. Our structure now reflects the three objectives of the RES, so that we have three Directorates delivering on Global Competitiveness, Smart Growth and Sustainable Prosperity, supported by three Directorates dealing with Strategy and Communications, Resources and Enabling Infrastructure and Development. We have also reviewed the structure and purpose of our Area Teams and our Sub-regional Partnerships to make sure that the RES targets are being delivered in place as appropriate and that local needs are taken into account in reviewing and developing RES implementation.

These new structures and approaches are set out in full in our new Corporate Plan 2008/11. This was developed through the second half of last year and approved by Ministers in May 2008. The new Corporate Plan makes very clear and direct links between RES targets and SEEDA's role in delivering them, so that partners can be clear what to expect from us, our funders can see our added value and our staff can see what their individual role is in achieving corporate objectives.

Highlights of the year from our **Strategic Added Value programmes** were:

- Collaboration between the cultural agencies on sports events has landed major events in the South East including the Tour de France, Tour of Britain, the World Archery Championships and the under 21 World Beach Volleyball championships. These add significantly to the £2.5 billion earnings our economy makes from sports tourism.
- A regional Financial Inclusion Strategy has been developed building on extensive mapping research undertaken in 2006.
- The Regional Skills for Productivity Alliance has made joint business planning of its partners a matter of normal practice. The Regional Minister has skills as a top policy priority and a Skills Summit is being held in July 2008.
- The Proof of Concept of Knowledge Transfer (PoCKeT) Fund was awarded the British Business Angel Association award for the 'most exciting new entrant to the market' in July 2007.
- The Innovation Advisory Service, the Enterprise Hub network and the Manufacturing Advisory Service have, between them, engaged with over 5,000 businesses and gained specific investments of nearly £170 million.
- 77 foreign direct investments have been assisted, which will create or safeguard over 4,000 jobs over the next three years.
- The six Business Link providers have generated efficiency gains of more than £1.5 million (approximately 6% of their total regional budget). During the year 2006/07, Business Link has worked intensively

with 14,500 businesses and provided support to more than 135,000 customers of which 17,500 were individuals thinking of starting a business. In addition, Business Link has increased its engagement with women from 26% of all customers to a current 31% of all customers.

- The Business Link Sustainable Business Service has been adopted nationally. It has provided advice to over 4,000 businesses over the year. The Business Resource Efficiency pilot announced by the then Chancellor in 2007 helped 2,250 businesses against a target for the year of 2,000.
- SEEDA co-chairs the Women's Enterprise Task Force, which successfully proposed the inclusion in the national Enterprise Strategy of a £12.5 million co-investment fund to target women-owned businesses.
- Over 100 South East companies had already won contracts to supply or service the 2012 Olympics using the new online Compete4 service by June 2008.
- The Hastings and Bexhill Task Force continues to show what can be achieved in addressing issues of economic under-performance by a strong and long-term partnership. Between 2002 and 2007:
  - Average earnings in Hastings have risen from 68% of the regional average to 82%
  - Commercial office rents have risen from £6–£7 to £12.50 per square foot
  - Workshop space rentals have increased from £4 to £8 per square foot
  - Approximately 1,000 jobs have been created or safeguarded
  - Business VAT registrations have improved. Figures for 2006 show more start-ups than de-registrations and a better survival rate than average for the South East. There were 9.5% new registrations and 6.8% de-registrations locally in comparison to 9.3% and 7.4% for the South East.

Highlights of **new work** not anticipated by the Corporate Plan 2005/08 include:

- Good progress on **ASTRAEA**, the £35 million national public/private partnership to develop unmanned aircraft. SEEDA's £2 million investment has supported R&D and knowledge transfer activities in the South East and resulted in a range of SMEs now working with QinetiQ, Thales, Flight Refuelling and BAE Systems. A number of successful demonstrations have taken place including flight demonstrations at Parc Aberporth and off the South Coast.
- A successful Greater South East bid to the European Space Agency **Alphasat** satellite project, which has been awarded to Astrium and Inmarsat. The project will bring significant economic and social benefits to the UK, including creating and retaining over 500 high-technology jobs within the Greater South East region. Astrium, based in Portsmouth and Stevenage, will develop and build the satellite.
- The **Incubation Physical Infrastructure** programme has provided space for business and supported entrepreneurship in areas of economic need. SEEDA successfully negotiated a development agreement with Chatham Historic Dockyard Trust (CHDT) to develop the site on behalf of SEEDA. The purchase was made possible due to a grant from Communities and Local Government (CLG) of £1 million achieved through positive partnership working with Medway Council.
- **University of Oxford, Begbroke Science Park**: SEEDA invested in a 'high-tech' fit out of laboratory space in the new Centre of Innovation and Enterprise at Oxford University's Begbroke Site, which is already 100% occupied.
- The **South East Health Technologies Alliance** (SEHTA) has assisted over 50 companies in raising £5 million of equity.
- The **Innovation Advisory Service (IAS)** has in the two years of operation engaged with 1,240 businesses. It has gained specific investments of £29.26 million and additional annual turnover of £15.65 million.
- **Designing Demand**: 10 companies have completed the programme and a further 38 businesses worked with Senior Design Mentors to develop design strategies for their companies. An evaluation of the programme indicates that it is having an extremely positive impact on company profits.

- SEEDA completed the purchase of the former RAF **Hythe** in the New Forest from Defence Estates. Linking with East Cowes on the Isle of Wight, SEEDA has ensured the land at Hythe and Woolston has been secured to help provide development land for the Marine Sector in the South East. This has resulted in the investment by **Palmer Johnson** in three sites at Hythe, Woolston and East Cowes to bring 800 new jobs to the marine industry in the Solent.
- **Shoreham Harbour Area:** In December 2007, the SEEDA Board approved the expenditure of £2.95 million over the next three years to further develop the Shoreham Harbour proposal. The timescale for the development is up to 20 years. SEEDA has established a steering group to oversee the project, with full support of the three local authorities – Adur District Council, Brighton & Hove City Council and West Sussex County Council. In addition, Shoreham Port Authority, the Environment Agency and the Highways Agency are part of the group.
- **Making the most of 2012:** Over 100 South East companies have won contracts ranging from catering and events to business services and construction.
- SEEDA secured funding from the Academy for Sustainable Communities (ASC) for a **Learning Laboratory project** focused on the **Five Town Network** in coastal West Sussex.
- Evidence gathered through the **Making Places** report, together with a separate but related survey will be used in evidence to the Communities and Local Government Committee Inquiry (CLG) into the skills capacity within local government to deliver sustainable communities.
- **Engaging Places:** The South East was one of three regions where Engaging Places was piloted to explore ways of improving the delivery of learning and education in the built environment sector. SEEDA chaired the South East regional group and engaged the Construction Industry Training Board in it. The Engaging Places team was introduced to the STEM (Science, Technology, Entrepreneurship and Management) team and DCMS are now actively pursuing how they could work together in the future.
- SEEDA has sponsored the regional forum to promote flexible and teleworking, **Workwise South East**, with BT, Centrica, NHS South East, First Great Western, SEERA and SEEDA as initial members. A prospectus to inform and attract additional supporters has been published and a formal launch took place in mid-April 2008. The Matisse programme (initially funded by SEEDA and managed by e-Hampshire) has provided valuable insights into teleworking by employees of SMEs and large public sector organisations and is now being continued by Hampshire County Council and its partners in e-Hampshire.
- **Flood Recovery:** The July 2007 heavy rainfall in the South East affected Oxfordshire and to a lesser extent, parts of Berkshire, south Buckinghamshire and Surrey. SEEDA support for businesses affected by the floods was mainly provided through a £130,000 Flood Relief Fund administered via Business Link. In addition, SEEDA supported the tourism sector through Tourism South East and provided support to the Flood Recovery Coordination Group in Oxfordshire. The scheme has received 78 applications, and 66 companies have received payments totalling £130,000. An independent evaluation of the flood fund has been published. The principal recommendation is that a region-wide disaster recovery plan is developed. SEEDA has adopted the recommendation and will work with key partners to develop a regional disaster recovery plan by autumn 2008. In addition to the Flood Relief Fund, SEEDA worked closely with Tourism South East and provided a grant of £50,000, which levered £500,000, for a campaign supported by the private sector and Visit Britain to restore consumer confidence.
- **Foot and mouth disease (FMD):** Following the foot and mouth outbreak in Surrey in August 2007, and the later incidence of Bluetongue disease, SEEDA worked very closely with the National Farmers' Union and the Country Land and Business Association and the main Rural Stress Networks. We provided funding of £175,000 to help those affected. The unavoidable effects of climate change mean that exotic animal diseases will be more prevalent in future and we have therefore set up preventive measures such as better husbandry among hobby farmers to try and limit their effects.

- The **Area Investment Framework (AIF)** programme was identified as a key action in the RES 2002/12 building on the success of a series of pilots across the region, deployed in the latter stages of the Single Regeneration Budget programme. The AIFs were seen as the development of a new sub-regional delivery arrangement in priority regeneration areas. Ten AIFs were identified and became operational from April 2004 until March 2008. Thirty-nine million pounds was invested in the 10 priority areas through new partnership structures made up of the public, private and third sector. The programme achieved over 3,000 jobs created or sustained, nearly 5,000 people were supported to get a job, over 9,000 businesses were supported to improve performance, 14 hectares of brownfield land was remediated, 30,000 people received skills development and £10 million was levered in from the private sector with a further £50 million being levered in from the public sector.

In addition, SEEDA developed three Area Programmes in the Milton Keynes, Oxfordshire, Buckinghamshire and Berkshire sub-region, which targeted Super Output Areas in the bottom 20% nationally according to the Indices of Multiple Deprivation, recognising that concentrations of deprivation exist within areas of economic success. SEEDA devolved £6 million funding to the three partnerships over three years to March 2008, creating or safeguarding 171 jobs, assisting 1,604 people into employment, assisting over 500 businesses to improve their performance and developing the skills of 4,700 people in these hard-to-reach communities. In addition, the programmes have promoted a more strategic evidence-approach to regeneration.

The AIF and Area Programmes resulted in a range of successful projects linked to sub-regional priorities. These included:

- The Centre of Portsmouth Learning Campus, which was opened this year following an investment of £550,000, which levered in a £38 million total funding package including the LSC and Highbury College.
- The Better Business Park Project in West Sussex. Key achievements include the establishment of six business park associations and the establishment of a Business Improvement District on Lancing Business Park, one of the largest industrial estates in the South East, which will raise an estimated £500,000 over the five-year business plan period.
- Work with LSC and HEFCE to inform the £500 million capital investment going into education along the Sussex Coast by 2010. As a direct result of the project, partners and stakeholders are now better informed of local need and the potential demand for learning. There is now commitment from many of the provider organisations to work together, align capital funding and maximise the opportunity that these developments can offer.
- All three Area Programmes developed a community learning and basic skills project as the backbone of the programme, facilitating the provision of skills directly into communities, encouraging adults into learning and preparing them to undertake level 2 qualifications. These included the Reading TEA (Training Employment Advice) Shop, Slough Hub and Spoke, Oxfordshire's Learning Communities and Routes to Success in Milton Keynes.

### **3.1.2 Important future developments**

The Sub-national Review of Economic Development and Regeneration (SNR) was published in July 2007. A further consultation document was published in March 2008 and the consultation period ends in June. While it is still unclear exactly how the proposed new system of regional architecture will work in the South East, it is clear that SEEDA's role will change substantially by 2010-11, in taking responsibility for the regional planning function from the Regional Assembly. Much work has been done on this through the last financial year and it will continue to be a focus for the coming Corporate Plan period.

### **3.1.3 Significant changes in fixed assets**

There was no significant movement in fixed assets during the year.

### **3.1.4 Financial results**

The total grant and income received during the year was £205.3 million (2006/07: £202.5 million). In addition to our 'Single Pot' of £165 million (2006/07: £159 million) Government grant aid, SEEDA gained £11.6 million (2006/07: £14.2 million) European funding, £7.8 million (2006/07: £5.9 million) other grant income and £20.9 million (2006/07: £23.4 million) other general income. Total income was expended on grant awards to the region, on direct investment and capital assets.

### **3.1.5 Efficiency measures**

As part of the Government's efficiency measures, SEEDA was required to achieve 2.5% savings for the three years 2005/08, adjusted for inflation, based on 2004/05 as a benchmark and based on specific agreed items. The annual target for 2007/08 of £10.4 million was exceeded by £1.7 million, such that the Agency has now exceeded the overall three-year target of savings of £20.4 million by £15.6 million on the selected items. Particular areas of success have been reducing the cost of consultants, increasing outputs higher than in proportion to spend, improving returns from property rentals and the continued strong performance of Business Links providing additional business support while reducing overheads. These savings have been reported to Government via BERR.

### **3.1.6 Organisational Development programme**

SEEDA's organisational change programme continued in 2007/08. As well as working on behaviours and systems, three important new structures were created to help SEEDA gear up to deliver the RES. Firstly, three Directorates were created to address the three objectives of the RES: Global Competitiveness, Smart Growth and Sustainable Prosperity. These are supported by three further Directorates: Strategy and Communications, Resources, and Enabling Infrastructure and Development. Secondly, assessment centres were held as part of the appointment process for a new tier of Directors who will lead on the operational and performance management of SEEDA within the strategic framework set by the Executive Board. Each Director takes ownership and accountability for delivery within a function or an area and meets twice-monthly as the Directors' Group, chaired by a member of Executive Board. Thirdly, the Area Teams have been reviewed and restructured. There are now five teams structured to focus on strategic partnership working, rather than the delivery of the AIFs and Area Programmes.

This process will continue as required to ensure the organisation is suitable for the new challenges of the RES, CSR 2007 and the Sub-national Review. In addition, the internal processes and systems are being updated, for example a major upgrade of the Agresso finance system.

## 3.2. Activity report

The activity section of this report provides details of the progress SEEDA has made in the final year of the 2005/08 Corporate Plan. Progress is shown against the Strategic Influencing priority of the Corporate Plan and the milestones of the 24 Strategic Added Value programmes.

### 3.2.1 Strategic influencing

Strategic influencing has continued to be a priority area of work for SEEDA during 2007/08. Detailed below are some examples of key activities under this theme.

**South East Plan** The Panel report into the Examination in Public of South East Plan was published in August 2007. The Planning Team led the provision of SEEDA's evidence at the Examination in Public (EiP) of the South East Plan (the Regional Spatial Strategy). The headline objectives of the draft SE Plan and the RES are in broad alignment; we sought amendments to the draft Plan in order to better deliver sustainable economic growth.

One of the key points of difference between the spatial and economic strategies was the number of new houses required in the region. The final Panel Report on the EiP recommended higher housing figures and strengthened the Plan's approach to economic development. In addition, the Panel recommended an immediate partial review of the Plan to ensure there are robust targets for employment growth and provision of land for economic development.

**Regional Economic Strategy (RES), Evidence Base and Implementation Plan** Working with partners to agree the RES Implementation Plan and delivering the first Annual Monitoring Report was a strong focus for the first half of the year. Continuing the strong engagement of partners achieved in developing the RES, we have identified 'target sponsors' for each of the 14 targets. We have worked with them and other key regional partners to develop detailed Action Plans, which were published on the web in April 2008 and we have put in place the components of the 'Living RES' process described in the Implementation Plan. Tools we have developed for monitoring progress on the RES include traffic lights for each target, which show how well the region is geared up to deliver the target and 'policy-on' graphs, which show actual progress on each target and the 'added value' we aim to deliver through the RES.

Research and policy support has been significantly strengthened during the year, allowing SEEDA to work jointly with regional partners on research projects. Joint projects have been completed with the South East Diamonds for Investment and Growth (developing metrics for economic and environmental performance in each Diamond); the Regional Assembly (developing a common use of economic forecasting); the Assembly, GOSE and Economic Partnerships (the economic impact of migrant workers in the region) and the Learning and Skills Council (review of priority sectors and developing a sector network blueprint). This new approach has resulted in a better evidence base, which will stand us in good stead in moving to a joint **Regional Delivery Plan** and subsequently to a single **Regional Strategy**.

Work has started with the Regional Assembly on the **Regional Delivery Plan** (formerly referred to as the Single Delivery Framework). This brings together the implementation plans of the RES and the SE Plan, where they coincide or overlap, and will give the region a stronger concerted effort on major aspects of delivery while building a good foundation for moving to the single Regional Strategy. The Plan will be used to influence the second **Regional Funding Allocation** and will also be used to pilot ways of working with the new **Homes and Communities Agency**.

**Sub-national Review of Economic Development and Regeneration** SEEDA's Head of Planning was seconded on a part-time basis to Communities and Local Government (CLG) to assist with the drafting of proposals for the Single Regional Strategy, as set out in the Sub-national Review of Economic Development and Regeneration (SNR). Discussions with key partners in the South East continue on the arrangements for aligning national, regional and local objectives.

## Regional Partnership Working

**Sub-regional Partnership Review** Following a wide-ranging consultation and review on the effectiveness of 72 SEEDA funded sub-regional partnerships, the SEEDA Board agreed in July 2007 to work with local authorities to develop partnership arrangements that embed business priorities within Local Area Agreements (LAA) and Multi-Area Agreements (MAA) in order to achieve effective delivery of RES outcomes and as a mechanism for taking forward work in the Diamonds for Investment and Growth.

As a result, 13 new Partnership arrangements and an associated support network will be established, conditional on robust appraisal and business planning. SEEDA will provide £5.4 million investment in the next three years, focused on developing local capacity to deliver RES outcomes.

**Area Teams Restructure** Area Investment Frameworks and Area Programmes closed at the end of March 2008, with a very few legacy projects continuing. To reflect the new emphasis on strategic partnership working, the four Area Teams were increased to five from April 2008 and strengthened. Their remit is to work externally through key local and sub-regional partnerships to support the economic development needs of sub-regions and localities. They will also work internally across SEEDA to put in place 'Team SEEDA' approaches to economic development in key places. The development of sub-regional and local economic development evidence bases will be a key tool in supporting their work.

**Economic Contours** Following the Government Select Committee on Coastal Towns' recommendation that SEEDA lead an RDA network on best-practice to tackle coastal town issues, SEEDA has worked closely with a wide range of partners to develop a **Coastal Strategy** for the South East. The aim has been to enable urban coastal areas to become a major contributor to the region's overall success by addressing specific challenges, including the need to improve connectivity along the coast with key hinterlands and London, raise educational aspirations and support business start-ups. SEEDA has also worked with partners to specify actions to deliver the strategy.

**Waterfront Strategy** In response to calls from the Marine industry for waterfront land space, SEEDA commissioned the Solent Waterfront Strategy. The strategy is a ground-breaking, comprehensive economic and spatial study of the marine sector in the Solent sub-region. The strategy concludes that growth is being limited by particular waterfront land space and water requirements necessary for expansion. SEEDA is working with a number of other organisations, including local authorities, Marine South East and the Environment Agency, at looking at how this land can be safeguarded for future marine use.

