

*Annual Report and Accounts  
1999/2000*



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# SEEDA's mission, objectives, role and values

## Mission

SEEDA's mission is to work with our partners to make the South East of England a World Class region, achieving sustainable development and enhanced quality of life, as measured by:

- economic prosperity;
- environmental quality and
- social inclusion – ensuring opportunities and meaningful employment for all.

## Objectives

SEEDA's five statutory objectives under the Regional Development Agencies Act 1998 are:

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

## Role

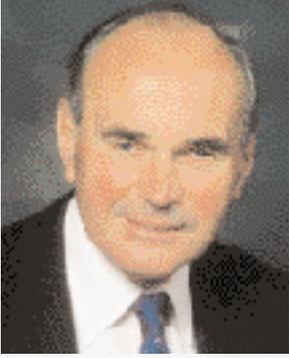
SEEDA seeks to meet these objectives in the South East by working with partners to:

- help businesses to create wealth;
- ensure that all parts of the region perform to their full potential;
- remove the barriers to higher and sustainable levels of growth and prosperity;
- ensure that the benefits of increasing prosperity are socially inclusive;
- develop sustainable and strategic regeneration and community-led development;
- ensure that increased prosperity and environmental quality go hand in hand;
- maximise the contribution that the region makes to the national economy and
- promote networks at local, sub-regional, regional and national levels and internationally with the key knowledge-based economies across the world.

## Values

As an organisation SEEDA's values are to:

- focus on our customers and partners – understanding and responding to their needs;
- respect and empower our colleagues – harnessing their strengths and experience and valuing their diversity;
- learn continually – using every opportunity to acquire new skills, knowledge and experience and share it with others;
- communicate effectively – sharing information and knowledge to the wider benefit of SEEDA and the region;
- take responsibility – innovating and taking initiative within our areas of competence;
- minimise bureaucracy – achieving high performance whilst maintaining probity and
- create an enjoyable work environment – achieving a reasonable balance between work and home life.



## Chairman's Review

"The SEEDA Economic Strategy presents a well structured framework for promoting economic development and competitiveness in the South East."

*John Prescott, The Deputy Prime Minister*

*Chairman Allan Willett meets a community group during his regional visit to Slough*



I am pleased to report on SEEDA's highly successful first year. It records a period of real achievement in our role as a catalyst for sustainable economic growth and regeneration across the South East of England.

From the very beginning, my number one priority was to develop close relations with our partners so that we understood their priorities and the ways in which SEEDA could add value. My early visits to every county and unitary authority paved the way. Through our Board Committees, Sector Groups and the SEEDA Advisory Panel we have demonstrated the importance of wide consultation.

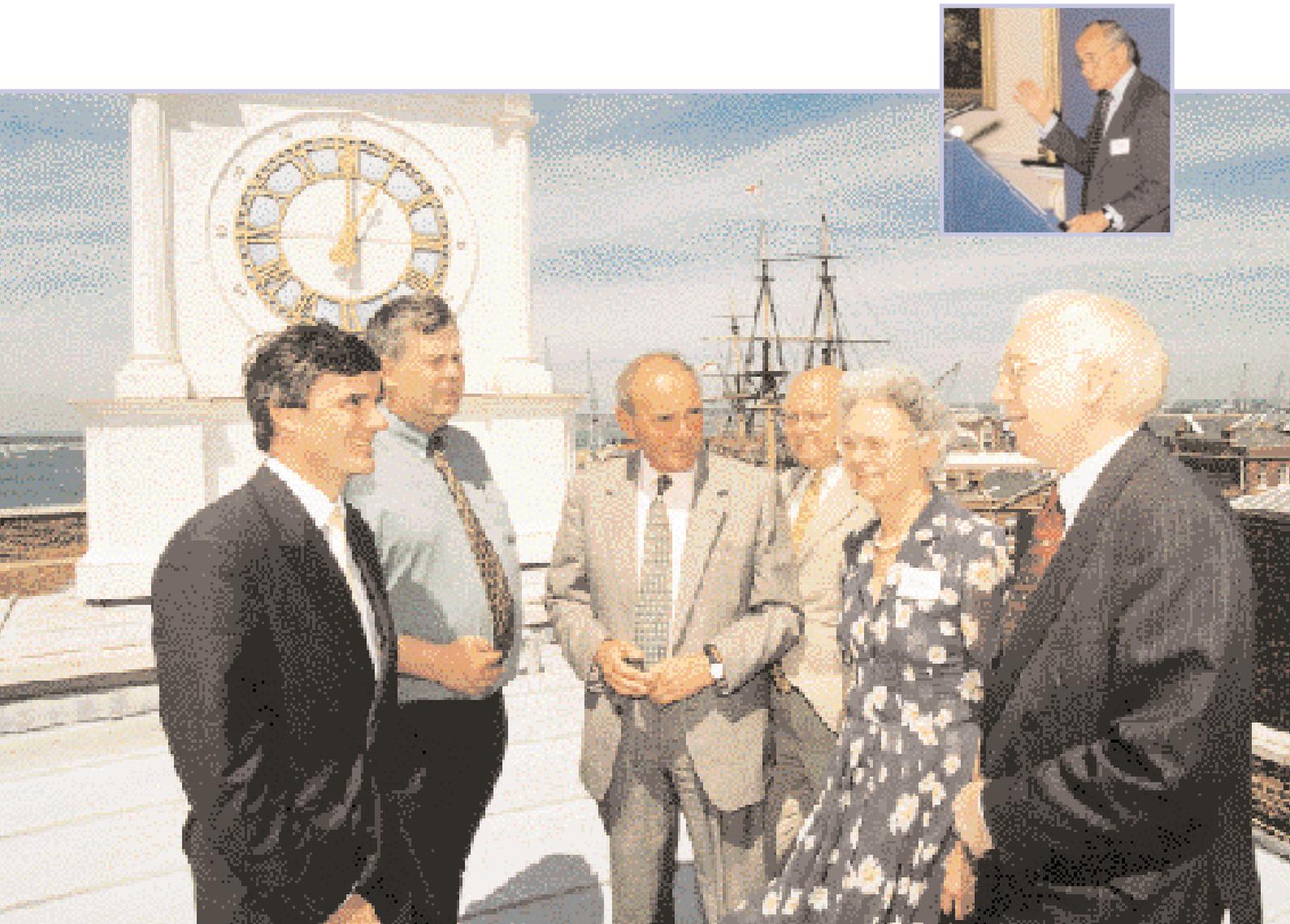
This approach paid early dividends. It enabled us to rise to the Government's challenge of producing the Regional Economic Strategy in just six months ('Building a World Class Region' can be accessed through [www.seeda.co.uk](http://www.seeda.co.uk)). There has been overwhelming support from the region and from Government for the Strategy as a blueprint for the knowledge based, high value added business growth essential to the region's, and indeed the nation's, wellbeing. The aim, as spelled out in the Strategy, is to achieve sustainable development and enhanced quality of life through:

- high and stable levels of economic growth and employment;
- the protection or enhancement of the environment with prudent use of natural resources; and
- social progress that recognises the needs of everyone.

*"... the SEEDA Economic Strategy presents a well structured framework for promoting economic development and competitiveness in the South East addressing both the strengths and weaknesses of the regional economy." ... "we have noted that SEEDA was actively involved with a wide range of partners from all sectors across the region in drawing up the Strategy. Particularly encouraging is the strong commitment and support for the Strategy from the South East England Regional Assembly."*

*John Prescott, The Deputy Prime Minister, 12 January 2000.*

The preparation of the Strategy was not an end in itself. That is why we began work straight away on the all important action plans that will turn ideas and aspirations into real achievement. Driving forward these plans with our partners will be SEEDA's overriding priority during 2000/2001 and beyond. Together these plans will form the



Allan Willett with members of Portsmouth City Council at Portsmouth's historic dockyard (above), and (inset) Allan Willett addresses a Surrey-based business audience during his visits to all County and Unitary Authorities

SEEDA Accountability Plan against which our success or failure will be measured.

A great deal has already been achieved. For example, working with our partners, we have made substantial progress in taking forward key Regional Economic Strategy initiatives such as the

Enterprise Hubs, Business Sector Groups, an 'aftercare' programme to foster the retention and growth of investment, establishing a regional skills unit ('Skills Insight'), setting up South East England House in Brussels and influencing the Government's 10-year Transport Investment Strategy.

*"We are delighted at the very positive and productive working relationship that has developed between the Assembly and SEEDA – I look forward to it continuing in the year ahead."*  
Councillor David Shakespeare, newly elected Chair of the South East England Regional Assembly, July 2000.



Launching the Regional Economic Strategy at the House of Commons, (left to right) David Saunders, Regional Director of GOSE, Allan Willett, Paul Clark MP and David Willetts MP

We must build on our strong start.

Looking ahead to 2000/2001, our priorities include:

- making further real and measurable progress in implementing the principal actions outlined in the Regional Economic Strategy. A focused and prioritised approach, to which our partners as well as ourselves are fully committed, is essential. We are determined to put in place a fully accountable system with an action plan for each of the priorities identified in the Strategy. We will put all our energy behind the seven 'World Class' programmes for the region – businesses, learning, workforce, transport, environment, communities and urban renaissance and the rural economy;
- strengthening SEEDA's relationship with the business community in the region. We will build on such initiatives as the Business Sector Groups, the Enterprise Hubs programme and the involvement of business in our Board Committees and SEEDA's Advisory Panel. Our Board will be strengthened following Ministers' agreement to appoint two further members from the business community;
- building on our existing links with key sectors and establishing effective and complementary relationships with key new partners including the Learning and Skills Councils, the Small Business Service (SBS) and British Trade International.

To assist this process we have invited other organisations to locate with us in our headquarters building in Guildford to form the South East Village. Anthony Dunnett covers this initiative in more detail in his Chief Executive's report;

- working effectively across regional boundaries with other regions in the UK to further our shared interests – establishing the recently announced pan-regional Thames Gateway Enterprise Partnership with the East of England and London is one obvious example. The London Mayor, Assembly and Development Agency will bring

Transport and redevelopment issues were at the heart of Allan Willett's regional visit to Bracknell and Wokingham



sharper focus to our mutually supportive relationship with the capital city; and

- establishing a broader international dimension to our work, building upon the skills we have gained through our inward investment activities and the work of the Business Sector Groups. The South East is not only the transport gateway between Europe and the UK, but it is also the entry point for worldwide business activity entering Europe. We will develop stronger business and academic links with overseas regions covering such areas as technology transfer, research, inward and outward investment and business partnering.

*"Knowledge based business is now recognised as the key driver of economic growth at all levels ... economic competitiveness and prosperity does not and will not organically spread itself in a relatively even manner across the UK... policies should not compromise the relative global strength of those localities responsible for driving forward UK competitiveness."*

*Robert Huggins, Cardiff University April 2000 (Government funded research paper).*

Expectations of SEEDA are high and we welcome the challenge. We are dealing with a region of eight million people and a £120 billion economy with some 228,000 businesses – over 15 per cent of the UK total. Making a lasting impact on a region and economy of this scale and complexity will take time – we should focus on lasting improvements not a few quick and easy wins.

We are also dealing with a region of enormous potential – next to London, the South East is the most competitive region of the UK, which is the world's fourth largest national economy. At the more local level, four of the UK's top 10 most competitive local authority areas are in the South East.

There is, however, no room for complacency. We still have a long way to go to catch up with comparable regions abroad and we will continue to face increasing competition in the global economy. Unless we focus our



*Minister for the Regions, Hilary Armstrong MP is welcomed to SEEDA's headquarters in Guildford by Chairman Allan Willett*

energy and skills on further developing a competitive, knowledge based economy we will soon become also-rans and our unique contribution in driving forward UK competitiveness will be lost.

The SEEDA Board, Anthony Dunnett and the whole of the Executive team look forward to working with you in rising to this challenge.

**Allan Willett CMG**  
Chairman



"The Government particularly welcomes the progress that SEEDA has made in developing its plans for world class communities and urban renaissance."

*John Prescott, The Deputy Prime Minister*

1999/2000 was a year of substantial organisational development for SEEDA – new staff with new skills to learn, operating within new organisational and financial structures, new partners and a new and wide ranging remit. It was also a year of great achievement.

We have hit the ground running – there could be no gap in the service to our customers either through our inherited programmes, or through new programmes which had to be up and running immediately .

### **Strategy**

SEEDA's first task was to set the agenda by working with partners to develop the Regional Economic Strategy. The Chairman, Board Members and Executive team first visited every county and unitary area in the region, and talked to local communities and businesses to establish their concerns and priorities. Board Committees involving stakeholders from around the region were established to take responsibility for developing key issues. A consultation draft of the Strategy was prepared and more than 7,000 copies were circulated.