**Rural** In order to maximise the impact of the work of all partners, and free up time for delivery, SEEDA has been leading work with the Government Office and other partners to review rural governance structures in the region. It has been agreed that there will be a new Rural Board, with an independent Chair, which will act as the rural lead taking forward the Rural Action Plan. It will also have a 'watchdog' role to capture what is working well and where there are problems.

**Diamonds and Growth Areas** SEEDA has been working to support the collective approach being taken by the Diamond Local Authorities to develop strategies and action plans for the 8 Diamonds for Investment and Growth. In particular, this partnership working has led to the Board of the Ecological Footprint Diamonds Policy Group agreeing to an overall ambition to stabilise the ecological footprint in the Diamonds for Investment and Growth by 2014, two years earlier than the RES target.

SEEDA has also facilitated, in consultation with stakeholders, the development of a shared vision for the **Gatwick Diamond**. The public and private sector are now united in their vision to establish the Gatwick Diamond as a world-class, internationally recognised business location by 2016. A 'Future Plan' is being developed with GHK Consulting, using catalytic funding from SEEDA. There has been strong business input for the work across the Gatwick Diamond and this has been galvanised by both West Sussex and Surrey Economic Partnerships. Strong collaborative support and joint working of the six local authorities and two county councils across the Diamond has been reflected in their contribution to and support for the 'Future Plan'.

**Urban South Hampshire** SEEDA has established an internal South Hampshire Task Group to work with the Partnership for Urban South Hampshire and other agencies to develop deliver and resource some of the priorities within the PUSH Business Plan.

**Local Area Agreements and Multi-Area Agreements** SEEDA has worked closely throughout the year with regional and local partners to align the 19 LAAs across the region with the RES priorities and targets. SEEDA has had significant input on skills, employment, enterprise, climate change and energy indicators, and in determining associated actions. SEEDA has supported the initial work in shaping the priorities and asks of Government for the Multi-Area Agreement in South Hampshire that PUSH are submitting to Government in June.

#### **Strategic influencing across regional boundaries:**

**Thames Gateway Economic Development Investment Plan** SEEDA, the East of England Development Agency and the London Development Agency consulted widely on this plan and secured a joint Strategic Economic Investment Fund of some £200 million with £80 million contribution from the Department of Communities and Local Government. The partnership approach to developing a Thames Gateway Economic Development Investment Plan will ensure that SEEDA's investments, together with investments from our partners, are used to create pan-gateway impact in order to achieve a transformation of the Thames Gateway economy, which could generate £12 billion extra GVA across the three regions.

**Greater South East** SEEDA has continued to work with London and the East of England on issues to benefit the Greater South East. As well as the two major joint projects on Alphasat and the Thames Gateway EDIP, two events were held in June and October to influence central Government and new regional ministers as to the economic importance of the Greater South East to the whole of the UK. A joint Board meeting of the three Regional Development Agencies (RDAs) was held in October 2007 to agree priorities and approaches.

**National housing policy** SEEDA, together with the South West of England Development Agency (SWERDA), Advantage West Midlands (AWM) and East Midlands Development Agency (EMDA), British Telecom (BT) and the Royal Town Planning Institute (RTPI), supported the Live/Work Network to commission a report into the role of live/work units in national housing and sustainable development policy. Live/work contributes to the growing trend for home-based businesses, which currently comprise 41% of new business starts. The report sought to: raise awareness of what live/work is and what the market for the future might be; highlight the practical and policy issues that surround the development of live/work; explore the contribution that live/work can make to reducing the carbon footprint of economic activity and building sustainable communities; and recommend ways in which public policy can develop to maximise the benefits of live/work. A national conference to disseminate the report's findings was held in April 2008.

SEEDA seconded a member of staff to the Government sponsored Callcutt Review of house building delivery. The independent review examined how the supply of new homes is influenced by the nature and structure of the house building industry and also considered how these factors influence the delivery of the Government's increased housing targets.

SEEDA also participated in the work of the Housing Forum (a national member-led industry body) to consider how better planning processes and procedures might be developed, which could lead to a more rounded delivery of new homes, taking into account social, economic and spatial factors. SEEDA was represented on a task group asked to examine land supply and finance. The overall findings were presented at a national conference in April 2008. Housing Forum members are currently being consulted on the recommendations and next steps.

## Working in Europe

The South East's Joint Europe Committee (JEC), comprising representatives of SEEDA, the Regional Assembly and local partners, submitted a response to the consultation on 'Europe's Social Reality'. Informed by a JEC partners' conference in November 2007, a number of key messages were highlighted, in particular drawing attention to considerable intra-regional variations of economic and social performance in the South East, issues of multiple deprivation, lifelong learning, the impact of antisocial behaviour and migration. Detailed comments were provided on the transition to a post-industrial knowledge and service economy, the welfare state, demographic changes, changing values, well-being, access to services and facilities, skills, employment and economic activity in the South East.

The South East European Regional Development Fund (ERDF) Competitiveness Programme 2007–13 was developed during the course of 2007 with close liaison between key regional partners, the European Commission's Directorate General for the Regions and a region-wide consultation. The programme, which focuses on promoting sustainable production and consumption, was the first of the English programmes to be adopted by the Commission on 6 December 2007. The programme will deliver business support activity to SMEs in the region in line with the national Business Support Simplification Programme. SEEDA became the designated regional Intermediary Body ERDF with Managing Authority responsibilities delegated from CLG by means of a Statutory Instrument that came into force on 31 January 2008.

## National lead roles

All RDAs take on national lead role work to coordinate links between Whitehall and RDAs and to ensure that RDA views are fed into central Government in a way that has the most impact on areas of critical importance to regional economic development. SEEDA held the lead role for the following areas in 2007/08:

- Enterprise (including social enterprise and women's enterprise)
- Corporate Social Responsibility (CSR)
- Innovation
- Waste
- Energy
- Broadband.

## Enterprise

- SEEDA led the development of a joint RDA response to BERR's Enterprise Strategy 'Enterprise: Unlocking the UK's Talent', published as part of the budget on 12 March. The paper gave the RDAs' policy response, detailed current investments and proposed the key role RDAs will play in making the Strategy happen. The work of the Women's Enterprise Task Force (WETF), chaired jointly by Pam Alexander and Glenda Stone, CEO of Aurora, greatly informed the Strategy.
- SEEDA has continued its strong leadership of the Business Support Simplification Programme (BSSP), through membership of the national Board on behalf of RDAs and Chairing the National Steering Group. SEEDA has influenced the development of specific new 'products' through joint leadership of the Business Expertise and Business Creation development work with BERR, and through joint leadership of the suite of Innovation products, with DIUS.
- Business Link: SEEDA has led the development of an improved performance management framework and customer satisfaction survey methodology, which was rolled out across the RDAs on 1 April 2008.
- SEEDA co-chairs and has provided the secretariat and management function for the national WETF, working with the public and private sector members to influence the women's enterprise agenda across Whitehall and RDAs. The Task Force has increased the profile of women's enterprise in central Government. The Government's Enterprise Strategy, published in March 2008, included a £12.5 million co-investment fund to target women-owned businesses, a national mentoring network for women business owners and support for women to access corporate sector contracts.

- In April 2007, SEEDA assumed responsibility for the management of the devolved national Business Link Marketing and Brand Management budget of £1.7 million. A key accomplishment of the national Business Link team included the SEEDA-led project to develop the improved Business Link performance management framework and customer satisfaction survey methodology, which was rolled out across RDAs in April 2008. SEEDA coordinates Business Link national performance and led the discussion with BERR Ministers and officials on behalf of RDAs on the performance of the Business Link network.

## **Innovation**

- SEEDA ensured that the Sainsbury Review recognised the importance of the regional role and that the development of the Technology Strategy Board (TSB) was achieved in close strategic partnership with the regions.
- Following the publication of the Sainsbury Review, SEEDA has led the work on aligning TSB and RDA strategies. All RDAs have prepared regional prospectuses, with input from their Science and Industry Councils as the basis for a £2 billion programme of work supported by the TSB, RDAs and Research Councils.
- SEEDA worked closely with DIUS on the Innovation Nation White Paper. The White Paper gives RDAs strong recognition for their contribution as both strategic and business support bodies. Specific commitments, including Innovation Vouchers and New Partnerships for Innovation, are supportive of the evolving RDA role.

## **Waste**

- In its lead role on waste issues, SEEDA provided the link between the RDA network and DEFRA on the Government's Waste Strategy 2007, contributed to the work of the One Planet Economy Task and Finish Group and represented RDAs on the national BREW Bodies Coherence Group.
- SEEDA is leading the development of a major initiative, 'Pathway to Zero Waste in the South East', which will act as a national pilot, learning lessons for the RDA network.

## **Energy**

- SEEDA has worked with other RDAs to progress delivery of the RDAs' commitments in the 2007 Energy White Paper and to influence national policy development through coordinating RDA responses to Government energy and climate-related consultations, including Banding the Renewables Obligation, the Climate Change Bill and Nuclear Policy. SEEDA made a submission on behalf of RDAs to the House of Commons IUS Committee on Renewable Energy Technology.

## **Broadband and ICT**

- SEEDA has leads for the RDAs on the Broadband Stakeholders Group (BSG – the Government's chief advisory body on Broadband) and has chaired the steering group for one of the BSG's main work streams and contributed, along with other RDAs, to other work streams arising out of the BSG's 2007 'Pipe Dreams' report.
- SEEDA is also developing relationships with the telecommunications regulator, Ofcom, and prepared a joint RDA response to Ofcom's consultation on regulation of Next Generation Access (NGA) networks. Discussion is taking place on possible future joint activity to better understand broadband availability across the UK.

### 3.2.2 Strategic Added Value milestones 2005/08

The table below shows progress against the Strategic Added Value milestones for the three years as set out in the Corporate Plan. Good progress has been made in all 24 programme areas and all milestones have been met over the three-year Corporate Plan period or revised for changed circumstances.

**Table 1: Progress against Strategic Added Value milestones**

1. REVIEW OF REGIONAL ECONOMIC STRATEGY	
Activities and milestones	Strategic Added Value
<p><b>2005/06</b></p> <p>Evaluation and consultation as basis for a review and revision of the Regional Economic Strategy.</p>	<p>Achieved alignment of all regional partners behind a shared view of objectives and priorities for the economy of the South East to perform to its full potential.</p>
2. HOUSING AND CONSTRUCTION	
Activities and milestones	Strategic Added Value
<p><b>Housing</b></p>	
<p><b>2005/06</b></p> <p>Complete research into private sector housing to inform the Regional Housing Strategy.</p>	<p>Studies completed to inform work of Regional Housing Board in updating of SE Housing Strategy.</p>
<p><b>2006/07</b></p> <p>Complete series of meetings with private sector house builders and landlords and RSL's to identify solutions to poor private sector housing.</p>	<p>SE Excellence Advisory Board recruited, drawn from highly regarded professionals. Website reached average of 11,000 hits per month against target of 3,000.</p>
<p><b>Construction</b></p>	
<p><b>2005/06</b></p> <p>Work with the English region RDAs and English Partnership and produce targeted marketing campaign to promote and disseminate best-practice in construction.</p> <p>Develop SEEDA policy to ensure sustainable construction and best-practice principles are demonstrated in development activity.</p> <p>Construction Sector Consortium set up.</p>	<p>A cross-RDA good practice document was published in February 2005. South East Excellence, the brand name for the Regional Centre of Excellence for sustainable communities was launched in September 2005.</p> <p>South East Sustainability Checklist for Developers refined and more widely disseminated.</p> <p>South East Centre for the Built Environment (SECBE) established.</p>
<p><b>2007/08</b></p> <p>Host series of Inter-RDA construction meetings and feedback construction issues to central Government and others.</p>	<p>SEEDA handed the national lead role for construction to EMDA in March 2005. In 2007–08 the national group made a cross-RDA response to the Government's Sustainable Construction Strategy.</p>
<p><b>BLAT</b></p>	
<p><b>2005/08</b></p> <p>Complete design and implementation of the Corporate Structure for BLAT, with ownership from stakeholders, to lever private funding into affordable housing development.</p>	<p>Business plan completed and two private sector developers confirmed as members.</p> <p>Brownfield Land Assembly Company officially formed January 2007. 13 hectares acquired and remediated.</p>

<p><b>2007/08</b></p> <p>Acquire and remediate a total of 19 hectares of fragmented brownfield land.</p>	<p>Change in policy direction overtook this milestone in the Corporate Plan period. SEEDA continued to remediate land under its strategic development programme.</p>
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### 3. PLANNING AND TRANSPORT

Activities and milestones	Strategic Added Value
<p><b>Transport projects</b></p>	
<p><b>2005/08</b></p> <p>Launch HST Connect project.</p> <p>Launch Trans European HST Network with and obtain European funding.</p> <p><b>2006/08</b></p> <p>Lever in additional funding for further projects.</p>	<p>Project launched.</p> <p>Network launched and European funding obtained.</p> <p>Continued development of SMART project (Solent-Midlands Advancement of Rail Transport) under SEEDA leadership. £55 million TIF-P funding has 'minded to approve' status; DfT announced £43 million to enhance the gauge on the Southampton-Nuneaton corridor</p>
<p><b>Statutory Planning Role</b></p>	
<p>SEEDA will be formally consulted by Local Planning Authorities on applications they receive that are either a) considered to affect the provision of an existing or proposed strategic infrastructure project and which are likely to have a significant impact upon a policy in SEEDA's strategy b) relate to the development or improvement of light rail network and/or c) affect the implementation of a strategic regional investment or employment policy in the Regional Development Strategy.</p>	<p>2005/06: Two major applications in Milton Keynes and Folkestone seafront.</p> <p>2006/07: Evidence and arguments on sustainable economic development impact given at Examination in Public of RSS.</p> <p>2007/08: SEEDA responded to consultations on 106 planning applications and 59 Local Development Framework documents.</p>
<p><b>Planning and Development Frameworks</b></p>	
<p>SEEDA will focus on priority areas and projects and feed into the preparation of the Regional Spatial Strategy (South East Plan).</p>	<p>Our responses are now guided by two Advice Notes (one for planning applications and one for LDFs) that were produced in the 2007/08 year and are now on SEEDA's website.</p>
<p><b>Other infrastructure: East Kent Spatial Development</b></p>	
<p>SEEDA will continue to support the capital provision for East Kent Spatial Development programme over the next three years.</p> <p>This innovative company is established as a means of advance procurement of infrastructure and has fast-placed its first contract for electricity reinforcement in Thanet at a value of £11.3 million.</p>	<p>Having successfully completed its first contract for electricity reinforcement the EKSDC is now establishing further contracts for the supply of additional utility reinforcement to Thanet and Dover. The EKSDC has expanded its operating limit to include the Canterbury and Shepway areas of East Kent and is looking to align itself with the emerging East Kent LSP.</p>

## 4. CULTURE

Activities and milestones	Strategic Added Value
<b>Cultural agency collaboration</b>	
<p><b>2005/06</b></p> <p>Integrate culture and regional cultural strategy into revised AIFs and Growth areas.</p> <p>Host three culture visioning workshops for Thames Gateway Kent policy-makers.</p> <p>Contribute to the development and delivery of a region-wide Learning and Culture conference and networking event.</p> <p>Ensure culture a valid part of planning process and South East Plan.</p> <p><b>2006/07</b></p> <p>Model of business support for cultural industries.</p> <p>Contribute cultural elements to Regional Centre of Excellence for regeneration.</p> <p>Annual event on culture in rural areas.</p> <p><b>2007/08</b></p> <p>Models for role of culture in regeneration (especially in coastal towns and rural areas) and in social inclusion.</p>	<p>Cultural Coordinator for Thames Gateway North Kent co-funded.</p> <p>Support secured for a Culture Framework and Toolkit.</p> <p>The Learning Curve conference was held in June 2006 at Slough, followed by a programme of work to develop the contribution of culture to skills in the lead up to 2012.</p> <p>Four major themes identified for collaboration: learning and skills; major sports events including 2012 Olympic Games; evidence base for cultural and creative industries; focus on Growth Areas.</p> <p>Not supported.</p> <p>Following the publication of <b>Demonstrating the Case for Culture</b>, SEEDA has worked with GOSE and regional cultural partners to produce the LAA toolkit to aid partners in integrating culture within localities to boost their inclusiveness and sustainability.</p>
<b>Cultural Observatory</b>	
<p><b>2005/06</b></p> <p>Pilot Cultural Observatory.</p> <p><b>2006/07</b></p> <p>Implement Cultural Observatory.</p> <p><b>2007/08</b></p> <p>Further develop Cultural Observatory.</p>	<p>Observatory piloted.</p> <p>Observatory implemented and has received nearly 160,000 hits since September 2006.</p> <p>Cultural Observatory has developed major themes and is the site for Thames Gateway cultural toolkit and local government toolkit. Plans to develop GIS functionality.</p>
<b>Evidence base</b>	
<p><b>2005/06</b></p> <p>New/updated evidence base for the SE.</p> <p>Training and secondments.</p> <p><b>2006/07</b></p> <p>Evaluation toolkit.</p> <p>Good practice website within cultural observatory.</p>	<p>Demonstrating the Case for Culture, published in March 2007, set out the parameters for the contribution of culture to economic development through a number of case studies with clear impacts on their local economy.</p> <p>Website of best-practice established.</p> <p>Launch of cultural framework and toolkit for the Thames Gateway.</p>

<b>Sports and cultural events strategy</b>	
<p><b>2005/06</b></p> <p>Develop Sports Events Strategy in light of London 2012 bid success.</p> <p>Research into need for cultural events strategy.</p>	<p>Regional Olympic coordinating committee established.</p> <p>Complete.</p>
<p><b>2006/07</b></p> <p>Implement sports strategy and develop cultural events strategy.</p>	<p>Priorities and activities defined for regional 'offer' for 2012 Games, launched by Jonathan Edwards: 'Compete, Create, Collaborate'.</p>
<p><b>2007/08</b></p> <p>Further develop sports and cultural events strategies.</p>	<p>The joint project with the cultural agencies has brought new events into the South East. These include the Tour de France, the World Archery Championship and the under 21 World Volleyball Championships.</p>