A comprehensive consultation process involving over 20,000 businesses, other organisations and individuals from around the South East then followed.

The Regional Assembly, in addition to setting up six consultation groups, worked with each of our Board Committees. The Strategy was further developed to take account of the consultation outcomes, and was presented to the Deputy Prime Minister on 26 October 1999 with a powerful endorsement from the Regional Assembly. The Deputy Prime Minister's response welcomed the Strategy and looked forward to a collaborative approach to its delivery.

A detailed Business Plan has now been developed and published, clearly setting out the strategy, objectives and actions for the year 2000/2001 as part of the longer term SEEDA Accountability Plan.

### **Delivering new initiatives in partnership**

As our Chairman has already emphasised, developing close links with our partners had to be our number one priority – all of our achievements were dependent on this. In addition to the delivery of our programmes, the new value added initiatives that benefited from this approach included:

- working with the region's 11 Economic Partnerships to take forward the Enterprise Hubs initiative as one of the Strategy's key priorities – by the end of the year each partnership had developed initial

proposals, taking us to 19 potential Hubs across the region in the first phase. The Hubs will form business led centres of excellence for promoting the development of dynamic new and growing enterprises across the whole of the region. The first three will be launched in the autumn of this year;

*"The Government welcomes the Strategy's proposals to establish a network of Enterprise Hubs in the region... This is an exciting and innovative concept with much potential... We will be watching this initiative with considerable interest."*

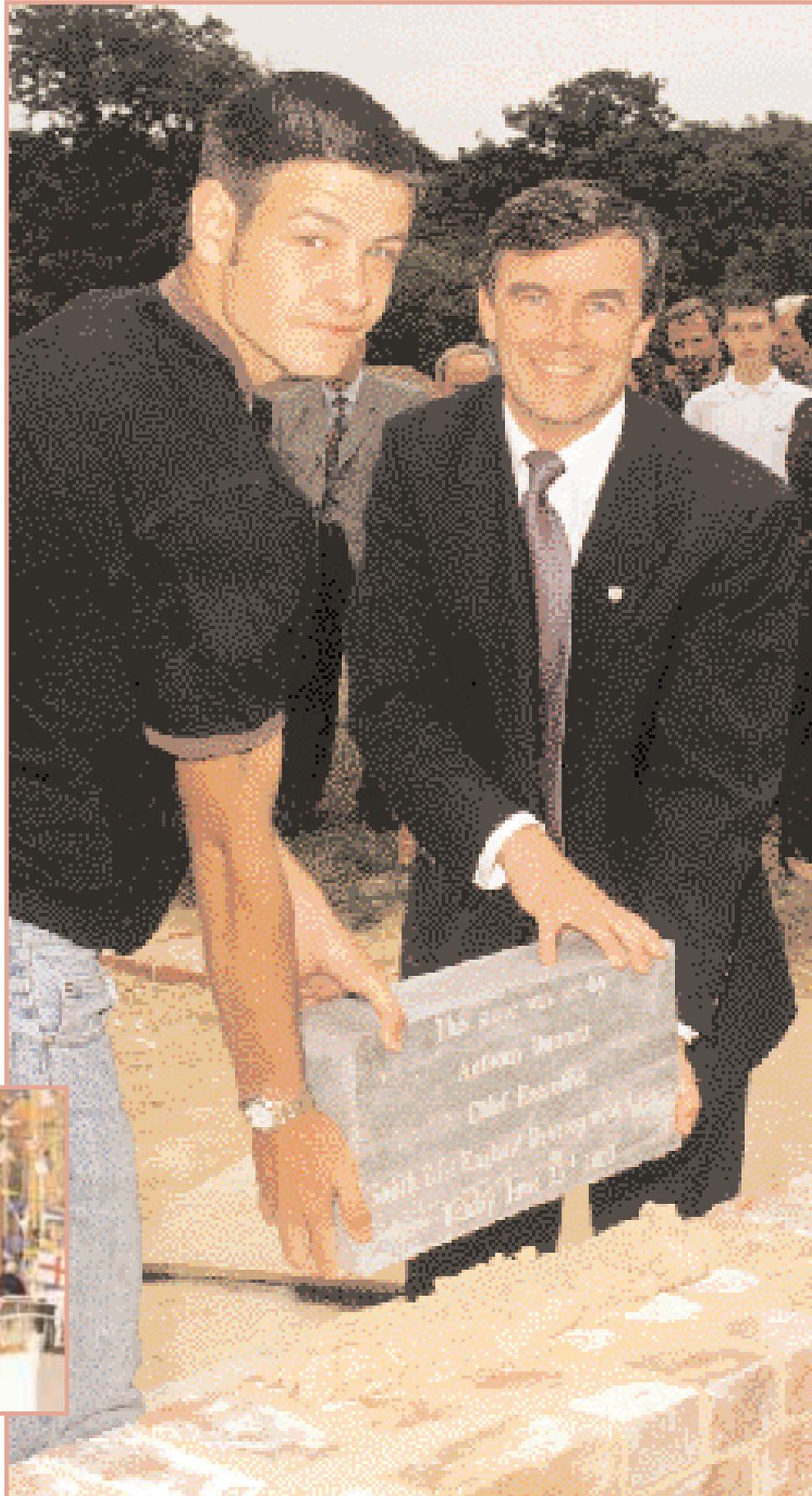
*John Prescott, The Deputy Prime Minister, 12 January 2000.*

- the creation of the South East Village – accommodation in our Guildford headquarters where organisations can establish a presence and work together to create a community of common interest.

*Chatham Maritime – SEEDA's flagship project, the largest government supported regeneration project outside London*



*Chief Executive Anthony Dunnett laying the foundation stone at Yonse Farm, Kent; a model Georgian building, which with the help of SEEDA funds, has been rescued from the path of the Channel Tunnel Rail Link*





*South East England House, Brussels  
Providing a focal point for the South East in Europe*

Substantial synergies are already arising from the partners sitting alongside our learning and skills team. During 1999/2000, in addition to English Heritage, the following organisations co-located with us in the South East Village:

- Higher Education South East (representing the 26 South East Universities)
- University for Industry
- South East Sector Skills Unit (five National Training Organisations)
- Skills Insight (the Regional Skills Research Unit);
- setting up the first six regional Business Sector Groups covering Aerospace and Defence, the Creative Industries, Transport Logistics and Packaging, Marine Technology, Pharmaceuticals and Biotechnology, and Tourism to promote the global competitiveness of their industries. These groups are engaging each sector's businesses and other stakeholders, such as professional bodies and employer/employee groups, in identifying the barriers to the efficient operation and growth



which is fundamental to sustainable development and wealth creation.

We are working with business leaders from other sectors to establish further groups in 2000/2001;

- launching an 'aftercare' programme for the South East's strategically important companies to foster regeneration and growth and to provide an 'early warning system' of any potential difficulties;
- paving the way for a regional fund to help address the investment needs of start-up and growing businesses. Key developments included the appointment of Fund Managers and the submission of a fully worked-up bid to the Department of Trade and Industry for support for the fund – presently we await European Commission approval;
- working with the Regional Assembly and local partners to establish an office, South East England House, in Brussels. Now up and running, South East England House for the first time brings together in one location partners from across the region enabling them to work together more closely to gain maximum benefit from the region's involvement with Europe;
- developing a comprehensive Skills Action Plan for the region and, with

the region's Training and Enterprise Councils and the support of the region's Business Links, establishing Skills Insight as a research unit to identify key skills shortfalls across the region; and

- working to promote the strengths and opportunities of particular parts of the region. For example, we were pleased to organise, jointly with Oxford University, a very successful Oxford Science and Technology Day, which was attended by over 200 business leaders. A further example was our joint initiative with Kent County Council and other local partners to hold an East Kent Conference to explore ways of boosting the area's economy.

*Lilliputs play group, Isle of Wight*



### Adding value through the programmes we manage

While establishing the Regional Economic Strategy and delivering new initiatives has rightly been the focus of much of our attention during our first year, we have also seen a step change in the level of activity relating to the programmes we manage to promote regeneration, learning and skills, competitiveness and inward investment. We have taken one approval level out of the process by managing all the 14 different inherited funding streams and allocations regionally. We look to the Government further to empower us over the coming years to reduce bureaucracy and increase flexibility by enabling us to combine the management and delivery of the various income streams and programmes.

### Regeneration

We inherited what had been three very separate regeneration programmes – the Single Regeneration Budget ('Community Regeneration'), English Partnership programmes ('Physical Regeneration') and the Rural Development Commission's programme ('Rural Development'). In our first year we made real progress towards ensuring that these programmes work together to maximum good effect. Through tackling economic and social issues in a holistic way, we are now better



East Sussex Disability Association, Eastborne, providing help and advice for people with disabilities

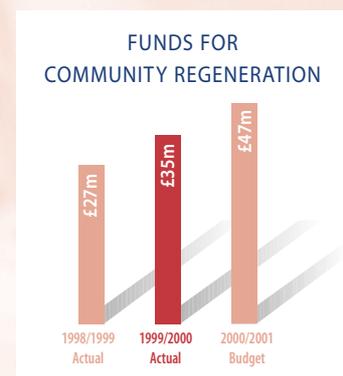
placed to help our partners to provide new job opportunities and to achieve the sustainable regeneration of the region's more deprived communities. This integrated approach will be further developed to deliver the cross cutting initiatives identified in the Regional Economic Strategy.

### Community Regeneration

SEEDA invested £35m during 1999/2000 in Community Regeneration, an increase of more than 30 per cent over the previous year. The funding was mostly dedicated to inherited projects tackling the significant levels of deprivation across the region – not only along the coastal areas but in many pockets in every part of the region. In May 1999 we launched 24 new community based regeneration schemes having invited partnerships from around the region to bid for a total of £70m to be spent over the next seven

years. The size of the new projects varied from £50,000 to £25m, reaching projects in every corner of the region from Milton Keynes to Thanet.

Our focus this past year has been to encourage the local regeneration partnerships to share and tackle common problems with other partners. The depth of experience among our partners is a much under used resource for tackling the problems faced by other communities across the region. Looking to the future, we need to use this experience alongside the skills training and job creation programmes within the new Enterprise Hubs, Wired Region and





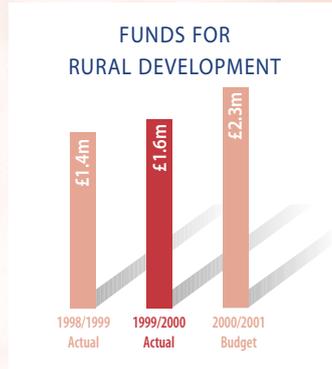
A local resident starts the demolition process at Ropetackle – a key regeneration site in West Sussex

Learning and Skills initiatives, in order to accelerate social inclusion.

### Physical Regeneration

This past year witnessed a step change in physical regeneration with SEEDA delivering a programme valued at £28m – an increase of 180 per cent on the year before. Historically, Government had not recognised the real need and levels of physical deprivation in the South East, especially in Kent and along the South Coast. A significant element of the programme was devoted to a substantial increase in investment in our major project at Chatham Maritime. Elsewhere, just over £5m was spent on site assembly for the comprehensive regeneration of Shoreham Harbour, the transfer of former

### FUNDS FOR PHYSICAL REGENERATION



colliery sites in the Kent coalfields and the acquisition of the Johnson and Johnson site in Portsmouth, all of which will deliver substantial outputs in future years. SEEDA's projects aim to improve the physical fabric of our urban and rural communities, and the reclamation of brownfield sites. Each of these projects is undertaken in close association with the local authorities and local communities.

### Rural Development

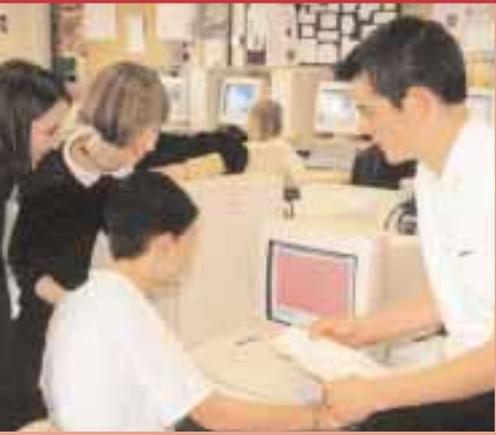
This past year, SEEDA's rural programmes have supported and delivered more than 160 projects to the value of £1.5m. The support was targeted at the three Rural Priority Areas of the region, designated as such by the Government in recognition of their particular problems of deprivation. These areas cover parts of Kent, East Sussex and the Isle of Wight. Our Redundant Building Grants have supported the creation of new business units and new jobs, whilst integrating economic regeneration, social and community development and environmental improvement. During 1999/2000, we have also worked closely with the Ministry of Agriculture and the Countryside Agency to develop rural policies including ways to support sustainable agriculture, the role of local produce and new opportunities for rural tourism.