## 5. EUROPEAN UNION; INFLUENCE AND FUNDING OPPORTUNITIES

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p><b>2005/06</b></p> <p>Review South East England House with partners.</p>	<p>South East England house review and new model agreed.</p>
<p><b>2006/07</b></p> <p>Agree new model for representation.</p>	<p>New model agreed and implemented.</p>
<p><b>2007/08</b></p> <p>Implement new model.</p>	<p>New office opened, January 2007.</p>
<b>Policy influencing</b>	
<p><b>2005/06</b></p> <p>Start to integrate European strategy within RES.</p> <p>Identify SEEDA's contribution to the implementation of the Lisbon Agenda.</p> <p>Influence structural funds to reflect Lisbon goals.</p> <p>Contribute to enterprise, competitiveness and innovation agendas as well as transport issues.</p> <p>Recognition by UK Government and European Commission of SE contribution to Lisbon agenda.</p>	<p>Cross-cutting theme on Europe included in the new RES.</p> <p>New RES priorities mapped onto Lisbon Agenda.</p> <p>Regional and national ESF programmes and ERDF regional programme influenced to align with Lisbon agenda.</p> <p>Lisbon mapping exercise promoted to European Commission, UK Rep and HM Treasury.</p> <p>EU issues mainstreamed into RES and its IP.</p>
<p><b>2006/07 and 2007/08</b></p> <p>Continue mainstreaming of European issues into the RES.</p> <p>Identify other key areas of interest for the SE.</p>	<p>Key areas for South East are: Lisbon Agenda, transport, climate change and sustainable development more generally, social cohesion.</p>
<b>Creating and using funding opportunities</b>	
<p>Manage, evaluate ESF Co-financing programme; devise exit strategy.</p> <p>Devise strategic framework for new structural funds.</p>	<p>Programme delivered; final tendering round held in 2006/07.</p> <p>Strategic framework for new structural funds devised and agreed with Commission in 2007/08.</p>

<p>Manage GROW programme to contribute to exchange of best-practice on sustainable development.</p> <p>Identify further funding opportunities for SEEDA and SE.</p> <p>Promote university/business collaboration in particular to take advantage of FP7 funding.</p> <p>Evaluate and steer development of SE funding.</p>	<p>GROW programme delivered and selected as best-practice example of inter-regional cooperation. Successful bid made for follow-on programme in 2007/08.</p> <p>ERDF Competitiveness and Employment Operational Programme approved by Commission in 2007/08.</p> <p>Successful bid made for programme of support for FP7 funding.</p> <p>SEEDA has contributed to the development of the South East Regional European Social Fund (ESF) Framework, which sets out the use of ESF funding in the region 2007/10.</p>
<b>Strategic Alliances</b>	
<b>2005/06</b>	
<p>Develop and implement rationale for strategic alliances with other regions based on Global Regions and facilitate European links for SEEDA divisions and the Regional Assembly.</p>	<p>Membership of Peri-Urban Regions Platform Europe, which is contributing to the debate on the Common Agricultural Policy.</p>
<b>2006/07</b>	
<p>Continue implementation.</p>	<p>SE seen as benchmark region on bringing young people back into employment.</p>

## 6. VOLUNTARY AND COMMUNITY SECTOR INFRASTRUCTURE AND PARTNERSHIP

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<b>VCS Infrastructure</b>	
<b>2005/06</b>	
<p>Develop regional compact or protocol with the VCS.</p> <p>Support RAISE with Home Office and GOSE and the delivery of the business plan.</p> <p>Enable a new BME network to form, closely linked to the development of BME businesses.</p> <p>Align the sub-regional VCS infrastructure to support SEEDA sub-regional investment, with a focus on enterprise development, skills and ICT.</p> <p>Meet with the Local Community Sector Task Force to plan and identify synergies.</p>	<p>SEEDA worked with GOSE and RAISE to agreed regional protocol.</p> <p>Completed.</p> <p>SEEDA worked with GOSE, the Home Office and community and business leaders from the BME communities to support a new network, SEREN.</p> <p>A first Almanac of the VCS in the region was produced through joint working between SEEDA, GOSE and RAISE. SEEDA was a founder member and funder of the emerging Social Inclusion Partnership South East and contributed to the first Social Inclusion Action Plan.</p> <p>SEEDA worked with the RDA network to influence the Task Force ensuring an SE dimension to policy development.</p>
<b>2006/07</b>	
<p>Support regional infrastructure with Home Office and GOSE, including route to BME communities.</p> <p>Establish through good practice models, policy of investment in community infrastructure in regeneration and growth areas.</p>	<p>Regional Action and Involvement South East (RAISE) position strengthened through redefined service level agreement (SLA) in extension to contract. Provided ongoing management of Social Inclusion Partnership SE, membership support to 1,600 VCS organisations</p>
<b>2007/08</b>	
<p>Establish a sustainable regional infrastructure for VCS.</p>	<p>SEEDA, working with BT, has developed a regional cross-sector collaboration – the Corporate Cabinet – which will contribute to the RES aspirations for economic inclusion, regeneration, quality of life and well-being.</p>

<b>Strategic partnerships</b>	
<p><b>2005/06</b></p> <p>Continues support and evaluation of community development initiative of faith groups in the cities and integrates into sub-regional activity.</p> <p>NHS procurement event, bringing NHS, and economic/regeneration partnerships together and an action plan formed.</p> <p>Continues support for SIPSE – Regional Director appointed and business plan agreed.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p>
<p><b>2006/07</b></p> <p>Evaluates faith initiative and embeds findings with local and sub-regional partners.</p> <p>Pilots NHS procurement initiative in targeted area.</p>	<p>The faith sector has been realigning itself and is now ready to re-engage through the South England Faith Forum in Q1 2007.</p> <p>NHS procurement pilot still under consideration.</p>
<p><b>2007/08</b></p> <p>Supports evaluation and roll-out of procurement initiative to sub-regions.</p>	<p>SEEDA led the development of a regional <b>Financial Inclusion Strategy</b>, building on extensive mapping research undertaken in 2006.</p>

## 7. SUSTAINABLE DEVELOPMENT

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p><b>2005/06</b></p> <p>Application of REEIO/REWARD model.</p> <p>SEEDA Sustainable Business Awards.</p> <p>Support for the development of egeneration, a web-based centre of excellence providing business support and advice on sustainability issues.</p> <p>Roll-out of expanded and improved Sustainability Checklist for Developments.</p> <p>Improved Sustainability component in SEEDA project appraisal system – and improved sustainability of SEEDA programmes and projects.</p> <p>Through the Integrated Regional Framework, region-wide application of a consistent set of sustainability indicators.</p> <p>Three SEEDA joint initiatives on climate change adaptation and opportunities with business/business organisations.</p> <p>Establishment of web pages on SEE-Online for the South East Water Resources Forum.</p> <p>South East Water resources forum conference to promote water efficiency.</p>	<p>The model was used in the development of the RES, enabling an assessment of the environmental implications of economic growth scenarios.</p> <p>These started in 2001/02 and were continued.</p> <p>Completed.</p> <p>Completed.</p> <p>Some progress made but more still to do in the new Corporate Plan period.</p> <p>Completed.</p> <p>SE Sustainable Energy Partnership established. Ongoing support for the SE Climate Change Partnership, including building on SEEDA-funded assessment of climate change impacts on the region and implications for adaptation strategy.</p> <p>Completed.</p> <p>Completed.</p>

<p><b>2006/07 and 2007/08</b></p> <p>SEEDA Sustainable Business Awards.</p> <p>Three SEEDA exemplar developments/demonstration projects.</p> <p>Full integration of sustainable construction best-practice in SEEDA development projects.</p> <p>Strategic Environmental Assessment of RES. Sustainability Appraisal of RES.</p> <p>Interim Technical Assessment of EU-funded SuRCaSE project to promote sustainable water management in SE river catchments.</p> <p><b>2007/08</b></p> <p>SEEDA Sustainable Business Awards.</p> <p>Completion of SuRCaSE project.</p>	<p>Enhanced version of Sustainability Checklist launched January 2007; virtual network developed for property and construction professionals to share best-practice; green roof and sustainable drainage system at Rolls-Royce's Goodwood plant; development of bio-kit with Berkeley Homes to encourage wildlife in new housing developments.</p> <p>SEA and SA for RES completed; planning and preparation for Waste Market Development Implementation Group.</p> <p>Four specialist project advisors appointed for SuRCaSE project focusing on rivers Kennet, Darent, Great Stour.</p> <p>The awards attracted high-class private and public sponsors such as HSBC, EDF Energy, QinetiQ and the Environment Agency, and provided exemplars of sustainable business practices.</p> <p>SuRCaSE project start delayed and so completion will be in third quarter 2008/09.</p>
<p><b>Environmental capital</b></p>	
<p><b>2005/06</b></p> <p>Analysis of trends, opportunities and barriers in the environmental economy.</p> <p>Establishment of web pages on SEE-Online for the South East England Biodiversity Forum.</p> <p><b>2006/07</b></p> <p>Development of regional Action Plan for the Environmental Economy.</p>	<p>Study of SE Environmental Economy by SQW updated.</p> <p>Completed.</p> <p>Work developed to feed into RES Implementation Plan.</p>
<p><b>Energy</b></p>	
<p><b>2005/06</b></p> <p>Three Flagship Sustainable Energy Projects (Bracknell Town Centre Regeneration and two further examples – a key criterion being replicability))</p> <p>Regional 'Windsupply' Programme.</p> <p>An Energy Knowledge Transfer Network (KTN) building upon the region's world-class research base.</p> <p><b>2006/07</b></p> <p>Demonstration biomass power plant.</p> <p>Low Carbon buildings – a range of regional exemplars.</p>	<p>Support for early development phase of community-owned Westmill Windfarm (commissioned 2007–08).</p> <p>Support for biomass boiler in Crowborough, linked to local wood supply.</p> <p>Supported renewable energy development/ESCO design within EU-funded Renewable Energy Scheme within Bracknell Town Centre Regeneration.</p> <p>Windsupply undertook wind turbine supply chain promotion including two workshops.</p> <p>An energy Knowledge Transfer Network (EnergiSE) was established within Envirobusiness.</p> <p>Biomass heat network being developed for Queenborough and Rushenden development.</p>

<b>Materials Resource Management</b>	
<p><b>2005/06</b></p> <p>Two Integrated Resource parks operational.</p> <p>Enterprise Hub for Integrated Resource Management.</p> <p>Industrial Symbiosis project initiated.</p> <p><b>2006/07</b></p> <p>Three further Integrated Resource parks.</p> <p>Anaerobic Digestion demonstration plant.</p>	<p>SEEDA-funded feasibility/pilot work into a Resource Park with Hampshire County Council.</p> <p>Industrial Symbiosis Project funded through BREW, delivered resource efficiency improvements.</p> <p>Resource Parks being taken forward through Waste Market Development Implementation Group.</p> <p>A feasibility study was conducted for a regional network of Anaerobic Digestion plants, linked with food/abattoir waste.</p>

## 8. SKILLS FOR INNOVATION, ENTERPRISE AND REGENERATION

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p><b>2005/06</b></p> <p>Launch of regional RSPA prospectus.</p> <p>Annual joint regional planning cycle for skills implemented.</p> <p>Between 10 to 15 colleges to be accredited through the Action for Business Network and offering improved services to employers.</p> <p>Regional skills brokerage structure in place with all six South East Business Links.</p> <p>Regional Skills Prioritisation Framework established and adopted by partners.</p> <p>Pathfinder Sector Skills Councils working with regional skills brokerage model.</p> <p>Regional Skills Summit held.</p> <p><b>2006/07</b></p> <p>Regional network of professional generalist brokers established across business support organisations.</p> <p>Annual joint regional planning cycle for skills implemented.</p> <p>Regional Skills Summit held.</p> <p>Explore expansion of the Action for Business Network to other forms of provision beyond FE colleges.</p> <p><b>2007/08</b></p> <p>Annual joint regional planning cycle for skills implemented.</p> <p>Regional Skills Summit held.</p>	<p>Work outlined in delivery framework for April 2005/07 being delivered and annual joint planning cycle implemented.</p> <p>12 colleges accredited.</p> <p>Structure in place through a joint venture company, Skills South East Ltd.</p> <p>The FRESA plan was established and adopted.</p> <p>Completed.</p> <p>Successful bid to deliver Train to Gain through Skills Advice Service in Business Links – programme levers in £16 million LSC funding over three years; five task groups taking forward joint work (employment and skills for 2012; 14–19 delivery; HE; and the ESF Strategic Delivery Framework); six Local Skills for Productivity Alliances have now developed their delivery frameworks for April 07 to March 09.</p> <p>Further 12 colleges accredited making total of 24 and programme evaluated as improving the way colleges work for employers and improved levels of employer engagement.</p> <p>Joint planning continues and is now business as usual.</p> <p>Skills summit taking place on 8 July 2008.</p>

<p>Action for Business Network programme to have been fully implemented.</p>	<p>23 FE colleges in the South East have completed the Action for Business College standard. Work is being taken forward under the new LSC National Training and Quality Standard, which is going to be rolled out to other FE providers in the region.</p>
<p><b>Leadership for Innovation</b></p>	
<p><b>2005/06</b></p> <p>Development of cross-SEEDA leadership strategy. Pilot Egan/urban regeneration programmes.</p> <p>Implement leadership and management strategy with focus upon medium-sized companies in parallel with the innovation oriented Manufacturing Advisory Service.</p> <p>Determine approach to piloting an International Institute for Innovation and Entrepreneurship hub.</p> <p><b>2006/07</b></p> <p>Wider development of public sector leadership programme.</p> <p>Complete Great Ideas in Science and Technology programme and establish best-practice.</p>	<p>Regional Centre of Excellence for sustainable communities launched as regional strategy in response to Egan.</p> <p>The Leadership and Management Strategy is being implemented with the Innovation Advisory Service, rather than MAS.</p> <p>An extensive international pilot study demonstrated that there was little demand for an Innovation and Enterprise Hub.</p> <p><b>MAD Ideas Competition</b> designed to encourage universities to present original products and services aimed at tackling some of the most pressing challenges facing the world today.</p> <p><b>Higher Education Entrepreneurship Group (HEEG):</b> HEEG is now specifically identified as a model of good practice in the Government Enterprise strategy.</p>
<p><b>Sector skills</b></p>	
<p><b>2005/06</b></p> <p>South East response to four Pathfinder Sector Skills Agreements fully completed.</p> <p>Joint SEEDA and Sector Skills Development Agency funded post established to coordinate South East labour market intelligence for Sector Skills Agreements.</p> <p>Four pathfinder Sector Skills Councils working with the regional skills brokerage model.</p> <p>Skills prioritisation framework taken forward to identify skills shortages and gaps for the identified five strategically important sectors and associated clusters and networks.</p> <p>Start working with SEEDA's 7-sector consortia to address skills needs, as part of holistic business support packages.</p> <p>Regional skills brokers professionally qualified to offer skills support as part of an holistic business package.</p> <p>Regional network of six sector skills managers established.</p> <p>Skills brokerage model working in conjunction with the Action for Business Network.</p> <p>CBI-led employer skills group informing regional partners, including FE and HE, of employers' demands for skills.</p> <p>Regional Science Resource Unit/Hubs established with partners.</p> <p>South East Sector Skills Forum supporting national Sector Skills Councils to articulate and inform the Regional Skills for Productivity Alliance and regional partners of South East employers' skills demands.</p>	<p>Majority complete or nearing completion.</p> <p>Post established and continues to be hosted by SEEDA.</p> <p>Completed – working with Skills South East.</p> <p>Framework taken forward and findings on five sectors are informing development of interventions.</p> <p>Work initiated and ongoing.</p> <p>Regional Skills Brokers now part of the Train to Gain service.</p> <p>Network established.</p> <p>Skills brokerage model working through ABN.</p> <p>The CBI is an active member of the Regional Skills for Productivity Alliance.</p> <p>Established and working in five priority STEM sectors.</p> <p>The South East Skills for Business Chair represents national Sector Skills Councils on the Regional Skills for Productivity Alliance. £2.5 million SEEDA-funded Training Pools programme established to address intermediate, technical and craft-level skills shortages.</p>

<p><b>2006/07</b></p> <p>Maintaining the regional network of six Sector Skills managers.</p> <p>Facilitating partners to plan and deliver skills support for AIF priorities.</p> <p>Pilot public and private sector joint co-funded centre for specialist engineering provision in one of the AIF priority areas.</p> <p>Work with a further six sectoral employer panels.</p> <p>Fund secondees to SE from five Sector Skills Councils.</p>	<p>This role is now supported by the regional LSC.</p> <p>Completed.</p> <p>Joint development of Specialist Provider Network focused on engineering/manufacturing sector with the National Skills Academy for Manufacturing and other partners.</p> <p>Working closely with Sector Skills Councils on Skills Academies. Four National Skills Academies in manufacturing, construction, financial services and retail launched in the South East. A further eight are under development and will launch over the next year to 18 months.</p>
<b>Basic Skills Academy</b>	
<p><b>2005/06</b></p> <p>Scoping and feasibility for BS academy completed. Partners adopt plan and are engaged and committed.</p> <p>First phase – all preparatory work completed.</p> <p><b>2006/07</b></p> <p>Implementation phase completed.</p> <p><b>2007/08</b></p> <p>Live running and self-sustaining academy in place.</p>	<p>Major change of direction on approach, which is now sectoral. Feasibility study on a proposed public sector health academy is looking at the work of the NHS University and identifying what may be used in the possible academy.</p> <p>This was overtaken by changes in Skills for Life tutor qualifications and the LSC quality initiative so work refocused on low-skilled, low-paid workplaces with a particular drive around embedding skills for life in organisations, including the NHS and LAs.</p>
<b>A2L (Access to Learning)</b>	
<p><b>2005/06</b></p> <p>Task and finish group design potential strategy. Strategy for Region completed and disseminated. Activity articulated through a prospectus to all regional suppliers.</p> <p>Potential supply side identified through tendering.</p> <p><b>2006/07</b></p> <p>Regional contracts and delivery with partners completed.</p>	<p>This has become the Skills Escalator, acknowledging that funding is in place to support skills for life, but unless businesses use it as part of a proper embedded workforce development strategy, it would have very little impact on productivity.</p>
<b>Re-employment unit</b>	
<p><b>2005/06</b></p> <p>Full brokerage service in operation in every county to meet needs of all SMEs facing redundancy/downsizing completed.</p> <p>Tailored supply of services and IAG regionalised. National take-up of service combining Jobcentre Plus and Business Links brokered.</p>	<p>Pilot project delivered in partnership with Jobcentre Plus. In the first year over 7,500 people were assisted to find work, nearly 90 jobs created and 45 new businesses. Between 2003 and 2007 the pilot programme helped over 28,000 people. In partnership with JobCentre Plus, SEEDA continues to fund a Redundancy Support Service helping SMEs and employees 'under threat' or 'under notice'.</p>

<b>Education-led regeneration</b>	
<p><b>2005/06</b></p> <p>Long-term strategy for regional higher education provision completed.</p> <p>Programme of support for development agreed.</p>	<p>Studies supported assessing the feasibility of an HE presence in Milton Keynes and Ashford; Experian Consulting commissioned to scope the feasibility of developing a modelling tool to inform investment in higher education in the South East.</p>
<p><b>2006/07</b></p> <p>Implement support for planning and intelligence.</p>	<p>University Centre Folkestone opened in 2007 with a joint capital strategy agreed with the LSC.</p>