*"The Government particularly welcomes the progress that SEEDA has made in developing its plans for world class communities and urban renaissance. The Strategy provides a coherent framework for incorporating both SEEDA's own decisions and those of its partners."*  
John Prescott, The Deputy Prime Minister,  
12 January 2000

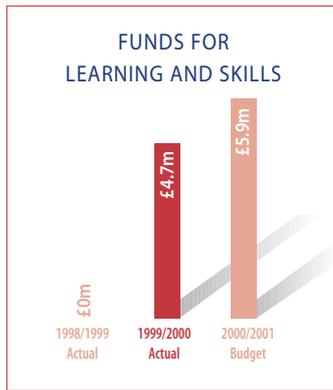
### Learning and Skills

The upskilling of our people is the greatest challenge faced by the South East. Having set the agenda for the future in consultation with our partners in the regional Skills Action Plan, we developed and launched a new fund – the SEEDA Fund for Learning and Skills. Following a competitive exercise to target key skills gaps, £4.2m was invested in 11 Learning and Skills projects across the region and a further nine research projects. One important outcome was the establishment of eight new centres to provide Information and Communication Technology training via the internet to South East firms.

The 11 projects were supported with awards ranging between £100,000 and £500,000. SEEDA's Fund for Learning and Skills was targeted at establishing new links and networks around the region to build on others' experience, specialisms



Computer studies at Rye College, East Sussex



and best practice. Matched funding totalled £3.35 million, with partners including five Universities, 17 Further Education Colleges, eight local authorities and seven Training and Enterprise Councils. Strong support was also secured among the region's leading businesses, with direct involvement from British Telecom, Compaq, Unipart, TI, Meridian Broadcasting, Sony and Vosper Thornycroft among others.

**International Development**

We have worked with our partners to influence the decision by 34 companies to invest in the South East (a 79 per cent increase over the 19 projects the previous year) creating or safeguarding more than 3,200 jobs (an increase of 55 per cent on 1998/1999). The new investments that SEEDA supported made a substantial contribution to the 101 new investments and almost 6,000 new jobs created by overseas companies across the South East during the year. This success has come from focusing our efforts on improving the service we provide and by working more closely with our partners across the region – on converting the enquiries we generate. In all we handled 335 new inward investment enquiries throughout the year (a 9 per cent increase over 1998/1999).

**Conclusion**

These achievements are brought to life in the following Business Review section of this Report, which describes what these programmes have actually achieved for the communities and businesses across the South East.

On the 31 March 1999, SEEDA had five staff and a budget of £544,000. A year later we had developed into an organisation of 103 staff with a budget of £80 million. We had established our main offices at Guildford and Chatham as well as a presence on the Isle of Wight. We have made substantial progress to integrate our staff who joined us from four separate and very different inherited organisations, with those we recruited directly ourselves. We are the first Regional Development Agency to harmonise terms and conditions for our staff, and in June 2000 registered our commitment to work

towards the Investors in People standard with the Surrey TEC. Our staff have taken the initiative within SEEDA to be environmentally responsible, by implementing a recycling policy, issuing an internal 'Greening SEEDA Good Practice Guide', and starting to develop a green travel plan.

None of these achievements could have been delivered without the active support of the Government Office for the South East, and the commitment and enthusiasm of our staff and for many, their family and friends. I would like to pay a specific tribute to those who have given their all over this our inaugural year.

**Anthony Dunnett**  
Chief Executive and Accounting Officer

Rare breeds inspecting their new accommodation at the rebuilt Yonse Farm, Kent



# 3. Business Review – Our Activities and Achievements

## 3.1 Helping businesses to create wealth, and building international connections

To improve the region's economic performance and to ensure it contributes fully to national growth, we need to develop a world class competitiveness and enterprise infrastructure and increase technology transfer and innovation. Strategies are required for the growth of key sectors and business clusters. National and international links and networks with leading edge businesses and institutions need to be fostered and sustained. Central to the delivery of these objectives will be the establishment of a network of Enterprise Hubs across the region and the creation of a 'Wired Region'. In our first year we

have made significant progress in a number of specific initiatives to lay the foundation for a truly internationally competitive economy.

### International Development

Global flows of foreign direct investment (FDI) are now greater than world trade flows and currently growing more rapidly. At the same time, the business of securing FDI has become increasingly competitive. Efforts by government backed agencies, not only in the developed economies of the Western World, but also in newly developing countries in Eastern Europe and the Asia Pacific rim to secure FDI to stabilise and expand their economies are on the increase.

Against this background the South East of England continues to build on its

reputation as a highly profitable location for multi-national companies. The region is promoted as a premium product and seeks to attract inward investment in the knowledge based sectors such as Information Technology.

Construction work at Broadmarsh Business and Innovation Centre, Hampshire



The 1999/2000 year was another growth period in which SEEDA helped secure 34 new investments that created/secured in excess of 3,200 jobs. Significant investments include:

● **Centurion International**

A leading worldwide developer, designer and manufacturer of antennas and power products for wireless communications expanded its presence in Aylesbury, Buckinghamshire. The enhanced operation will allow the company to provide complete R & D, design and manufacturing services for European clients. Around 30 new/safeguarded jobs.

● **Charles Schwab Europe**

A subsidiary of the major US corporation, Charles Schwab, is now the UK's leading on-line stockbroker having opened its new customer service centre in Milton Keynes. The investment, designed to handle the rapid growth of internet share dealing in the UK, will double the company's European workforce. Around 450 new jobs created.

● **Chatsworth Products Inc.**

This major US provider of secure storage equipment for the IT and telecommunications industries set up a



*Northern Tool & Equipment has located its European operation in Portsmouth, Hampshire*

sales and marketing office in Guildford.

Chatsworth, an employee owned company is now considering a manufacturing facility in the South East and SEEDA is working closely with them on this new project. Around 10 new jobs created.

● **IGEN International**

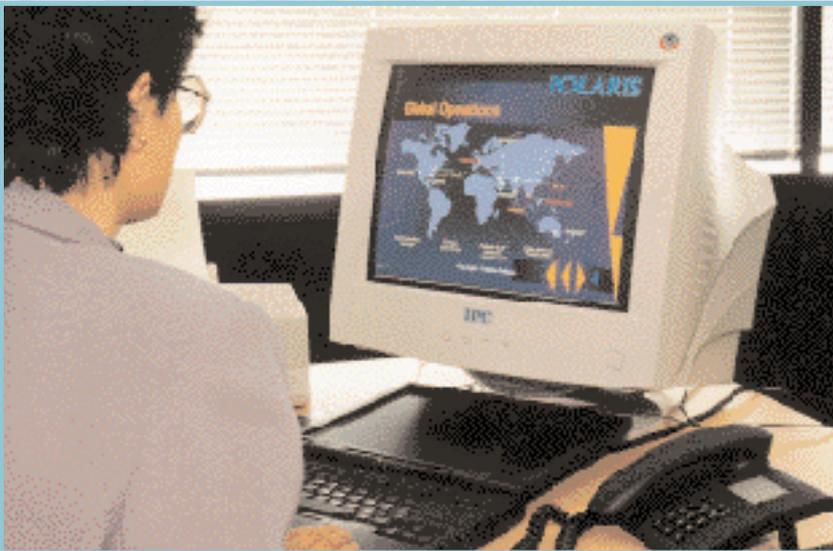
IGEN develops, manufactures and markets electronic diagnostic products for the detection and measurement of biological substances using patented technology. The company based in Maryland expanded into Europe with the establishment of a sales, marketing and technical support operation which was sited near Oxford. Around eight new jobs created.

● **Intel Online Services Inc.**

A subsidiary of Intel Corporation a leading global player in the IT sector is establishing a major 'server farm' in Winnersh in the Thames Valley, to meet the growing Europe-wide demand for internet hosting. The facility will house up to 10,000 internet servers. Around eight new jobs created.

● **Northern Tool & Equipment**

This major US mail order and retail company chose to locate its first European operation in Portsmouth. The company markets light industrial products and do-it-yourself equipment to contractors, industrial customers and private consumers. Around 30 new jobs created.



Global software company, Polaris, has established a sales, marketing and software development office near Reading, Berkshire

- **Polaris**

This global software house, based in India with a London office and more than 2,000 employees and six subsidiary offices worldwide, has set up a sales, marketing and software development office near Reading. Polaris provides customised IT solutions to multi-national companies, specialising in banking and financial services, risk management and insurance. Around eight new jobs created.

- **Providian National Bank**

One of the largest credit card corporations in the US has set up a major call-centre in Crawley, West Sussex. The location was chosen to spearhead the company's expansion into Europe. Around 400 new jobs created.

- **Shrieve Chemical Company**

A major US synthetic fluids and

industrial chemicals marketer has established its first European operation in West Malling, Kent. The facility will act as a marketing office for the UK and Europe for a number of product lines, particularly refrigeration oils. Around 10 new jobs created.

### Enterprise Hubs

SEEDA worked closely throughout the year with the region's Economic Partnerships to develop the first proposals for a network of 25 to 30 Enterprise Hubs to be established over the next five years across the region. We held a conference in January with the Economic Partnerships, local authorities and the DTI, to focus on sharing ideas and best practice. It led to practical proposals from every part of the region, rural and urban areas alike. Each Hub will:

- create a network of contacts, encompassing firms who provide professional support and



Promo suite at Meridian Broadcasting Ltd, Southampton  
(Photo courtesy of The Design Unit, Meridian Broadcasting Ltd)

investment for new and growing enterprises;

- link to research centres, universities and further education colleges and provide flexible space and a conducive environment for new high tech/high growth businesses to establish and grow;
- give individual entrepreneurs more influence in their local communities and create a business environment in which they can thrive and prosper;
- drive innovation and enterprise, and stimulate the growth of small businesses; and
- develop local clusters of businesses in specific industry sectors.

The Hubs will develop as centres of excellence for particular clusters/sectors as well as catering for the general business population. Currently, businesses in every area across the South East are developing plans for Enterprise Hubs. These business groups represent the breadth of our economy: from the new media 'dot com' cluster in Brighton to aeronautical engineering in Farnborough, and from the biotech sector in Kent to the land based industries in East Sussex. We look forward to working with our new colleagues in the SBS in taking this initiative forward.

### Business Sector Groups

SEEDA recognises the need to involve industry generally in the identification of barriers which hinder the creation of healthy, successful businesses and a skilled workforce which is able to compete effectively in world markets. To help facilitate this process SEEDA has established the following Business Sector Groups:

- **Aerospace and Defence Sector Group**

Led by Chris West, Industrial Adviser to the DTI Futures and Innovation Unit, with experience of running major Aerospace Business Units in both the UK and USA. The Group has an action plan to address the issues of e-commerce, enhanced R & D activity, manufacturing efficiency and ensuring the long term attraction of high quality skilled young people to

the key, wealth generating, high technology sectors. Programmes have been launched to address lean manufacturing and the restructuring of supply chains.

- **Marine Industries Sector Group**

Led by Martin Jay CBE, Chief Executive, Vosper Thornycroft. The key objectives of the Sector Group are to raise the international profile of the sector, promoting the locational advantages of the South East for marine activities and developing the complex management skills needed in the industry's supply chains.