<b>9. KNOWLEDGE TRANSFER</b>	
<p><b>Activities and milestones</b></p> <p><b>2005/06</b></p> <p>Determine business model for delivery innovation advice and brokerage through Regional Technology Advisors and plan implementation, with SESETAC advice.</p> <p>Establish knowledge networks around six communities of innovation, and up to 10 knowledge transfer networks.</p> <p>Sponsor/co-sponsor up to six knowledge transfer partnerships, 20 STEP placements and at least three collaborative R&amp;D bids.</p> <p>First steps towards five SET hubs.</p> <p>Provide support service for SESETAC (intelligence, running costs and pilots).</p> <p>Implement innovation roadshows.</p> <p>Implement Regional Science Resource Unit established in partnership with SETNET and Regional Science Learning Centre.</p> <p>Priority sectors determined for technician level skills.</p>	<p><b>Strategic Added Value</b></p> <p><b>2005/08</b></p> <p>Innovation Advisory Service formed with seven advisors. Worked with over 100 businesses in first year.</p> <p>Six knowledge networks established through Sector Consortia, plus an additional knowledge network in Security, established through Cranfield University. This knowledge network has evolved in to the new Security sector consortium.</p> <p>18 knowledge transfer partnerships; 15 Business+ ('Mini-KTP') projects, 60 STEP/Innovation placements.</p> <p><b>Collaborative R+D</b> 11 projects funded under four calls:</p> <ul style="list-style-type: none"> <li>- Nanotechnology (3 projects)</li> <li>- Healthcare (3 projects)</li> <li>- Sustainable Technologies (3 projects)</li> <li>- Intelligent Transport Systems (2 projects – see Innovation Platforms).</li> </ul> <p>The three projects identified from nano-technology call have completed and are being evaluated.</p>

<p><b>2006/08</b> As 2005/06 is the planning and start year for much of this activity, milestones for the later years will evolve during 05–06, with evaluation and guidance from SESETAC.</p> <p>SESETAC agreed an Innovation Action Plan with three strands:</p> <ol style="list-style-type: none"> <li>1. Knowledge Transfer: implement Knowledge Network and Business Fellows programmes; knowledge transfer and mini-knowledge transfer partnerships; collaborative R+D programme</li> <li>2. Innovation Advice: implement an Innovation Advisory Service</li> <li>3. STEM skills: pilot Regional Resource Centres and a STEM support centre</li> </ol> <p>The first strand, 'Knowledge Transfer' is reported here.</p>	<p><b>Innovation Platforms:</b> SEEDA is working with BERR, DfT and EPSRC on the first innovation platform call, 'Intelligent Transport Systems and Services'.</p> <p>Support service for SESETAC delivered.</p> <p>Innovation roadshows overtaken by the establishment of the Innovation Advisory Service.</p> <p>Regional STEM Hub established.</p> <p>Programme for five Regional Resource Centres agreed.</p> <p><b>PoCKeT</b> (Proof of Concept of Knowledge Transfer) fund addresses the funding gap for SMEs at proof of concept stage – 36 loans approved to SE SMEs. The fund was awarded the British Business Angel Association award for 'most exciting new entrant into the market' in July 2007 for its ability to demonstrate innovation and added value for the small business funding market.</p> <p><b>CommercialISE</b> project launched with 11 SE HEIs using £1 million from the Higher Education Innovation Fund.</p>
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10. ENTERPRISE HUBS, ENTERPRISE GATEWAYS AND SECTOR CONSORTIA	
Activities and milestones	Strategic Added Value
<b>Enterprise Hubs</b>	
<p><b>2005/06</b> Enterprise Hub Network complete. Web portal completed.</p> <p><b>2006/07</b> Commercialisation Route completed.</p>	<p>Network complete. Web portal complete.</p> <p>Brand Development programme has developed 'network' working practice among the Hubs; showcase events attracting 72 investors held in February 2007; Client Management Tool implemented.</p> <p>The Network has provided intensive support to 390 companies and raised investment of £38 million in 2007/08.</p>
<b>Enterprise Gateways</b>	
<p><b>2005/06</b> 10 Enterprise Gateways established.</p> <p><b>2006/07</b> 15 Enterprise Gateways established.</p> <p><b>2007/08</b> Web portal completed. Commercialisation route completed.</p>	<p>10 Gateways established.</p> <p>16 established with target of 20 by end 2007.</p> <p>A new service delivery model and contract has been implemented and delivered successfully over the six-month transitional period in which all output targets have been achieved.</p>

<b>Sector Consortia</b>	
<p><b>2005/06</b></p> <p>7 consortia established:  <i>Marine</i>  <i>Aerospace and Defence</i>  <i>Healthcare Technologies</i>  <i>Digital Content</i>  <i>Construction</i>  <i>Environmental and Energy Technologies</i>  <i>Creative Industries</i></p> <p>Chief Executives for each of the consortia recruited.  Regional Team of CEs in place.</p> <p><b>2007/08</b></p> <p><i>Security Innovation &amp; Technology Consortium established</i></p>	<p>Planned network completed.</p> <p>Six sector consortia published first Annual Report.  Creative Industries Consortium not being developed.</p>

## 11. MANUFACTURING ADVISORY SERVICE, LEAN OFFICE

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p>MAS SE 11 will be launched during quarter 1 2005/06.</p> <p>Planning for Lean Office is under way; when current ESF-funded pilots are completed this will be planned in detail for launch in 2006.</p>	<p>MAS SE II launched.</p> <p>2006/07: 3,300 companies assisted achieving £42 million gross value added; Manufacturing Insights launched involving companies hosting visits by other companies; SE Manufacturing Forum formed – will provide direction to the National Skills Academy for Manufacturing programme to be set up over next year.</p> <p>2007/08: 4,009 companies assisted to generate over £100 million in gross value added.</p>

## 12. GLOBAL REGIONS, INVESTOR DEVELOPMENT AND INTERNATIONAL TRADE ADVICE

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p><b>Global regions</b></p> <p><b>Overseas representation:</b>  Review North American Business Development Programme.</p> <p>Continue to monitor performance of all overseas representatives against contracts/objectives.</p> <p>Recruit a new Guildford-based representative for French/German markets.</p> <p><b>New markets:</b>  South America – to be reviewed following publication of research from UKTI London.</p>	<p>SEEDA International Team merged with UKTI South East Team in 2005.</p> <p>Review of North America completed and service upgraded.</p> <p>MoUs with Shanghai and Beijing signed.</p> <p>2006/07: 61 foreign direct investments assisted, which are forecasted to create or safeguard 3,974 jobs over the next three years.</p>

<p>Accession States – to be reviewed following publication of UKTI’s research/ business plans.</p> <p><b>Overseas promotional programme:</b> At least 12 overseas promotional events to be carried out in priority global markets.</p>	<p>2007/08: 75 foreign direct investments assisted, which are forecasted to create or safeguard 3,904 jobs over the next three years.</p>
<b>Investor development</b>	
<p><b>2005/06</b></p> <p>Refocusing of the Investor Development Manager (IDM) team on Major Corporates and Subsidiaries of multinationals.</p> <p>Build/maintain relationships with 500 major corporates/ subsidiaries of multinationals.</p> <p>Closer working with DTI BR; UKTI and other RDAs on Business Relationship Management.</p>	<p>IDM team refocused.</p> <p>600 key corporate organisations account managed. ‘Open Innovation’ events run in partnership with Innovation Advisory Service.</p>
<b>International Trade Sector Advisers</b>	
<p><b>2005/06</b></p> <p>The ongoing programme will develop closer links with other SEEDA-funded programmes, including Enterprise Hubs, to provide assistance to those companies looking at developing new markets. The ITSA, with its sector-specific knowledge; experience and contacts will also be a valuable resource for the developing Sector Consortia.</p> <p>The ITSAs will develop a service to assist foreign companies that are looking for partners to be promoted as part of the region’s offer to inward investors.</p>	<p>The six SEEDA-funded International Trade Sector Advisers have added significant value in SEEDA-related initiatives, including work with the sector consortia, inward investment and enterprise hubs.</p> <p>The six ITSAs have signed 338 companies to ‘Passport to Export’, provided targeted sector advice leading to business performance improvement for over 450 companies and engaged with 850 other South East companies.</p> <p>Their work with the wider SEEDA network has included providing strategic advice to the sector consortia, attending overseas outward missions and those to the UK on behalf of the inward investment team and identifying inward investment leads for the SEEDA team (e.g. Palmer Johnson).</p> <p>Completed.</p>

### 13. FINANCE FOR BUSINESS: FINANCE SOUTH EAST, R&D GRANT AND SELECTIVE FINANCE FOR INVESTMENT

Activities and milestones	Strategic Added Value
<b>Finance South East</b>	
<p><b>2005/06</b></p> <p>Establish Regional Business Angel Coordination pilot. Lead bid to establish Enterprise Capital Fund.</p> <p>Arrange independent evaluation of FSE to be undertaken.</p>	<p>£330,000 core funding for three years provided by SEEDA.</p> <p>Pilot established.</p> <p>Finance SE was a junior partner in the first round of ECF bids, but the bid failed to attract support. FSE is now bidding to manage a South East mezzanine bid.</p> <p>Independent evaluation completed in October 2006.</p>

Achieve FSA accreditation.	FSA accreditation achieved May 2007.  Investment Readiness service launched at Venturefest in July 2006.  2007/08: £5 million Seed Fund launched as part of Funding Escalator to provide £250,000 equity investments to assist the gap in the sub-£2 million funding market.
<b>Research and development grant</b>	
1 April 2005 – Assume responsibility for management of R&D grant.  Ensure full spend by end Fys.	Responsibility assumed and turned into a rolling fund rather than a competition in rounds of funding.  2006/07: 56 grants awarded to value of £4.3 million; pre-application service introduced to give early indication of chances of success.  2007/08: 30 grants awarded to the value of £3.2 million, including two Exceptional Development awards. 26 projects successfully completed including one Exceptional Development award associated with solar powered LED lighting systems.
<b>Selective Finance for Investment (SFIE)</b>	
<b>2005/06</b>  Complete review of scheme coverage in relation to extending Tier 3 coverage to maximise impact in areas of high priority.  From April 2006 Consider exit strategy for scheme closure in December 2006 and consider potential SME business support product packages to replace scheme within the EC Regional Aid Reform and Horizontal Framework boundaries.	Scheme coverage reviews and scheme integrated into Business Grants team to maximise impact in areas of high priority.  Scheme now closed; 25 grants awarded in final year associated with £86.8 million capital investment and forecast to create 400 jobs; SEEDA working with partners on possibility of maintaining some limited coverage in SE.  2007/08: A revised national SFIE product was introduced in June 2007. SEEDA awarded 12 grants to the total value of £3.4 million associated with a forecast £62 million of capital investment, the creation of 773 new jobs and the safeguarding of 696 jobs.

#### 14. BUSINESS SUPPORT; BUSINESS LINKS

##### Activities and milestones

##### 2005/06

Smooth hand over of contracts.

A common customer relationship management strategy and customer journey.

A regional marketing strategy and common message to the market place.

A robust and consistent suite of diagnostic methods.

A regional customer intelligence system to be investigated and recommendation made.

##### Strategic Added Value

Contracts handed over successfully.

Joining Forces programme has addressed common customer relationship management, marketing strategy, common message, consistent suite of diagnostic methods etc.

<p>A programme of joint training/awareness raising events for customer facing staff from all organisations in the business support network.</p> <p>A referral protocol and service level agreements between service providers, including BLOs.</p> <p><b>2005/07</b></p> <p>A common charging policy – developed during 2005/06 for implementation in 2006/07, dependent on the National Framework.</p>	<p>Joining Forces Initiative provides integrated framework for business support; one SE Business Link service being created to link services delivered through the six Business Link providers.</p> <p>Business Link sustainable business service has been adopted nationally. Sustainability advice provided on over 4,000 occasions.</p>
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## 15. ECONOMIC INCLUSION

Activities and milestones	Strategic Added Value
<b>Enterprise in deprived areas</b>	
<p><b>2005/06</b> Evidence base research completed and disseminated internally and to external partners.</p>	<p>Cultural Shift SE programme influenced National Strategy, developed draft international protocol for state aid and social enterprise and started an additional eight demonstration pilots in the culture, creative industries and housing sectors.</p>
<p><b>2006/07</b> Integration into sub-regional plans with piloting of model and agreed policy framework.</p>	
<p><b>2007/08</b> Evaluation and review.</p>	<p>Completed and findings available.</p>
<b>Social economy development</b>	
<b>2005/06</b>	
<p>Launch of the regional social enterprise strategy.</p>	<p>Completed.</p>
<p>Launch of the first two sector development guides for the cultural industries and the Housing sector. Strategic partnership agreement formalised with the regional social enterprise partnership.</p>	<p>Two sector guides were launched – culture and housing.</p>
<p>Initiation of the EQUAL public sector transformation programme.</p>	<p>Completed.</p>
<p>Roll-out of regional social enterprise business support, training and development programme.</p>	<p>Completed.</p>
<p>Social Investment taskforce action plan and funding strategy formalised.</p>	<p>Completed.</p>
<b>2006/07</b>	
<p>Social Investment taskforce product and infrastructure development phase.</p>	<p>Completed.</p>
<p>Sectoral development action plan implementation.</p>	<p>IFCIC created a regional Community Development Consortium to deliver enterprise financial inclusion across the region.</p>
<b>2007/08</b>	
<p>Completion and evaluation of the EQUAL public sector development programme.</p>	<p>All evaluations completed.</p>
<p>Review of the regional social enterprise strategy.</p>	
<p>Evaluation of three-year roll-out of business support, training and development programme.</p>	

<b>Harnessing Diversity</b>	
<b>2005/06</b>	
Embed the revised Race Equality scheme across SEEDA business through the Diversity Advisor, addressing CRE criticism of cross RDA performance and publish Equality Impact assessment performance in Annual Report.	Completed.
Coordinate regional conference on Diversity.	Completed.
Delivery of the regional Framework for Women's Enterprise (WESF) action plan through the Business Links network, and key stakeholders.	Strategy developed to significantly increase the number of women-owned enterprises in the region.
Research completed and disseminated on barriers to BME enterprise in region.	Completed.
Launch a regional childcare initiative to meet barriers for female entrepreneurs.	SEEDA worked with a cross-departmental working group from Treasury, DWP, LDA and EMDA to identify regional childcare initiatives supporting delivery of the RES.
<b>2006/07</b>	
Appointment of Ethnic Minority Business Advisor.	South East Ethnic Minority Business forum (SEMEDA) created; South East Multi-Ethnic Development Agency launched.
Regional action plan agreed for BME business.	
Renewal of regional Women's Enterprise Coordinator.	
Research completed and disseminated on opportunities for disabled entrepreneurs.	Disability Equality Scheme published December 2006.
<b>2007/08</b>	
Follow-up implementation on diversity.	The three equality schemes (race, gender and disability) continue to be implemented.
Suite of research and action on diversity completed, disseminated meeting requirements and beyond of Equalities legislation.	
Evaluation and integration of childcare pilot into WESF.	SEEDA worked with the emerging Women's Enterprise Partnership to address childcare issues for female entrepreneurs through a regional Women's Enterprise Strategy.

## 16. TOURISM

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<b>2005/06</b>	
Complete the regional brand strategy.	The regional strategy Tourism Excellence launched, included approach to e-Business, realigned services to meet industry needs and consolidating regional and sub-regional structures.
Ensure the rich data to facilitate e-Business.	
Establish the platforms within the framework of England.net.	Tourism SE has led the drive to become a 'Total Quality Region' achieving 90% quality assured.
Promote the new nationally agreed quality standards.	
Ensure the effectiveness of the Tourism Skills Network.	
Realign business services to meet industry needs. Consolidate regional and sub-regional organisation structures.	



## 18. RURAL PROGRAMMES

Activities and milestones	Strategic Added Value
<b>Business support</b>	
<b>2005/06</b>	
Review of Business Links work with all types of rural based businesses.	Review completed.
<b>2006/07</b>	
With partners, evaluate the support services to farmers since start of Single Farm Payment regime came into place April 2005 and identify gaps and needs with a view to integrate any new support with the new EU-led support schemes that will come to SEEDA in April 2007.	New Rural Development Programme in place and work being taken forward to integrate European funding.
<b>Redundant buildings in regeneration areas</b>	
<b>2005/06</b>	
Extension of scheme New areas of Swale in Kent and New Forest in Hampshire brought on board.	Extension completed.
<b>2006/07</b>	
Evaluation of benefits study.	Full evaluation undertaken and will help direct the delivery of targeted regeneration around the coast under the new RES.
<b>Land-based support</b>	
<b>2005/06</b>	
SEEDA land-based policy for next two years agreed prior to any merger with Defra schemes.	Agreed with Defra that new European support will be delivered by SEEDA from 2007.
Formal Chairmanship of Defra Appraisal Panels established.	SEEDA was an active member of the Defra Appraisal Panels with Chairmanship remaining with Defra through the Rural Development Service.
<b>2006/07</b>	
Design for amalgamation of SEEDA with Defra schemes ready for April 2007.	England Rural Development Programme closed and projects to value of £5 million transferred.
<b>Local produce</b>	
<b>2005/06</b>	
New business plans approved for the final year of the contracts 2006/07 including exit strategies.	New business plans approved.
<b>2006/07</b>	
Evaluation of benefits of the current contracts.	Evaluation concluded and new programme of support approved; new Defra fisheries post working with SEEDA on improving the value-add of the SE catch.
<b>Protected landscapes</b>	
<b>2005/06</b>	
Regional officer in post.	Regional officer in post.
<b>2006/07</b>	
Agreement on common specific objectives.	Regional officer facilitated this process.

<b>Leader+</b>	
<b>2005/06</b> Rural projects identified and programme for 2006/07 approved by December 2005.	Projects identified and programme approved.
<b>2006/07</b> Evaluation of first three years Leader+ support from SEEDA.	Evaluation commissioned and will complete in 2007/08.
<b>Market towns</b>	
<b>2005/06</b> Evaluation of the first phase of support to small rural towns (11 towns) – lessons learned.	Evaluation was carried out. It highlighted the importance of having local coordinators for the programme and recognised that it had encouraged real local activists to develop and take forward ideas.
<b>2006/07</b> Full profile of the seven-year programme for all the nine county areas agreed.	Programme emerging and to be further developed in preparation for delivery of new RES.
<b>Community services and facilities/transport</b>	
<b>2005/06</b> Countryside Agency projects completed.	All projects completed.
<b>2006/07</b> Evaluation of those projects and new programme in place to start in April 2007.	New Rural Access to Services Programme (RASP) developed and in final approval stage.
<b>Skills</b>	
<b>2005/06</b> Evaluation of Wet Trades support. Review of RBAT pilot.	The Wet Trades demonstrated the value of this type of exemplar in a location that sets out to have examples of historic buildings and offers on-site training too. The RBAT programme was reviewed, leading to the extension of the programme.
<b>2006/07</b> Extension of RBAT across the region. Skills Gaps study in rural sector businesses.	Entrepreneurial Leadership project set up 12 employer groups and networks for rural start-up businesses across the region.  RBAT completed in 2007/08.