- **Media and Creative Industries Sector Group**

Led by Mary McAnally, Chief Executive, Meridian Broadcasting Ltd. A major task for the Group is to



Genzyme's enzyme production unit in Kent

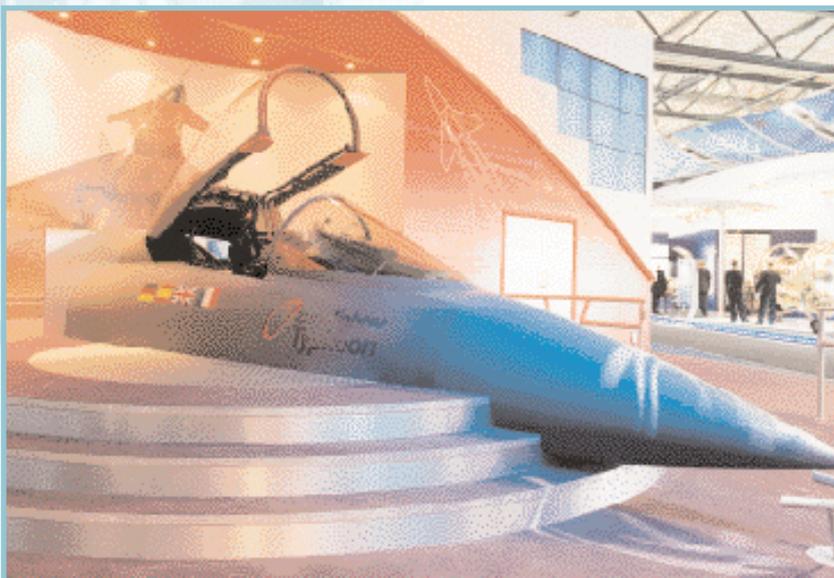


Greenham Common, Berkshire – site for one of the proposed Enterprise Hubs



DERA's trimaran ship, Triton under construction at the Vosper Thornycroft shipyard in Southampton

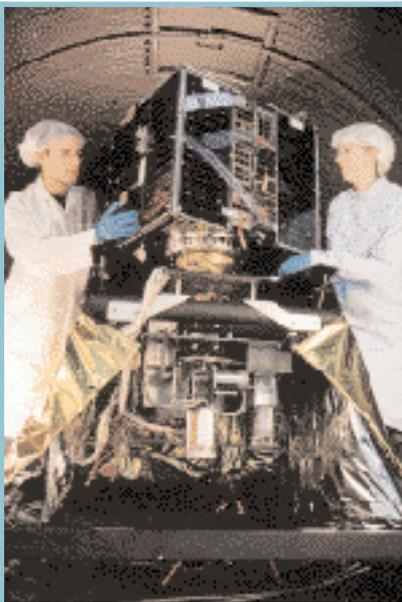
The South East is a leading world region for defence; (Photo of New Typhoon Eurofighter courtesy of BAe Systems)



identify key clusters and establish networking relationships so that comprehensive information can be obtained on growth opportunities and emerging skills needs. It also supports the growing number of 'wired' networking groups as well as the physical wiring of the region



*Pfizer in Sandwich, Kent, a major pharmaceutical production facility*



*DERA's latest microsatellite undergoes a final check*



*The South East – one of the UK's leading centres for Robotics. (Photo courtesy of Reading University, Department of Cybernetics)*

and [www.mediabusiness.net](http://www.mediabusiness.net) as the e-mail purpose media portal for the South East.

- **Pharmaceutical, Biotechnology and Healthcare Sector Group**

Led by Dr Peter Read CBE, FRCP ex Chairman, Hoechst Marion Roussel and Past President ABPI (Association of British Pharmaceutical Industries). The key issues are how to increase the rate of new company formation and to retain and grow the established companies in the face of strong competition, particularly from the USA. The focus is to maximise the local supply of skilled technical and management staff by re-deploying from structural change in 'big pharma' and developing new training packages for work place delivery. It also seeks to increase availability of specialist laboratory space for start up companies.

- **Tourism Sector Group**

Led by Michael Ann OBE, recent Chairman, South East England Tourist Board. The Tourism Group was the first Sector Group to have a fully developed strategy – 'Creating a World Class Tourism Destination'. Priorities for the Group include tackling skills and recruitment issues, improving competitiveness, strengthening the quality of the product, capitalising on the promotional and business improvement opportunities presented by ICT, and encouraging rural tourism.

- **Transport and Logistics Sector Group**

Led by John Mumford, Director of BP (Oil) UK and John Guttridge, Regional Director of the Freight Transport Association for the South East.

The Sector Group has produced a major report on commercial access to urban centres which has been welcomed by regional stakeholders, and a report on inter-modal issues is scheduled for the Autumn. Other priorities for the Group include supporting SEEDA's contribution to the multi-modal studies and evolving regional transport strategy and the achievement of the infrastructure priorities in SEEDA's Regional Economic Strategy.

### Venture Capital

In March 2000 we were the first RDA to submit a bid for support from the DTI Enterprise Fund for our proposal to create a regional venture capital fund totalling £30 million. This equity gap fund will seek to make investments of £50,000 – £500,000 in growing innovative businesses that are currently constrained by the lack of equity

finance. A fund manager has been appointed and we await clearance from Europe to allow the DTI's investment to proceed.

### **Building on our 1999/2000 success**

During the coming year we will seek to increase the international activity of the region's businesses and universities and further develop our relationship with the most strategically important companies in the region. We will provide support for the development of business clusters and incubators and continue to nurture business start-ups and small business growth, particularly in high-tech areas. We aim to launch our five-year programme for establishing 25-30 Enterprise Hubs across the region with the establishment of six Hubs during the year 2000/2001, and also continue to work with our partners to establish the 'Wired Region' initiative. We intend to establish independently managed regional investment funds, and support six existing Sector Groups and launch a further four Groups. We will continue to develop a world class business support infrastructure.



*Towncentric building – Tourist information office in Gravesend, Kent*



Adult computing classes at Maybury Centre, Woking, Surrey

### 3.2 Developing a skilled workforce

For the South East to compete internationally its economy must become increasingly knowledge based. 600,000 adults in the South East are functionally illiterate or innumerate, and 200,000 are excluded through disability. This means increasing both the quality of learning and skills and the number of people participating in learning. The aim of creating greater opportunity for individuals is given further impetus by the need to limit the pressure for additional housing by meeting the skills needs of the region's businesses through investing in the development of people who already live in the region.

The Learning and Workforce Board Committee was formed as a Committee of the SEEDA Board, and immediately set about generating a Skills Action Plan for the South East as one of the key elements supporting the Regional Economic Strategy.

SEEDA also recognised the need to generate a shared base of research and information for organisations engaged in

the skills agenda. Working with the eight Training and Enterprise Councils in the South East, SEEDA helped to fund and shape the development of a regional skills research unit. The unit, now named Skills Insight, has subsequently been launched and is in the process of securing support from a wide range of stakeholders across the region.

Underpinning all of this work is the SEEDA Fund for Learning and Skills, a new source of support for projects that aim to meet skills needs and gaps identified by labour market information and to contribute to regional economic development. At the regional level, SEEDA has identified three particular aims for this Fund:

- develop learning networks, through the supply chains and linkages between larger and smaller companies;
- generate strong links with and between small and medium sized employers; and
- build on the success of previous and existing projects and programmes to capitalise on experience, increase networking and collaboration and build on what is known to work well.