## 19. URBAN RENAISSANCE

Activities and milestones	Strategic Added Value
<p><b>2005/06</b></p>	
<p>Three-year contract to manage the Regional Design Panel let, signifying the launch of the next three years activity.</p>	<p>Target met to review a minimum of 70 significant schemes per year. Panel recognised in CABE's guide to design review and has been the model for a number of panels recently established in other regions.</p>
<p>Evaluate Creating Quality Places project and disseminate results to stakeholders and key partners.</p>	<p>SEEDA worked with Dover District Council to select preferred developer for the Aylesham scheme to take forward the master planning principles of Creating Quality Places.</p>
<p>Final awards announced for round 1 of the Art Plus scheme and short-listing announced for round 2.</p>	<p>Final award winners for round 1 announced March 2005, development award winners for round 2 announced June 2005.</p>
<p><b>2006/07</b></p>	
<p>Model for work with schools developed and disseminated across the Region to inform teaching practice using the built environment.</p>	<p><b>Shaping Places</b> project concluded with production of a booklet setting out lessons learned and providing a resource for teachers. SE architecture and built environment centres have used lessons learnt in their programmes going forward. Booklet can be downloaded from the South East Excellence website.</p>
<p>Formal review of activity of the Solent Centre for Architecture and Design to agree future funding.</p>	<p>Solent core funding grant ends 2007/08, so an end of project report will be reviewed shortly.</p>
	<p>SEEDA development team worked with Dover District Council to select preferred developer for Aylesham scheme, which must take forward the master plan principles developed through the Creating Quality Places programme (developed using the Enquiry By Design process of the Prince's Foundation).</p>
	<p><b>Institute of Urban Renaissance:</b> Joined SEEDA's advisory board for South East Excellence and played an active role in developing a programme to improve dialogue between councillors and the development industry.</p>

## 20. STRATEGIC DIRECT DELIVERY OF SITES AND DEVELOPMENTS

Activities and milestones	Strategic Added Value
<p><b>Coastal Towns initiative</b></p>	
<p>Cowes Waterfront:            Planning consent secured: Q4 2005/06;            Joint venture in place with development partner for site: Q4 2006/07;            Development works started: Q4 2007/08.</p>	<p>Outline planning consent secured.</p>
<p>Woolston Riverside:            Planning consent secured: Q4 2005/06;            Joint venture in place with development partner for 1st phase of Woolston development: Q4 2006/07;            Remediation of 12 hectares of land at Woolston: Q4 2007/08.</p>	<p>Outline planning consent secured.            Direct sale to owner/occupier for first phase agreed in 2007/08.</p>

<p><b>Local Priority Remediation projects</b> Complete community consultation exercise for Buckland Mill development Q2 2005/06.</p> <p>With the private sector deliver 150 flagship Eco-friendly homes at Ropetackle Q4 2007/08.</p> <p>Complete development at Shearway Business Park to provide 2,000 m<sup>2</sup> of managed workspace for local companies: Q4 2007/08.</p>	<p>Delays in planning consent put remediation back, now planned for 2008/09.</p> <p>Community consultation completed December 2006 and planning application submitted.</p> <p>137 completed sales to date; later phase planned by developer.</p> <p>2,000m<sup>2</sup> of speculative business units completed by end 2006/07.</p>
<p><b>Kent Coalfield</b></p> <p>Complete delivery of 85 hectares of previous disused land at Betteshanger as a country park open to the public Q4 2005/06.</p> <p>Deliver up to 25,000 sq m of new employment floorspace for local Canterbury businesses needing to expand at former Chislet Colliery: Q2 2007/08.</p>	<p>Main works contract completed and site now fully serviced for development; work recognised as example of national best-practice at English Partnerships conference.</p> <p>Last plot sold in 2006/07 with land remediated and platforms provided to accommodate 25,000 sq m of floorspace.</p> <p>Community consultation held on Snowdown Coalfields site.</p>

## 21. HASTINGS & BEXHILL 10-YEAR REGENERATION PROGRAMME

<b>Activities and milestones</b>	<b>Strategic Added Value</b>
<p>Seaspace Business Plan summary:</p> <p>Hastings Millennium Community, providing 1,300 homes directly with their supporting infrastructure and environment, and a further 6,000 indirectly through the private sector.</p> <p>Hastings Town Centre: major investment in a range of key development sites delivering office, education, retail, residential and hotel uses to create the critical mass for sustained economic development.</p> <p>Bexhill Town centre mixed use development to give new economic purpose to a failing town centre.</p> <p>Rye Harbour, a mix of residential and flexible business incubation space.</p>	<p>Innovation Centre opened July 2006 with 75% of 71 spaces now let; ongoing development of Creative Media Centre; Seaspace took over management of Hastings and Eastbourne Hub in July 2006 and university liaison officer being appointed; University Centre Hastings vision to 2013 being developed with student numbers of 760 in 2007-08; Hastings Millennium Community funding increased to £16.6 million and site preparation ongoing; additional £1.4 million secured for Havelock Road and Queensway developments; Station Plaza site made available for construction of new £80 million college; Pelham stakeholder group formed to progress Pelham Place scheme; commitments to future investment in the Hastings and Bexhill Link Road have been secured from the Highways Agency.</p>

## 22. GROWTH AREAS

Activities and milestones	Strategic Added Value
<b>Chatham Maritime</b>	
Complete major new mixed use development including 1st and 2nd phase of the University of Medway; 10,000 square feet of new office development and over 300 new homes: Q3 07/08.	1st and 2nd phase of University of Medway completed with 300 new homes and office accommodation completed and occupied by hotel partner now selected and on schedule.
<b>Rochester Riverside</b>	
Prepare site including construction of flood defence protection: Q4 06/07.	Most of new river wall completed, land raising work and decontamination of former gasworks ongoing. Short-listing of potential development partners completed for phase 1 housing and hotel development.
Bring forward site for mixed-use sustainable development: Q3 07/08.	
<b>Ashford</b>	
Finalise site acquisition at Elwick Road North and bring forward for comprehensive mixed-use development by private sector: Q4 05/06.	Priorities for Growth economic action plan refined; dedicated Economic Coordinator appointed; site assembly complete for Elwick Road; International House being developed as best-practice in Disability Discrimination Act issues.
Complete site assembly of Dover Place/Tannery Lane: Q1 06/07.	SEEDA is working closely with local partners to establish an enhanced Special Purpose Vehicle in Ashford. As part of the proposal, SEEDA's property assets would transfer to the SPV, which would then be able to borrow against these to take developments forward.
<b>Milton Keynes/Aylesbury Vale</b>	
Physical development is largely being driven forward by English Partnerships, with SEEDA actively engaged as a partner in the associated development of community sustainability, including economic development and the e-agenda.	Framework for Economic Priorities launched at MKSM Moving Forward Conference in March 2007.

## 23. DEVELOPMENT ADVICE AND SUPPORT

Activities and milestones	Strategic Added Value
Complete SEEDA's hands-on intervention role for the Oxford West End Project with continuing support through the steering group: Q4 05/06.	Working in close collaboration with local authority partners to enable locally led regeneration of key brownfield sites in Eastleigh, Oxford and Portsmouth.
Support and offer development advice on two new large local authority-led developments by Q4 07/08.	

## 24. SINGLE REGENERATION BUDGET, AIFs AND AREA PROGRAMMES

Activities and milestones	Strategic Added Value
<p><b>2005/06</b></p> <p>Sustainable Exit Strategies Developed for SRB programmes where viable and appropriate, to include creation of development trusts, social enterprises and other revenue generation schemes. SRB exit to be woven in alongside AIFs, wherever possible.</p> <p>A comprehensive framework for AIF engagement with business and voluntary and community sector in place; LSPs woven in through strategic development work.</p> <p>Initial evaluation of AIFs and their impact to date.</p> <p>Guidance provided for partners wishing to engage in AIFs and how AIFs relate to LSPs.</p> <p>Research completed on role of community in regeneration.</p> <p>Process and guidance for AIF-like approaches in non-priority regeneration areas.</p> <p>Regular, facilitated meetings taking place between AIFs partnerships to share best-practice.</p> <p>Resolve future development of AIFs and other area programmes in light of initial experience from LAA pilots.</p>	<p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>Completed.</p> <p>The Area Programme initiatives in Oxford, Milton Keynes and the Thames Valley were developed building on the lessons of SRB and AIFs.</p> <p>Completed.</p> <p>The AIF partnerships and Area Programmes were reviewed as part of a comprehensive review of partnership structures to deliver the RES in early 2007, working closely with partnerships across the region and with regard to the SNR. The review led to the development of 13 sub-regional partnership arrangements, agreed with local authorities. The AIF programme closed on 31 March 2008 as a consequence.</p>
<p><b>2006/07</b></p> <p>Further assessment of AIFs to inform decisions on future funding.</p> <p>SRB programme successfully concluded.</p>	<p>Coastal West Sussex developing to achieve greater focus on a smaller number of 'bigger impact' projects; 5 Town Network (Selsey, Littlehampton, Bognor, Worthing and Shoreham) has been established to share best-practice, improve skills and carry out joint initiatives; Hastings AIF Board has developed in the Hastings Economic Alliance, taking over responsibility for managing regeneration projects in the area, including LEGI; Southampton and SE Hampshire AIFs have set up a Joint Review Board to evaluate projects over their lifetime.</p> <p>Several evaluations completed; two projects (CHP project in Southampton and central St. Leonards, Hastings) have continued beyond the final year due to exceptional delays. NB: the CHP project was finally withdrawn.</p>

<p>Improved inter-AIF collaboration and leveraging of external funds.</p>	<p>Continued development of three devolved delivery Area Programmes in Oxfordshire, Milton Keynes and the Thames Valley. All three have community learning and skills programmes as the backbone and primary mechanism to tackle unemployment and low skills on deprived estates.</p> <p>An evaluation of AIFs in 2007/08 has highlighted that strong partnership working across strategic economic areas has been a key legacy outcome. In particular, AIFs have stimulated a behavioural change with partners more likely to communicate in future across administrative boundaries, rather than looking at their district or unitary authority in isolation.</p> <p>The AIF evaluation concluded that the programme represented a significant intervention by SEEDA to tackle disadvantage in the most deprived areas in the South East. The novelty of the approach lies within its process of management and delivery and its definition of area. The concept of intervention is based on devolved responsibility to a local partnership consisting of key stakeholders from the public, private and community sectors, which agree a local strategy and priorities for delivery. The legacy has provided a strong foundation for the development of LAAs and MAAs across the region.</p> <p>Early findings of the Area Programme evaluation in 2007-08 are extremely positive and have drawn attention to a range of strategic added value delivered through the programmes, e.g.:</p> <ul style="list-style-type: none"> <li>Organisational networking has been enhanced significantly as a result of the Area Programmes;</li> <li>Evidence that there is now greater local awareness and understanding of the nature of deprivation and its causes;</li> <li>The Area Programmes have provided a strong foundation for developing LAAs.</li> </ul>
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### 3.3 Core Outputs 2005/08

The table below shows the progress made over the Corporate Plan period against the Core Outputs Targets set for SEEDA in the RDA Tasking Framework. While the targets were set across three bands (lower, mid and upper), performance has been reviewed against the midpoint. The table shows that in the Corporate Plan period SEEDA exceeded its target in all but two output indicators. The achievements demonstrate SEEDA's increasing focus on business development over the Corporate Plan period, both through direct support and innovation activities.

**Table 1: Progress against Core Output Targets**

	Actual 2007/8	Target 2007/8	Variance 2007/8	Actual Corporate Plan 2005/8	Target Corporate Plan 2005/8	Variance Corporate Plan 2005/8	
<b>1. Employment opportunities</b>							
Jobs created and safeguarded through SEEDA-funded projects	7,569	6,000	1,569	17,476	14,800	2,676	18%
Jobs created and safeguarded through foreign direct investment included in the above	468	-	468	3,252	-	3,252	-
<b>2. Employment support</b>							
People assisted to get a job through SEEDA-funded projects	12,621	9,800	2,821	32,513	17,200	15,313	89%
<b>3. Business creation</b>							
New business created and demonstrating growth after 12 months and businesses attracted to the region	4,994	3,000	1,994	9,931	6,960	2,971	43%
<b>4. Business support</b>							
Businesses assisted to improve their performance	56,769	43,600	13,169	137,659	99,600	38,059	38%
<b>4a. Knowledge Base Collaborations</b>							
Businesses within the Region engaged in new collaborations with the knowledge base	1,606	940	666	3,864	2,280	1,584	69%
<b>5. Regeneration</b>							
Public and private regeneration Infrastructure investment levered							
- £ million	£180m	£230m	(£50m)	£638m	£580m	£58m	10%
- % private	53%	50%	3%	45%	50%	(5%)	(10%)
<b>5a. Brownfield land</b>							
Reclamation of brownfield land (hectares)	84	46	38	198	242	(44)	(18%)
<b>6. Skills</b>							
People assisted in their skills development as a result of RDA programmes	50,048	31,000	19,048	134,626	88,250	46,376	53%
<b>6a. Basic skills</b>							
Adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA target	2,148	3,724	(1,576)	9,977	9,000	977	11%
<b>6b. Higher level skills</b>							
Adults in the workforce who are supported in achieving at least a full Level 2 qualification or equivalent	1,108	380	728	1,893	1,160	733	63%

## Key comments for 2007/08

SEEDA performed strongly against all the **business development** targets, both in 2007/08 and the whole Corporate Plan period, demonstrating the focus and importance SEEDA holds for these interventions.

**Innovation** continues to be an important area of work with outputs exceeding the Corporate Plan target in year and within years. In particular, the Strategic Development Programme and Sector Consortia surpassed expectations.

**Regeneration**, in particular, levered funding, did not achieve target in the current year due to delays in planning issues and lengthy negotiations between SEEDA and project developers; however, over the 2005/08 Corporate Plan period, this area performed strongly and exceeded target. The excess leverage achieved for public is balanced by the reduction in the private leverage. Brownfield land remediation was exceeded in 2007/08 and performed within range over the Corporate Plan period, despite major delays in some significant schemes.

Within SEEDA's **Skills** programmes the results show the Agency's continued focus on business and high-level skills, surpassing target on these outputs. Education-led regeneration and the Area Investment Framework programmes contributed largely to this success. The basic skills element was not achieved in 2007/08 because of a redirection in one programme, based on new priorities outlined in the new RES and Corporate Plan. This area, however, exceeded the 2005/08 Corporate Plan target.

## 4. DIRECTORS' REPORT

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### 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, Enterprise and Regulatory Reform. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members. The Agency became fully operational on 1 April 1999.

#### 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 (RES), originally published in 1999 and updated in 2002 and rewritten in 2007. The RES and the plans determine 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, Enterprise and Regulatory Reform 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 the entity'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 services provided by the Comptroller and Auditor General in 2007/08 were £56,000. 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 2007/2008 were:

James Brathwaite CBE	Chairman
Robert Douglas CBE	Deputy Chairman (contract expired December 2007)
Cllr Peter Jones	Deputy Chairman
Cllr Rob Anderson	
Dolores Byrne OBE	(contract commenced December 2007)
Pamela Charlwood	
Poul Christensen CBE	
Imtiaz Farookhi	
Robert Goldfield	
Cllr Keith House	
Susan John	
John Peel OBE	
Fiona Pollard	(resigned August 2007)
Alex Pratt OBE	
Keith Riley	(contract commenced December 2007)
Prof. Bill Wakeham	
Phil Wood	

## SEEDA NON-EXECUTIVE BOARD MEMBERS

**James 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, James' full biography can be found on the SEEDA website.

<p><b>Peter Jones</b> 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 Communication.</p>	<p><b>Poul Christensen CBE</b> appointed 2002, runs a dairy farming partnership in rural Oxfordshire, and is Deputy Chair of Natural England. He sits on the Board as a business person, Chairs the Rural Advisory Committee, is a member of the Major Projects Committee, advises on Sustainable Prosperity matters and deputises for the Chairman on business matters.</p>
<p><b>Rob Anderson</b> appointed 2003, is Leader of the Slough Labour Group, and a Senior Financial Analyst at Fujitsu. He sits on the Board as a local authority representative. Rob is also the Chair of Audit Committee and advises on Sustainable Prosperity.</p>	<p><b>Dolores Byrne OBE</b> 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.</p>
<p><b>Pamela Charlwood</b> appointed 2006, brings to the Board the perspective of the voluntary and community sector. She is also a non-executive director on the Board of the Hampshire Partnership NHS Trust. She advises on Sustainable Prosperity and is a member of the Audit Committee.</p>	<p><b>Imtiaz Farookhi</b> appointed 2004, is CE of the National House-Building Council, which provides warranty, risk management and regulatory services to the UK house building and construction industry. Imtiaz sits on the Board as a business representative, is a member of the Audit Committee, the Major Projects Committee and advises on Smart Growth.</p>
<p><b>Bob Goldfield</b> 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.</p>	<p><b>Keith House</b> appointed 2002, is Leader of Eastleigh Borough Council. Keith sits on the Board as a local authority representative, sits on the Joint European Committee, is SEEDA's representative on the Regional Housing Board and advises on Smart Growth.</p>
<p><b>Sue John</b> appointed 2006, is a former deputy Leader of Brighton &amp; Hove Council and now works in social research. She represents local government and cultural issues. She has chaired the Joint Europe Committee for two years and advises on Sustainable Prosperity.</p>	<p><b>John Peel OBE</b> appointed 2002, is a former Managing Director of Varian Medical Systems UK. He is Chairman of the Major Projects Committee, represents the business sector and advises on Global Competitiveness and represents SEEDA on the Regional Transport Board.</p>

<p><b>Alex Pratt OBE</b> 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 BERR, and represents the business sector. Alex advises on Global Competitiveness and sits on the Joint European Committee.</p>	<p><b>Keith Riley</b> appointed 2007, is Managing Director, Group Technical Services of Veolia Environmental Services plc and has a wide experience in recycling and waste management, particularly working with local authorities. Keith advises on Sustainable Prosperity.</p>
<p><b>Bill Wakeham</b> 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 (SESETAC).</p>	<p><b>Phil Wood</b> appointed 2003, is Regional Secretary of the South East Branch of UNISON, the public sector union. He is interested in social issues and the trade union representative on the Board. Phil is a member of the Audit Committee, the Remuneration Committee, the Social Dialogue Forum and advises on Smart Growth.</p>

Full biographical notes of the Board Members can be found on the SEEDA website: [www.seeda.co.uk](http://www.seeda.co.uk).

### 4.3 Board Committees

The Board Committees retain their key role, which is to 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 2007/08 the Board Committee structure was as follows:

#### Advisory Committees

Business South East  
Rural Advisory Committee  
Social Dialogue Forum  
Joint Europe Committee (joint Committee with the Regional Assembly)  
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 2007/08 the members were the following:

- Rob Anderson (Chair)
- Pamela Charlwood (from March 2008)
- Imtiaz Farookhi
- Phil Wood
- Bob Goldfield (to March 2008).

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 2007/08 the Audit Committee met on four occasions and performed its functions in accordance with its terms of reference and 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. At each meeting the Committee reviews the grading and the position on the implementation of internal audit recommendations and focuses its attention with advice from senior management on the position.

### **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**

During the year the Audit Committee reviewed the various reports covering these areas presented to it by the Head of Internal Audit, the Finance 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**

During 2007/08, the SEEDA Executive reorganised to lead six new Directorates. 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 as taking corporate responsibility with the Chief Executive for the running of the Agency.

Members of the SEEDA senior executive including functional and geographic responsibility in 2007/08:

Pam Alexander	Chief Executive and Accounting Officer
Jeff Alexander	Executive Director, Global Competitiveness, with area responsibility for Milton Keynes, Oxfordshire, Berkshire and Buckinghamshire
Lee Amor	Executive Director, Enabling Infrastructure and Development, with area responsibility for Kent
Paul Lovejoy	Executive Director, Strategy and Communications with overall responsibility for Area Policy
Oona Muirhead	Executive Director, Sustainable Prosperity (from August 2007)
John Parsonage	Executive Director, Smart Growth, with area responsibility for Sussex and Surrey
Duncan Straughen	Chief Operating Officer with Area responsibility for Hampshire and the Isle of Wight (resigned 31/03/08).

From April 2008 the area responsibilities changed as follows:

Jeff Alexander	Surrey and Berkshire
Lee Amor	Kent
Oona Muirhead	Milton Keynes, Oxfordshire and Buckinghamshire (also temporarily for Hampshire and the Isle of Wight)
John Parsonage	Sussex.

## 4.6 Human resources and services

### Recruitment

During the year SEEDA recruited 55 new employees, of which 35 were women and 6 were from ethnic minorities. A number of these posts reflect SEEDA's new responsibilities and SEEDA also hosted a number of secondments from partner organisations. To support the recruitment process work was undertaken to develop and introduce various selection processes, including assessment centres. As an indicator of SEEDA's commitment to career development, 21 staff moved – either permanently or on secondment – to new posts within the Agency and a small number undertook secondments to external organisations. Staff turnover for the year was 18% (2006/07 14%), impacted on by the general organisational change programme.

### Learning and development

This year SEEDA increased its ability to support its panel of external training providers by developing various interventions internally, including an Introduction to Successful Project, Contract and Budget Management programme. The Project Management Foundation Course was delivered successfully to 30 staff and evaluation has shown this to add tremendous value to our processes. Also, the roll-out to the entire organisation of a Staff Appraisal Skills Workshop has ensured robust and clear objective setting has occurred, and also incorporated a global Training Needs Analysis, to help define and drive a Learning and Development Strategy, supported by our new Learning and Development team. Ten members of staff received SEEDA sponsorship for qualification-based training during the year.

### Remuneration and pension

SEEDA received approval from BERR 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 72 of the Annual Accounts and in the Remuneration Report on page 55 of this Annual Report.

### **Staff consultation**

SEEDA's Joint Staff Council met regularly during 2007/08 to discuss a range of employee-related issues. 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. To this end SEEDA adheres to the requirements of the Codes of Practice issued by the Equal Opportunities Commission and Commission for Racial Equality as well as the requirement of the Equal Pay Act 1970 (amended 1984), Sex Discrimination Act 1975, Race Relations Act 1976, Disability Discrimination Act 1995, Sex Discrimination (Gender Reassignment) Regulations 1999, Part-time Workers Regulations 2000, Race Relations (Amendment) Act 2000, Employment Equality (Religion or Belief) Regulations 2003, Employment Equality (Sexual Orientation) Regulations 2003, Equality Act 2006 and Employment Equality (Age) Regulations 2006.

At the end of March 2007, 39% of staff who fell within the Agency's senior management/ professional pay ranges were female.

In May 2002, SEEDA published its initial Race Equality Scheme, which was rewritten in 2005 and the updated version is available on the SEEDA website.

During 2007/08, SEEDA had an average total full-time equivalent staff on the payroll of 342 and recorded the ethnic origin of all staff. 4.5% 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 2007/08 was as follows:

- 9% of external applicants for SEEDA roles were BME
- 100 % of staff of BME participated in learning and development activities
- 100% of staff of BME benefited from SEEDA's performance assessment procedures (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)
- One employee brought a grievance of racial discrimination, which went to an Employment Tribunal and was rejected
- No staff of BME were the subject of disciplinary procedures
- Six members of staff of BME left SEEDA (and six joined SEEDA).

Due to the relatively small number of BME staff within SEEDA, the Agency has not split the analysis into racial groups.

SEEDA published its Disability Equality Scheme in December 2006 and this has been subject to six-monthly reviews.

SEEDA also commenced work on its Gender Equality Scheme (including an equal pay audit), and it was published in April 2007. Recommendations are being implemented.

### **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, risk assessment, risk control and implementing standards to consistently improve the workplace. Staff are provided with familiarisation and training programmes through the management process.

### **Open government**

The Agency received and answered 47 individual requests in 2007/08 (2006/07: 41) that were 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. In 2007/08, the website received 1.1 million visits of which approx 10% are international. Over 8000 visited and downloaded the new RES.

### **Better Payment Practice Code**

The Agency is committed to pay all undisputed invoices within 30 days or on the terms agreed with the supplier. Based on date of invoice received, in 2007/08 the Agency paid 97% of invoices within 30 days, based on payments from the date the invoices are received. The average time to pay an invoice is eight days.

### **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**

The SEEDA research and development focus is 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.

SEEDA has a remit to contribute to the sustainable development of the UK, and the Regional Economic Strategy (RES) is firmly based on sustainable development principles, and has been informed throughout its development by an independent Sustainability Appraisal and Strategic Environmental Impact Assessment. As the regional champion for sustainable economic growth, SEEDA seeks to benchmark its own sustainability performance. The development and implementation of a Sustainability Management System (SMS) for the Agency has progressed to achievement of the first stage of the ISO 14001 accreditation. This international standard for environmental management will set a best-practice written model to manage the environmental impact of SEEDA activities and achieve resource efficiency within the organisation.

The SMS 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. 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 by an Operational Management Group and higher corporate risk issues reported to: the Executive Directors; 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, annually by the Audit Committee and made available to the Board at each meeting. At the end of each year each Executive Director must provide a memo of assurance to the Chief Executive that risk management has been properly handled during the 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 SPAG (Single Programme Appraisal Guidance) 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 2008 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 is mainly funded by Central Government via the Department for Business, Enterprise and Regulatory Reform (BERR) as the sponsoring department. The funding resource for RDAs is indicated in the Treasury's three-year Comprehensive Spending Review.

A Single Pot funding formula is applied by BERR, which provides the total allocation of the annual resource – including direct grant in aid and capital receipts. The BERR resource allocation is provided in a 'Single Pot', including any ring-fenced amounts.

Apart from the BERR 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 English Partnerships, plus the ERDF Competitiveness Programme, the European Social Fund, the 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. This is necessary because many of the grant-funded initiatives undertaken by SEEDA are more than a year in duration. 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 BERR annual resource allocation. The attached audited Financial Statements provide more information about the specific figures for SEEDA as at 31 March 2008. The value of net Balance Sheet reserves, as at 31 March 2008 is £200.2 million for the SEEDA Agency. This is an increase in the reserve from last year of £14 million (£186.2 million), mainly as a result of development site acquisitions and change in end-year balances.

During 2007/08, SEEDA received and applied a grant in aid amounting to £165 million. In addition, SEEDA received grants from the European Community and other Government bodies, including English Partnerships grants for coalfields and brownfield sites. (SEEDA was not significantly exposed to the Euro and other foreign currency exchange rate transactions during the year.)

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 BERR, and subject to approval by Parliament, rolled over into the following year.

The overall financial control regulations are contained in a document issued to all RDAs each year by BERR. This document is called the Financial Memorandum (FM) and is published by the BERR under authority provided in the RDA Act 1998, and a revised FM was issued by the BERR, with effect from November 2005. Under the Act and as stated in the FM, 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 memorandum during 2007/08.

The accounting policies followed by SEEDA are in accordance with managing public money guidance and the international Generally Accepted Accounting Principles (GAAP). There is financial procedures guidance in operation, which includes a delegation scheme that is regularly updated.

#### **4.10 Post-balance sheet events**

In May 2008, SEEDA received approval from BERR to increase contingent liabilities by £0.7 million, with the issue of a guarantee to the EU in order to advance European funding for a new project assisting small and medium enterprises in technology transfer.

## 5. REMUNERATION REPORT

### 5.1 Remuneration Committee

The SEEDA Remuneration Committee comprises of three Board Members: James Brathwaite SEEDA Chairman, Peter Jones SEEDA Deputy Chairman and Phil Wood 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 that SEEDA's Executive feel it is appropriate to bring to the Committee's attention.

Remuneration of the Chief Executive and most senior managers is set by the Board and agreed by BERR and takes into account recommendations of the Senior Salaries Review Body. All the 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, Enterprise and Regulatory Reform.

Name	Position	Date of appointment	Contract expiry date	Salary £	Pension £	Total 2007/08 £	Total 2006/07 £
James Brathwaite CBE	Chairman	14.12.02	13.12.08	78,413	0	78,413	77,964
Robert Douglas CBE	Deputy Chairman (to 31.12.07)	14.12.01	31.12.07	12,473	0	12,473	16,536
Peter Jones	Deputy Chairman	14.12.03	13.12.09	16,631	0	16,631	18,914*
Poul Christensen CBE	Board Member	14.12.02	13.12.08	10,774**	0	10,774**	8,268
Rob Anderson	Board Member	14.12.03	13.12.08	8,316	0	8,316	8,268
Dolores Byrne OBE	Board Member	14.12.07	13.12.10	2,426	0	2,426	0
Pamela Charwood	Board Member	14.12.06	13.12.09	8,316	0	8,316	2,426
Imtiaz Farookhi	Board Member	14.12.04	13.12.10	8,316	0	8,316	8,268

Robert Goldfield	Board Member	14.12.06	13.12.09	8,316	0	8,316	2,426
Keith House	Board Member	14.12.02	13.12.08	8,316	0	8,316	8,268
Susan John	Board Member	14.12.06	13.12.09	8,316	0	8,316	2,426
John Peel OBE	Board Member	14.12.02	13.12.08	8,316	0	8,316	8,268
Fiona Pollard	Board Member	01.09.06	15.08.07 (resigned)	3,119	0	3,119	4,837
Alex Pratt OBE	Board Member	14.12.06	13.12.09	8,316	0	8,316	2,426
Keith Riley	Board Member	14.12.07	14.12.10	2,426	0	2,426	0
Bill Wakeham	Board Member	14.12.04	13.12.10	8,316	0	8,316	8,268
Phil Wood	Board Member	14.12.03	13.12.09	8,316	0	8,316	8,268

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 reappointed for a period of up to three years. No Board Members are eligible to receive performance-related pay or any other taxable benefit as a result of employment with the Agency. Except for the Chairman, who has not taken the option, no other Board Members are eligible for pension contributions.

\* Includes £2,378 arrears for 2005/06.

\*\* Appointed to carry out extra duties from 14 December 2007.

### 5.3 Emoluments of Chief Executive and Executive Directors

Name	Salary £	Bonus £	Sub total £	Car benefit £	Pension £	Total 2007/08 Including bonus, pensions and other benefits £	Total 2006/07 Including bonus, pensions and other benefits £
Pam Alexander Chief Executive	138,081	24,579	162,660	0	40,182	202,842	192,801
Jeff Alexander Executive Director, Global Competitiveness	96,758	10,805	107,563	3,552	24,673	135,788	127,871
Lee Amor Executive Director, Enabling Infrastructure and Development	106,496	4,463*	110,959	0	27,156	138,115	65,888*
Paul Lovejoy Executive Director, Strategy and Communications	91,578	11,335	102,913	3,809	23,352	130,074	118,326
Oona Muirhead Executive Director, Sustainable Prosperity (appointed August 2007)	71,667	0	71,667	0	18,275	89,942**	0
John Parsonage Executive Director, Smart Growth	96,185	10,541	106,726	1,952	24,453	133,131	123,523
Duncan Straughen Chief Operating Officer	125,159	15,600	140,759	2,706	28,675	172,140 ***	153,994 ****

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 the BERR and the Treasury. Bonuses are determined following reviews based on the individual's performance against agreed objectives for the previous year. The main element within 'Other Benefits' relates to the taxable charge of using a lease car or other travel entitlement.

The Chief Executive's bonus 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 2007/08 refer to performance against agreed targets for 2006/07.

\* Part year for 2006/07, commenced October 2006.

\*\* Part year for 2007/08, commenced August 2007.

\*\*\* Includes full year's salary, bonus and benefits following promotion in 2006, plus an amount for outstanding annual leave – he resigned 31/03/08.

\*\*\*\* Appointed Chief Operating Officer from 1 June 2006 with increased salary.

## 5.4 Emoluments of Chief Executive and Executive Directors – Pension information

	1	2	3	4	5	6	7	8
	Real increase in pension (£k)	Real increase in lump sum (£k)	Pension at 31/03/08 (£k)	Lump sum at 31/03/08 (£k)	Cash Equivalent Transfer Value (CETV) at 31/3/07 (£k)	CETV at 31/3/08 (£k)	Employees contributions and transfers (£)	Real increase In CETV funded by Employer (£k)
Pam Alexander Chief Executive	0 – 2.5	N/A	60-65	N/A	988	1,172	16,290	26
Jeff Alexander Director, Global competitiveness	0 – 2.5	2.5-5	35-40	105-110	610	730	1,451	29
Lee Amor* Director, Enabling Infrastructure and Development	0 – 2.5	N/A	0 - 5	N/A	11	38	3,719	22
Paul Lovejoy Director, Strategy And Communications	0 – 2.5	N/A	10-15	N/A	136	186	3,197	25
Oona Muirhead Director, Sustainable Prosperity	0 – 2.5	0-2.5	40-45	120-125	672	828	717	-5
John Parsonage Director, Smart Growth	0 – 2.5	N/A	40-45	120-125	912	1,100	1,433	52
Duncan Straughen Chief Operating Officer / Director, Resources	5-10	N/A	5-10	N/A	72	116	3,801	29

### Cash Equivalent Transfer Value (CETV)

Columns 5 and 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 that 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. CETVs 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 (RPI). 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 valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

- **Classic Scheme**

Benefits accrue at the rate of 1/80th 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 1/60<sup>th</sup> 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% 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**

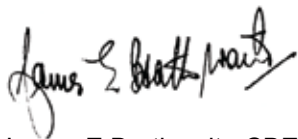
Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. The maximum that nuvos will provide is 75% of pensionable earnings. As with premium there is no automatic lump sum, but members may commute part of their pension for a lump sum up to a maximum of 7/30th of their pension. 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.

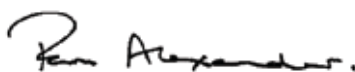
- **Partnership Pension Account**

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% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement). 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](http://www.civilservice-pension.gov.uk).



James E Brathwaite CBE  
Chairman  
Date: 14 July 2008



Pam Alexander  
Chief Executive and Accounting Officer  
Date: 14 July 2008

## 6. STATEMENT ON INTERNAL CONTROL

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### 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, while 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, Enterprise and Regulatory Reform (formerly the Department of Trade and Industry) 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 (JV) undertakings as listed under note 10 of the attached financial statements. In each case, approval is given by the Department for Business, Enterprise and Regulatory Reform (formerly the Department of Trade and Industry) 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 2008 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 2007/08 by way of the following:

- A main Board that met 10 times in 2007/08 to consider the plans and strategic direction, performance and risk management of the Agency
- An Audit Committee that met three times in 2007/08 and that 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, which was strengthened during the year with the issue of additional guidance on information security and data handling
- A risk management strategy
- Maintenance of a set of risk management registers that are based on the Agency's policies, aims and objectives as laid out in the SEEDA Corporate Plan with a top 10 risks matrix reviewed by the Executive Board, the main Board, and Audit Committee
- 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 (formerly the Single Programme Appraisal Guidance) issued by the Department for Business, Enterprise and Regulatory Reform (formerly the Department of Trade and Industry) is adhered to
- The Directors' Group and the separate Continuous Improvement Board review 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.

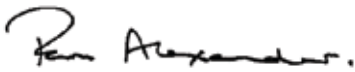
### My review has been informed by:

- An internal audit team that operates to the Government Internal Audit Standards and that 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
- 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 £3 million and the Major Projects Committee of the main Board that advises me on all single projects above £1 million
- 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.



Pam Alexander  
Chief Executive and Accounting Officer  
Date: 14 July 2008

## 7. REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE 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 31 March 2008 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 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 Chairman's Introduction, the Chief Executive's Review, the Management Commentary, the Directors' Report and the unaudited parts of the Remuneration 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 South East England Development 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, the Directors' Report and the unaudited parts 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 South East England Development 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 the directions made thereunder by the Secretary of State, of the state of the South East England Development Agency's affairs as at 31 March 2008 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 by the Secretary of State; and
- information, which comprises the Chairman's Introduction, the Chief Executive's Review, the Management Commentary, the Directors' Report and the unaudited parts of the Remuneration 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.



T J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
Date: 17 July 2008

# **SOUTH EAST ENGLAND DEVELOPMENT AGENCY ANNUAL REPORT AND ACCOUNTS 2007/08**

## **PART TWO – ANNUAL ACCOUNTS**

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 MARCH 2008**

	Notes	2007/08	2006/07
		£'000	£'000
<b>Income</b>			
European project funding		11,602	14,188
Other grant income	2	7,423	5,944
Proceeds from disposal of development assets	15	3,720	12,593
Other income	3	17,237	10,796
<b>Total Income</b>		<b>39,982</b>	<b>43,521</b>
<b>Expenditure</b>			
Programme expenditure	4	161,414	157,440
Staff costs	7	19,417	17,248
Other administrative costs	5	6,729	7,091
Book value of development assets sold	15	2,969	7,745
Book value of development/ investment assets written down	8 & 15	5,145	7,677
Book value of development/ investment assets written back	8 & 15	(2,063)	(1,791)
Bad debts written off		8	0
Movement in provision for doubtful debts	14	314	(1)
<b>Total Expenditure</b>		<b>(193,933)</b>	<b>(195,409)</b>
Group operating expenditure		(153,951)	(151,888)
Share of gross income of Joint Ventures	10c	5,462	2,353
Share of gross expenditure of Joint Ventures	10c	(5,155)	(2,360)
Share of net operating expenditure of Joint Ventures		307	(7)
Share of operating surplus of Associates	10c	132	168
<b>Net Group expenditure on ordinary activities before interest</b>	<b>18</b>	<b>(153,512)</b>	<b>(151,727)</b>
Group interest receivable	6	1,111	1,083
Share of net interest of Associates	6	109	52
Notional cost of capital	1i	(6,754)	(6,454)
<b>Net Group expenditure on ordinary activities before taxation</b>		<b>(159,046)</b>	<b>(157,046)</b>

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 MARCH 2008 (CONT ...)**

Group Taxation	19	(11)	11
Share of Taxation of Joint Ventures	19	(93)	2
Share of Taxation of Associates	19	0	(42)
<b>Net Group expenditure for the year after tax</b>		<u>(159,150)</u>	<u>(157,075)</u>
Minority Interest	10 b	(5)	(9)
Reversal of notional cost of capital	1i	6,754	6,454
<b>Net Expenditure for the financial year</b>	17	<u><u>(152,401)</u></u>	<u><u>(150,630)</u></u>

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

**GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR TO 31 MARCH 2008**

	Notes	2007/08 £'000	2006/07 £'000
Unrealised surplus (loss) on revaluation of Development Assets	17	2,642	540
Prior Year adjustment	1f	0	10,047
Increase in Grant In Aid Reserve			
<b>Total gains recognised for the year</b>		<u><u>2,642</u></u>	<u><u>10,587</u></u>

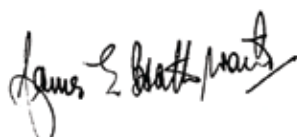
The prior period adjustment in 2006/07 relates to a change in the accounting policy for Grant in Aid set out in note 1f.

All gains and losses relate to continuing operations.

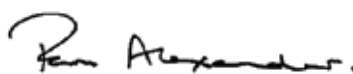
**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**GROUP BALANCE SHEET AS AT 31 MARCH 2008**

	Notes	2007/08	2006/07
		£'000	Restated £'000
<b>FIXED ASSETS</b>			
Investment Assets	8	13,940	13,826
Tangible operating assets	9	696	873
Investments in Joint Ventures	10c	450	236
Investments in Associates	10c	449	208
Long Term Loans	16	94	99
		<u>15,629</u>	<u>15,242</u>
Debtors due after one year	11	4,790	5,256
<b>CURRENT ASSETS</b>			
Stock of development assets	15	168,105	160,500
Debtors due within one year	11	31,220	25,996
Cash at bank and in hand	20	33,285	34,771
		<u>232,610</u>	<u>221,267</u>
<b>CREDITORS due within one year</b>	12	<u>(38,216)</u>	<u>(42,176)</u>
<b>NET CURRENT ASSETS</b>		194,394	179,091
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>214,813</u>	<u>199,589</u>
<b>CREDITORS due after more than one year</b>	12	(9,176)	(9,083)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	13	(5,708)	(4,500)
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<u>199,929</u>	<u>186,006</u>
<b>RESERVES</b>			
Grant in Aid Reserve	17	124,470	112,122
General Reserves	17	49,715	50,787
Revaluation Reserve	17	25,983	23,341
		<u>200,168</u>	<u>186,250</u>
Minority Interest	10b	(239)	(244)
		<u>199,929</u>	<u>186,006</u>



James E Brathwaite CBE  
Chairman  
Date: 14 July 2008

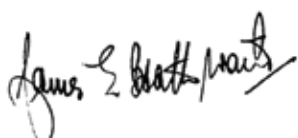


Pam Alexander  
Chief Executive and Accounting Officer  
Date: 14 July 2008

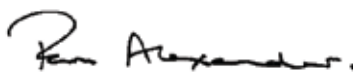
**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**AGENCY BALANCE SHEET AS AT 31 MARCH 2008**

	Notes	2007/08 £'000	2006/07 Restated £'000
<b>FIXED ASSETS</b>			
Investment Assets	8	13,940	13,826
Tangible operating assets	9	694	872
Investments in Subsidiary undertakings	10b	(952)	(969)
Investment in Joint Ventures	10c	450	236
Investments in Associates	10c	449	208
Long term loans	16	94	99
		<u>14,675</u>	<u>14,272</u>
 Debtors due after more than one year	 11	 4,790	 5,256
<b>CURRENT ASSETS</b>			
Stock of development assets	15	168,105	160,500
Debtors due within one year	11	23,516	18,292
Cash at bank and in hand	20	32,450	34,113
		<u>224,071</u>	<u>212,905</u>
 CREDITORS due within one year	 12	 (37,660)	 (41,683)
 <b>NET CURRENT ASSETS</b>		 186,411	 171,222
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		 <u>205,876</u>	 <u>190,750</u>
 <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	 13	 (5,708)	 (4,500)
 <b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		 <u>200,168</u>	 <u>186,250</u>
<b>RESERVES</b>			
Grant in Aid Reserve	17	124,470	112,122
General Reserves	17	49,715	50,787
Revaluation Reserve	17	25,983	23,341
		<u>200,168</u>	<u>186,250</u>



James E Brathwaite CBE  
Chairman  
Date: 14 July 2008



Pam Alexander  
Chief Executive and Accounting Officer  
Date: 14 July 2008

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**GROUP CASH FLOW STATEMENT FOR THIS YEAR TO 31 MARCH 2008**

	Notes	2007/08 £'000	2007/08 £'000	2006/07 £'000	2006/07 £'000
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	18		(167,736)		(142,773)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received	6		1,220		1,135
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Purchase of tangible operating assets	9	(232)		(441)	
Long term loan repayments	16	5		48	
Cash outflow from capital expenditure			(227)		(393)
Corporation Tax (paid)/refund			(104)		11
<b>FINANCING</b>					
Grant in Aid received for capital additions of Development/Investment assets	8 & 15	11,128		21,670	
Grant in Aid applied to capital additions of operating assets	9	232		441	
			11,360		22,111
Grant in Aid applied to revenue expenditure			153,640		136,889
DCLG grant Funding			361		0
<b>Reduction in cash</b>	20		<u>(1,486)</u>		<u>16,980</u>

**NOTES TO THE ACCOUNTS**

**ACCOUNTING POLICES**

**1. (a) Accounting Conventions**

These financial statements have been prepared in accordance with the 2007–2008 Financial Reporting Manual as issued by the Treasury. They are in a form directed by the Secretary of State for the Department for Business, Enterprise and Regulatory Reform with the approval of the Treasury, in accordance with the Regional Development Agencies Act 1998.

These financial statements have been prepared using the historical cost convention modified by the inclusion of development and investment assets at their value to the business by reference to their current value.

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 undertakings 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.

The share of net assets and profit/loss information of the joint ventures and associates is based upon unaudited financial statements to 31 March 2008.

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 valued at depreciated cost and are capitalised if an item costs £1,000 or more. SEEDA's policy is to capitalise IT development expenditure only when it relates to business software applications costing in excess of £5,000 and having an economic life of a least three years.

**(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

Intangible assets – amortised over three years.

**NOTES TO THE ACCOUNTS**

**(e) Development and Investment Assets**

Development assets are held short term for disposal. The accounting policy is to revalue each year at the lower of current replacement cost and net realisable value. A valuation of the whole portfolio was carried out as at 31 March 2008, all of which was undertaken by Drivers Jonas, Chartered Surveyors.

Each Development asset has an individual calculation in order to calculate the net gain or loss on each site following the revaluation. Any increase above historic cost is taken to the Revaluation Reserve while losses are written off against the reserve up to the value of any credit balance in the reserve and are shown in the Income and Expenditure account thereafter. The valuations of these assets are shown as stock on the Balance Sheet and any increase in valuation is shown in the Revaluation Reserve. Disposals and purchases of land and buildings are accounted for on the date of legal exchange.

Investment assets are held medium and long term for the purposes of rental income generation. The accounting policy is to revalue each year at the lower of current replacement cost and net realisable value. Valuation of the whole portfolio as of 31 March 2008 by Drivers Jonas, Chartered Surveyors.

**(f) Government Grants Received**

The Agency's activities are funded primarily by the Grant in Aid provided by the Department for Business, Enterprise and Regulatory Reform for specified types of expenditure. Grant in Aid received to finance activities and expenditure that 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 that 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% (2006/07: 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.

# SOUTH EAST ENGLAND DEVELOPMENT AGENCY FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008

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## NOTES TO THE ACCOUNTS

### **(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.

### **(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 2008**

**NOTES TO THE ACCOUNTS**

**2. OTHER GRANT INCOME**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
DCLG - Growth Areas	7,423	4,074
English Partnerships	0	34
Small Business Service	0	212
BERR - Non single pot	0	1,388
Other	0	236
	<u>7,423</u>	<u>5,944</u>

The DCLG grant increase refers to funding for the Thames Gateway project

**3. OTHER INCOME**

		<b>2007/08</b>	<b>2006/07</b>
		<b>£'000</b>	<b>£'000</b>
Proceeds of disposal of development assets	15	3,720	12,593
Rental and other Income	3	17,237	10,796
Interest received	6	1,220	1,135
		<u>22,177</u>	<u>24,524</u>

Analysis of rental and other income

		<b>2007/08</b>	<b>2006/07</b>
		<b>£'000</b>	<b>£'000</b>
Rents and Maintenance		6,285	4,963
Train to Gain		7,300	3,943
Support to implement best business practice		0	588
Other income		1,196	1,119
Clawback		2,284	27
Subsidiary company income		172	156
		<u>17,237</u>	<u>10,796</u>

SEEDA has the contract with the Learning and Skills Council to provide Train to Gain skills service for the South East Region.

Clawback relates to part repayment of a third party grant in accordance with the grant and milestones being met.

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**NOTES TO THE ACCOUNTS**

**4. ANALYSIS OF PROGRAMME EXPENDITURE BY KEY DRIVER**

<b>Programme Expenditure Only</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Smart Growth	44,015	44,101
Global Competitiveness	43,267	35,246
Enabling Infrastructure	32,529	41,389
Sustainable Prosperity	14,480	13,065
European Funds	12,205	7,260
DCLG Community Fund	6,467	4,331
Resources	5,786	9,097
Strategy	1,882	1,946
Coalfields	611	991
Subsidiary Companies	172	14
	<u>161,414</u>	<u>157,440</u>

The 2007/08 programme expenditure above is split as follows:

Private Sector	124,436	123,393
Public Sector	<u>36,978</u>	<u>34,047</u>
	<u>161,414</u>	<u>157,440</u>

Payments to the private sector include Business Links, Train to Gain, Research & Development Grants and the BERR Grant Scheme for Selective Finance for Investment in England (SFIE). Payments to the public sector include final settlement of the Single Regeneration Budget (SRB), Area Investment Frameworks (AIFs), and direct development on land and property.

**5. OTHER ADMINISTRATIVE COSTS**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Travel and subsistence	754	887
Other staff costs (recruitment, training etc.)	683	601
Office and rent expenses	2,752	2,807
Operating lease rentals (excluding office leases)	128	164
Publications, events and media	721	782
Professional fees	370	331
IT and communication	712	671
Subsidiary company expenditure	134	141
Depreciation	335	582
Auditors' remuneration – statutory	56	55
Auditors' remuneration	0	113
Net exchange losses	84	(43)
	<u>6,729</u>	<u>7,091</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 2008**

**NOTES TO THE ACCOUNTS**

**6. INTEREST RECEIVABLE**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Bank Interest	1,080	1,046
Interest on rural loans	0	3
Share of Interest — subsidiary companies	31	34
	<u>1,111</u>	<u>1,083</u>
Share of net interest – associates	109	52
	<u>1,220</u>	<u>1,135</u>

**7. SALARIES AND WAGES**

**(a) Staff Costs**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Chairman's Salary	78	78
Board Members' fees	131	131
National Insurance	17	17
<b>Board Total</b>	<u>226</u>	<u>226</u>

The same amounts for the 2 years is coincidental due to a combination of the timing of pay awards and roundings.

Salaries and wages including overtime	10,457	9,736
Pension	2,132	1,991
National Insurance	923	866
Provision for redundancy	328	0
Permanent Staff Costs	<u>13,840</u>	<u>12,593</u>
Other staff	726	314
Seconded Staff	<u>229</u>	<u>257</u>
<b>Administrative Total</b>	<u>14,795</u>	<u>13,164</u>

Programme – Salaries and wages, including overtime	2,631	2,437
Programme – Pensions	837	534
Programme – National Insurance	235	235
Programme – Other staff	168	241
Programme – Seconded staff	<u>525</u>	<u>411</u>
<b>Programme Total</b>	<u>4,396</u>	<u>3,858</u>
<b>Total staff costs</b>	<u>19,417</u>	<u>17,248</u>

**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 2007/08 was 2.7% (2006/07 3.5%) comprising both consolidated and non-consolidated amounts.

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](http://www.civilservice-pensions.gov.uk)).

For 2007/08, employers contribution of £2,660,166 were payable to the PCSPS (2006/07: £2,425,720) at one of four rates in the range of 17.1% to 25.5% (2006/07 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 £46,417 (2006/07: £53,496) 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% (2006/07: 3% to 12.5%) of pensionable pay. Employers also match employee contributions of up to 3% (2006/07: 3%) of pensionable pay. In addition, employer contributions of £2,969 (2006/07: £3,209), 0.8% (2006/07: 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.

In addition, SEEDA paid £260,000 in employer contributions for early retirement costs for staff who left in previous years.

The increase in total staff cost is due to a number of factors including the annual pay awards, bonuses as well as pay progression, which is awarded annually where certain criteria have been met.

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**NOTES TO THE ACCOUNTS**

**7. SALARIES AND WAGES (CONT ...)**

**(b) Average Staff Numbers**

Year	Resources		Enabling Infrastructure & Development		Sustainable Prosperity		Smart Growth		Global Competitiveness		Strategy		SEEDA Total full time equivalents	
	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07
Senior Managers on payroll	7	7	7	9	4	3	6	5	4	4	7	6	35	34
Staff on payroll	63	68	60	52	23	22	47	34	68	68	26	30	287	274
Agency / Self-employed/ Secondees not on payroll	3	10	12	7	5	9	7	10	7	14	0	0	34	50
<b>Total</b>	<b>73</b>	<b>85</b>	<b>79</b>	<b>68</b>	<b>32</b>	<b>34</b>	<b>60</b>	<b>49</b>	<b>79</b>	<b>86</b>	<b>33</b>	<b>36</b>	<b>356</b>	<b>358</b>

Senior Managers include those staff on the Hay scale Senior Manager/Professional banding A and B and above. 112 members of staff received emoluments of more than £40,000, including the Chief Executive (2006/07: 98 members). Senior executive salaries are agreed within a range approved by BERR.

Staff on payroll in the above table exclude 20 (2006/07: 24) seconded out to and charged to the Hastings and Bexhill Renaissance Ltd Company, which is 20% owned by the Agency.

**(c) Seconded Staff**

Staff resourced from organisations that were reimbursed by the Agency during 2007/08 were:

	2007/08	2007/08	2006/07	2006/07
	Staff	£'000	Staff	£'000
Dept. for Work and Pensions	1	33	1	38
Creative Environment Networks	1	20	1	38
Government Office for the South East	1	67	2	86
BERR	1	53	1	26
Business Link Wessex	0	0	1	33
Semlac	0	0	1	18
National Physical Laboratory	1	56	1	34
	<b>5</b>	<b>229</b>	<b>8</b>	<b>273</b>

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**NOTES TO THE ACCOUNTS**

**7. SALARIES AND WAGES (CONT ...)**

Staff seconded from outside organisations and paid for by their own employers are not included above. Secondees work on a variety of projects as part of the SEEDA policy of fostering partnership working relations.

**8. STOCK OF INVESTMENT ASSETS**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	Restated <b>£'000</b>
Opening Balance	13,826	13,474
Additions in year	193	0
Transfer to Revaluation Reserve	(35)	352
Book value of investment assets written down	(112)	0
Book value of investment assets written back	68	0
	13,940	13,826

In preparation for the adoption of the International Financial Reporting Standards (IFRS) and to comply with the Financial Reporting Manual, assets deemed to be investment assets need to be disclosed separately in the Financial Statements.

**9. TANGIBLE OPERATING ASSETS**

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

**Depreciation**

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

<b>Net book value at 31 March 2008</b>	<b>199</b>	<b>497</b>	<b>696</b>
Net book value at 31 March 2007	277	596	873

Fixed assets shown above include £1,537 for subsidiary companies (2006/07: £1,800).

The depreciation charge consists of £77,000 charged to programme and £335,000 charged to administration costs.

Operating assets are capitalised at their cost of acquisition and installation, as current cost adjustments are immaterial. The replacement value of the assets is not materially different from the above values.

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

**10a. INVESTMENT IN BUSINESS SUBSIDIARIES ASSOCIATES AND JOINT VENTURES**

Name of Undertaking	Interest	Class of shares	Value	Nature of Business	SEEDA Share of distributable Reserves (£000)	
					2007/08	2006/07
<b>Companies Limited by Shares</b>						
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	6	6
Countryside Maritime Ltd	50%	Ordinary Share £1	£4,950	Joint Venture	450	236
	75%	Income Share 5p	£74	Property Development		
<b>Companies Limited by Guarantee</b>						
East Kent Spatial Development Co Ltd	80%	Nil Limited by Guarantee	0	Regeneration of Thanet and Dover	(958)	(975)
Finance South East Ltd	50%	Nil Limited by Guarantee	0	Venture Capital Management	68	45
Hastings and Bexhill Renaissance Ltd	20%	Nil Limited by Guarantee	0	Regeneration of Hasting & Bexhill	368	157
Aylesbury Vale Advantage Ltd	20%	Nil Limited by Guarantee	0	Regeneration of Aylesbury Vale	5	6
Brownfield Land Assembly Co Ltd	20%	Nil Limited by Guarantee	0	Land Assembly	8	0
<b>The following Companies are joint ventures of HBRL in which SEEDA has less than 20% interest:</b>						
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. It was previously known as Chatham Maritime Ltd. The name was changed during 2005/06. 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 English Partnerships.

**NOTES TO THE ACCOUNTS**

**10a. INVESTMENT IN BUSINESS 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, English Partnerships 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.

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) as detailed below.

	<b>2007/08 Total</b>	<b>2007/08 Total Agency Share</b>
	<b>£'000</b>	
<b>Fixed Assets:</b>		
Ryde Business Park Management Company Ltd	0	0
East Kent Spatial Development Company Ltd	1	1
	<u>1</u>	<u>1</u>
<b>Current Assets:</b>		
Ryde Business Park Management Company Ltd	11	11
East Kent Spatial Development Company Ltd	8,529	6,823
	<u>8,540</u>	<u>6,834</u>
<b>Gross Assets:</b>		
Ryde Business Park Management Company Ltd	11	11
East Kent Spatial Development Company Ltd	8,530	6,824
	<u>8,541</u>	<u>6,835</u>
<b>Liabilities due within one year:</b>		
Ryde Business Park Management Company Ltd	5	5
East Kent Spatial Development Company Ltd	550	440
	<u>555</u>	<u>445</u>
<b>Liabilities due after one year:</b>		
Ryde Business Park Management Company Ltd	0	0
East Kent Spatial Development Company Ltd	9,177	7,342
	<u>9,177</u>	<u>7,342</u>
<b>Gross Liabilities:</b>		
Ryde Business Park Management Company Ltd	5	5
East Kent Spatial Development Company Ltd	9,727	7,782
	<u>9,732</u>	<u>7,787</u>
<b>Net Assets (Liabilities):</b>		
Ryde Business Park Management Company Ltd	6	6
East Kent Spatial Development Company Ltd	(1,197)	(958)
<b>Total</b>	<u>(1,191)</u>	<u>(952)</u>

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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 £578 Reserves £5,931
- East Kent Spatial Development Co Ltd – Profit £24,931 Reserves (£1,196,155)

**Minority Interest's share of the operating surplus of subsidiary companies**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Minority Interest of 20% East Kent Spatial Development Company:	5	9

**Minority Interest in subsidiary companies at the Balance Sheet date**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Minority interest of 20% in East Kent Spatial Development Company – Net assets of (£1,196,155) 2006/07 (£1,219,099)	(239)	(244)

**10c. AGENCY INVESTMENT IN JOINT VENTURES AND ASSOCIATES**

• **Group interest in Joint Ventures**

The Group's share of operating profits of joint ventures included in the Income and Expenditure Account is as follows:

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Share of gross operating income of joint ventures	5,462	2,353
Share of gross expenditure of joint ventures	(5,155)	(2,360)
	307	(7)

The following are SEEDA's share of the un-audited results for 2007/08 of the joint venture Countryside Maritime Ltd. These figures are based on the agreed control – sharing ratio, which is 50/50 for turnover, assets and net borrowing; taxation and profit/loss are based on SEEDA's entitlement of two-thirds, and the project management fees are split on an actual basis.

	<b>£'000</b>		<b>£'000</b>
Turnover	5,462	Fixed Assets	0
Profit before taxation	307	Current Assets	10,662
Taxation	93	Liabilities due within one year	6,015
Profit after taxation	214	Liabilities due after more than one year	4,198
		Reserves	450

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**NOTES TO THE ACCOUNTS**

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

**• Group interest in Associates**

	<b>2007/08</b>	<b>2007/08</b>
	<b>Total</b>	<b>Agency Share</b>
	<b>£'000</b>	<b>£'000</b>
Hastings and Bexhill Renaissance Ltd	1,843	368
Brownfield Land Assembly Company Ltd	40	8
Finance South East Ltd	135	68
Aylesbury Vale Advantage Ltd	26	5
<b>Total Net Assets</b>	<b>2,044</b>	<b>449</b>

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Group share of operating surplus in associates	241	168

The following are SEEDA's share of the results of associate companies:

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

Turnover	<b>£'000</b> 3,593	Fixed assets	<b>£'000</b> 2,197
Operating Profit	110	Current assets	1,457
Interest receivable	101	Liabilities due within one year	1,309
Profit before tax	211		
Taxation	0	Liabilities due after more than one year	1,977
Profit after taxation	211	Reserves	368

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

Turnover	<b>£'000</b> 17	Fixed Assets	<b>£'000</b> 0
Operating Profit	8	Current Assets	307
Profit before taxation	8	Liabilities due within one year	6
Taxation	0	Liabilities due after more than one year	293
Profit after taxation	8	Reserves	8

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**NOTES TO THE ACCOUNTS**

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

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

	<b>£'000</b>		<b>£'000</b>
Turnover	761	Fixed assets	50
Operating profit	18	Current assets	372
Profit before taxation	23	Liabilities due within one year	354
Taxation	0	Liabilities due after more than one year	0
Profit after taxation	23	Reserves	68

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

	<b>£'000</b>		<b>£'000</b>
Turnover	151	Fixed assets	0
Operating profit	(1)	Current assets	23
Profit before taxation	(1)	Liabilities due within one year	18
Taxation	0	Liabilities due after more than one year	0
Profit after taxation	(1)	Reserves	5

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**NOTES TO THE ACCOUNTS**

**11. DEBTORS**

Debtors due within one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
		Restated
Trade Debtors	24,155	18,411
Other Debtors	6	4
Value added tax	130	399
Taxation recoverable	4	4
Payments on account	4,508	5,052
Prepayments	2,075	1,783
Prepayment – Chatham Maritime Trust	342	343
Group Debtors	<u>31,220</u>	<u>25,996</u>
Less trade debtors of subsidiary companies	<u>(7,704)</u>	<u>(7,704)</u>
Agency Debtors	<u>23,516</u>	<u>18,292</u>

Debtors due after more than one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Management Fees From Countryside Maritime Ltd	1,013	1,137
Prepayment – Crown Estates	2,750	2,750
Prepayment – Chatham Maritime Trust	1,027	1,369
	<u>4,790</u>	<u>5,256</u>

The 2006/07 figure is restated to reflect the bad debt provision moving from debtors due within 1 year to debtors due after more than 1 year

**Debtors - Intra-Government balances**

Debtors due within one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Balances with other central Government bodies	5,700	856
Balances with local authorities	5,066	922
Sub total: intra-Government balances	<u>10,766</u>	<u>1,778</u>
Balances with bodies external to Government	<u>20,454</u>	<u>24,218</u>
	<u>31,220</u>	<u>25,996</u>

Debtors due after more than one year	<b>2007/08</b>	<b>2006/07</b>
Balances with public corporations and trading funds	2,750	2,750
Balances with bodies external to Government	<u>2,040</u>	<u>2,506</u>
	<u>4,790</u>	<u>5,256</u>

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**NOTES TO THE ACCOUNTS**

**12. CREDITORS**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Creditors due within one year		Restated
Trade creditors	704	1,866
Other creditors	70	772
Accruals	30,512	34,566
Taxation – PAYE	241	224
Social security	165	163
Income in advance	1,358	687
Office Lease	814	928
Grant creditor – DCLG	2,750	2,750
Coal grant creditor – EP	1,602	220
Group Creditors	38,216	42,176
Less trade Creditors of Subsidiary Companies	(556)	(493)
Agency creditors	<u>37,660</u>	<u>41,683</u>
Creditors due after more than one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Subsidiary companies – grants received in advance	9,176	9,083
	<u>9,176</u>	<u>9,083</u>

The 2006/07 figures have been restated to separately identify year-end accruals.

**Creditors – intra-Government balances**

Creditors due within one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Balance with other central Government bodies	1,201	3,500
Balances with local authorities	8,236	12,249
Sub total: intra-Government balances	<u>9,437</u>	<u>15,749</u>
Balances with bodies external to Government	28,779	26,427
	<u>38,216</u>	<u>42,176</u>
Creditors due after more than one year	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Balances with Local Authorities	2,218	2,219
Balances with public corporations and trading funds	6,958	6,864
Total intra-Government balances	<u>9,176</u>	<u>9,083</u>

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**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 that are enacted or substantively enacted as at the Balance Sheet date. There is no deferred tax liability for 2007/08; 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 (EP) to acquire part of the land. If invoked, this option involves a land transfer by SEEDA to EP, as return for a grant awarded by EP of £4.5 million. EP has indicated they will invoke this option and SEEDA has made provision for £5.38 million, which reflects the increased value of the land.

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	4,500	4,600
Increase/(Reduction) in provision due to recalculation of liability	880	(100)
Provision for redundancy costs	328	0
	<u>5,708</u>	<u>4,500</u>

A provision for redundancy has been recognised in 2007/08 of which £237,000 was paid in May 2008 with the balance expected to be paid before September.

**14. BAD AND DOUBTFUL DEBT PROVISION**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	3,629	3,764
Movement in provision – Programme	0	(134)
Movement in provision – Administration	314	(1)
	<u>3,943</u>	<u>3,629</u>

Bad debt movement in the year relates to a rental income debtor.

**15. STOCK OF DEVELOPMENT ASSETS**

	<b>2007/08</b>	<b>2007/08</b>	<b>2006/07</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
			Restated	
Opening Balance		160,500		152,274
Additions in year		10,935		21,670
Disposal proceeds in year	(3,720)		(12,593)	
(Loss)/Profit on disposals	751		4,848	
Net book value of assets sold		(2,969)		(7,745)
Transfer to Revaluation Reserve		2,677		187
Book value of development assets written down		(5,033)		(7,677)
Book value of development assets written back		1,995		1,791
		<u>168,105</u>		<u>160,500</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.

2006/07 figures have been restated to show investment assets separately; see note 8.

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**NOTES TO THE ACCOUNTS**

**16. LONG-TERM LOANS**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance – Former Rural Development Commission	99	147
Loans repaid during the year	(5)	(48)
	<u>94</u>	<u>99</u>

**17. RESERVES**

	<b>Grant in aid reserve</b>	<b>General Reserve DCLG</b>	<b>General Reserve EP</b>	<b>General Reserve</b>	<b>General Reserve Total</b>	<b>Revaluation Reserve</b>	<b>2007/08 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening Balances	112,122	46,983	4330	(526)	50,787	23,341	186,250
2007/08 GIA received	165,000						165,000
Net expenditure for the year	(151,329)	(615)	(930)	473	(1,072)		(152,401)
Increase in Revaluation Reserve						2,642	2,642
Transfer to Grant In Aid Reserve for write off charged to I&E account	361	(361)			(361)		0
Grant Funding for asset additions		361			361		361
Transfer of EP & DCLG liability to creditor accounts	(1,684)						(1,684)
	<u>124,470</u>	<u>46,368</u>	<u>3,400</u>	<u>(53)</u>	<u>49,715</u>	<u>25,983</u>	<u>200,168</u>

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

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure on ordinary activities	(153,512)	(151,727)
Depreciation	412	651
Additions to stock of development/investment assets	(11,128)	(21,670)
Book Value of development assets sold	2,969	7,745
Amounts written off – development/investment assets	5,145	7,677
Amounts written back – development/investment assets	(2,063)	(1,791)
Share of results in joint ventures	(307)	7
Share of results in associates	(132)	(168)
Group Companies Consolidation Adjustments	(1,703)	(1,550)
(Increase)/decrease in group debtors	(4,758)	5,903
Increase/(decrease) in group creditors and provisions	(2,659)	12,150
<b>Net cash outflow from operating activities</b>	<u>(167,736)</u>	<u>(142,773)</u>

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

**NOTES TO THE ACCOUNTS**

**19. TAXATION**

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

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Current year taxation charges	(11)	11
Share of taxation charge of joint ventures	(93)	2
Share of taxation charge of associates	(0)	(42)
	<u>(104)</u>	<u>(29)</u>

There is no deferred tax liability for 2007/08.

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

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease)/Increase in cash	(1,486)	16,980
Net Group Funds as at 31 March 2007	<u>34,771</u>	<u>17,791</u>
Net Group Funds as at 31 March 2008	<u>33,285</u>	<u>34,771</u>
	Cash	1
	Euros	2,531
	Sterling	30,753
	<u>33,285</u>	<u>34,771</u>

The Agency Net Funds position decreased from £34.1 million to £32.5 million (£1.6 million).

**21. OPERATING LEASES**

As at March 2008 the Agency had annual commitments under operating leases as follows:

	<b>Building</b>	<b>Car Leases</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Lease Expiring:					
within one year	0	119	5	124	0
between one and five years	257	101	8	366	219
more than five years	1,025	0	0	1,025	1,280
	<u>1,282</u>	<u>220</u>	<u>13</u>	<u>1,515</u>	<u>1,499</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.

# SOUTH EAST ENGLAND DEVELOPMENT AGENCY FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008

## NOTES TO THE ACCOUNTS

### 22. COMMITMENTS

	2007/08 £'000	2006/07 £'000
Commitments	<u>81,440</u>	<u>99,975</u>

Commitments are the forecast future expenditure on approved projects as at 31 March 2008.

### 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, Enterprise and Regulatory Reform 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.

### 24. RELATED PARTY TRANSACTIONS

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

The Agency also received growth area funding and ERDF from the Department for Communities and Local Government; coalfields funding is also provided from English Partnerships and European Social Fund grants from the Department for Work and Pensions. 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. 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 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 £9.7 million, to Finance South East Ltd of £1.4 million, and Brownfield Land Assembly Co Ltd of £1 million in 2007/08.

Board Members, as a standing item on the Board agenda, are asked to consider each item on the Board agenda and declare any interest at the commencement of 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.

**SOUTH EAST ENGLAND DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008**

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**NOTES TO THE ACCOUNTS**

**24. RELATED PARTY TRANSACTIONS (CONT ...)**

The following is a list of related party transactions with organisations in which Board Members have declared an interest in for 2007/08. Only the organisations that received a payment from SEEDA in 2007/08 are included.

<b>James Brathwaite CBE</b>	(Director) Brathwaite & Co, received £23,310 for office and secretary expenses for SEEDA chair. (Director) Environment Agency received £62,248 for fees. (Director) Farnham Castle Briefings Ltd received £842 for events. (Director) Morgan Everett Ltd received £11,959 for grants. (Director) University of Greenwich received £321,280 for grants. (Committee Member) DEFRA Commission on Environmental Markets and Economic Performance received £9,710 for joint projects. (Committee Member) Strategic Supply Chain Group received £100,000 for grants. (Member) Arts & Business Fellowship received £2,937 for grants.
<b>John Peel OBE</b>	(Director) West Sussex Economic Partnership received £197,015 in grant payments.
<b>Robert Anderson</b>	(Councillor) Slough Borough Council received £474,178 for grants.
<b>Poul Christensen CBE</b>	(Deputy Chair) Natural England received £12,000 for a joint project. (Management Board Member) DEFRA received £9,710 for grants.
<b>Bob Goldfield</b>	(Chief Executive) Port of Dover Harbour Board received £18,652 for grants. (Board Member) Kent Economic Board received £3,000 for grants.
<b>Keith House</b>	(Councillor) Hampshire County Council received £649,186 for grants. (Councillor) Eastleigh Borough Council received £5,875 for grants.
<b>Peter Jones</b>	(Leader) East Sussex County Council received £1,958,096 for grants. (Director) East Sussex Economic Partnership Ltd received £80,000 for grants.
<b>Alex Pratt OBE</b>	(Chairman) Buckinghamshire Economic Partnership received £80,300 for grants. (Director) Ngage Business Solutions received £4,809,699 for grants.
<b>Phil Wood</b>	(Director) Sussex Enterprise received £1,251,319 for grants. Also, a £4,736,713 grant was paid to Sussex Business Link, a connected organisation to Sussex Enterprise.

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

<b>Pam Alexander</b>	Countryside Maritime Ltd
<b>Jeff Alexander</b>	Finance South East Ltd, Aylesbury Vale Advantage Ltd (until February 2008). (Also, a SEEDA-nominated Director of Locate in Kent Ltd of which SEEDA is not a member.)
<b>Lee Amor</b>	Countryside Maritime Ltd Hastings and Bexhill Renaissance Ltd

# SOUTH EAST ENGLAND DEVELOPMENT AGENCY FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008

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## NOTES TO THE ACCOUNTS

### 24. RELATED PARTY TRANSACTIONS (CONT ...)

<b>Valerie Carter</b>	East Kent Spatial Development Ltd
<b>Peter Cusdin</b>	Ryde Business Park Management Ltd, East Kent Spatial Development Ltd
<b>Chris Moore</b>	East Kent Spatial Development Ltd, Brownfield Land Assembly Company Ltd
<b>Oona Muirhead</b>	Aylesbury Vale Advantage Ltd (from February 2008).
<b>John Parsonage</b>	Hastings and Bexhill Renaissance Ltd
<b>Susan Priest</b>	East Kent Spatial Development Ltd
<b>Jonathan Sadler</b>	South East England Properties Ltd, Countryside Maritime Ltd, East Kent Spatial Developments Ltd
<b>John Shaw</b>	Hastings and Bexhill Renaissance Ltd, Pebble Properties (Marline) Ltd, and Coastal Land (Sussex) LLP
<b>David Tucker</b>	Countryside Maritime Ltd, East Kent Spatial Development Ltd, Hastings and Bexhill Renaissance Ltd.

### 25. POST-BALANCE SHEET EVENTS

Although approval was given by the EU for the new ERDF programme in 2007/08, implementation is delayed until 2008/09.

In June 2008, BERR gave approval for SEEDA to issue a guarantee for £700,000 to facilitate the release of EU funds for a technology transfer project. This is a contingent liability.

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, 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, Enterprise and Regulatory Reform.

The authorised date for issue is 18 July 2008.

# SOUTH EAST ENGLAND DEVELOPMENT AGENCY

## FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2008

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### NOTES TO THE ACCOUNTS

#### **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 totalling £1.22 million, relating to a security bond in respect of redevelopment works at the Betteshanger colliery site. SEEDA has also made payment to Hampshire County Council of £3 million, relating to redevelopment works at Southmoor Park. In addition, £0.288 million was deposited with Hampshire County Council for the Fratergate scheme. 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 noncompliance are considered to be low.

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 3.7 million 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 £2.5 million.

#### **27. THIRD-PARTY ASSETS**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Tenants' rental deposits	<u>132</u>	<u>61</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.



If English is not your first language we can provide a summarised version of this document in Punjabi, Hindi, Gujarati, Urdu, Polish and Bengali. The document can be made available in large print, Braille, disk and audio cassette.

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If you require any further information about this Report or the activities of SEEDA, please contact us

**SEEDA Headquarters**

Cross Lanes  
Guildford  
Surrey GU1 1YA  
England

**Chatham Maritime Office**

The Observatory  
Brunel  
Chatham Maritime  
Kent ME4 4NT  
England

**SEEDA Brussels**

South East England  
Brussels Office  
Rue du Commerce 45  
1000 Bruxelles  
Belgium

**Phone** +44 (0)1483 484 200

**Fax** +44 (0)1483 484 247

**Phone** +44 (0)1634 899 900

**Fax** +44 (0)1634 899 901

**Phone** 00 322 504 0720/0721

**Fax** 00 322 504 0722

**Email** [seeda@seeda.co.uk](mailto:seeda@seeda.co.uk)

**Web** [www.seeda.co.uk](http://www.seeda.co.uk)



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