For 1999/2000, SEEDA secured a total funding allocation of £4.6m from the Department for Education and Employment (DfEE). Of this, over £3.5m was made available to partners through a competitive bidding round across the region, with project proposals invited against the following priorities:

- Specific skills needs in three key sectors:
  - Precision engineering and electronics;
  - Information and communications technology/multi-media; and
  - Pharmaceuticals and biotechnology sciences.
- General skills needs across all industrial sectors, with two themes:
  - Business and management skills; and
  - Projects that promote the application of information and communications technology in all companies.

#### Illustrative examples include the following:

1. Just over half of South East engineering employers reporting that the skills required of the average employee are increasing, and a quarter identifying technical skills gaps among their current employees. The South East Region Technology Network (SERTEN), led by Hampshire TEC, is addressing this through the delivery of a comprehensive and co-ordinated portfolio of demand led

engineering training services, using ICT and mobile learning centres. It also provides a brokerage service between SMEs and training providers to ensure flexible, tailored delivery.

2. The e-business National Training Organisation (NTO), in collaboration with Compaq, pioneered a new approach to providing ICT skills training in the South East by bringing together employers and further education colleges. These partnerships provide the colleges with the hardware, software and training needed to enable them to deliver training solutions to latest industry standards. The project has successfully established Further Education as a credible alternative to private training, providing employers with access to affordable, tailor made local training packages.

3. Oxfordshire BioLink set out to address the deficit of business and management skills in many young bioscience

companies in the South East. The project has created an internet-based management training programme, capable of equipping bioscience businesses with cutting edge business and management skills. The programme is capable of being rolled out to other fast-growth, high-tech sectors.

4. The University of Greenwich's Biopharm project has focused on improving skills in the biotechnology and pharmaceutical industries. This has been achieved by developing flexible learning internet based courses for current employees in the industry. A mentoring programme has been established along with an ever widening network of educational organisations aiming to increase learning in subjects related to the industry. It also includes a schools project aimed at combating the dwindling interest in sciences by developing independent study support materials that can be delivered via the internet.

5. Two media projects, Oxford Innovation's EMAC and Skillstrain's Mediabusiness.net, have joined forces to focus on addressing the skills gap in the media industries relating to digital technology and the increasingly multimedia nature of their businesses. Learning is achieved through an online resource of specially produced learning modules, a Business Leadership

Network Forum for information and community building, and close links with the industry to ensure that the training is responsive to its needs. This gives a much-needed boost to the networking capabilities of the many small creative and media companies, and provides infrastructure and assistance on an ongoing basis to improve business competitiveness.

### Building on our 1999/2000 success

During the coming year our priorities are to develop innovative centres of learning and to deliver the South East England Skills Research Unit (Skills Insight). We will engage with schools, colleges and universities to help them to develop effective links with business and we will work to promote key, basic and employability skills as indispensable passports to personal success. SEEDA will support and give strategic direction to the Learning and Skills Council local arm (there will be a SEEDA member on the Board of each Council). We will establish a forum for employer/ employee representatives to come together to work on implementation of the region's economic strategy.

*The South East has 26 per cent of the UK's R & D*





Southwick, West Sussex



Shoreham, West Sussex



Beckley, Kent

### 3.3 Working for an inclusive society

The South East is a region of great contrasts. There are areas of relative affluence, but there are also places with high levels of unemployment, homelessness, weak economic prospects and a degraded environment. Areas of disadvantage are found in urban and rural areas alike, and there are pockets of deprivation within our most affluent areas. This social exclusion is economically inefficient, morally indefensible and inconsistent with sustainable development. For these areas to play a growing and sustainable role in the regional economy, they need focused attention and investment in skills, business support, transport, housing, site development and electronic communications. SEEDA's objective is to address the underlying economic weakness of these areas, not just the symptoms of decline. During 1999/2000 SEEDA began to address these priorities, which were identified in the Regional Economic Strategy. SEEDA's inherited regeneration programmes rightly focused in

1999/2000 on those areas of the South East which are urgently in need of regeneration – parts of the Thames Gateway, East Kent, the South coast, the Isle of Wight and the pockets of severe deprivation that exist elsewhere. We are working with local partners to breathe life into local communities across the region by injecting much-needed investment into improving physical and social infrastructures.

Over the past year SEEDA has played a key role in the early development of the Objective 2 Single Programme Document which will direct European Commission funding in Hastings, Dover and Thanet over the next seven years. SEEDA also contributed to the writing of the Regional Development Plan for the European Social Fund (Objective 3) in the region over the same period; this fund brings in some £20-30 m annually for human resource development in the South East. We were also asked to take a lead in developing a coherent Thames Gateway framework, and a new ministerially led committee has been established, involving SEEDA, to give the Gateway high profile leadership. The

innovative Area Investment Framework concept was developed as a key tool for area based regeneration and is now being taken forward in a number of pilot areas.

#### Community Regeneration

Around the region, 24 community based regeneration schemes were supported by the SEEDA Fund. A £70 m programme was established covering a period of seven years. In particular, large investments were made in Southampton, Portsmouth, and Brighton and Hove for long-term programmes of comprehensive regeneration.

The strong community base of the projects supported by the Fund impact on a wide variety of areas across the region. Examples are:

- refurbishing an old telephone exchange in Portsmouth to provide accommodation for elderly members of the Chinese community and a meeting place/community facility for all the city's ethnic minority groups;

Fun and recreation provided at Beckley Village Hall in the Kent and East Sussex rural development area



### Community Regeneration Outputs

- decontaminating a brownfield site in the centre of Reading for housing use;
- establishing a learning centre for young people in the 'New Dell', home of Southampton Football Club;
- redeveloping a worn out industrial unit in Shoreham;
- establishing a visitors'/education centre at Ventnor, Isle of Wight, focusing on the island's unique coastline;
- funding a comprehensive and wide ranging package of community capacity building in Brighton;
- providing a funding package to add value to a major town centre redevelopment scheme in Folkestone;
- supporting major adult retraining and upskilling initiatives in the East Kent coalfield region to enable people to access new jobs by acquiring new skills; and
- funding the development of a Racism Actionline in Oxford to tackle racial harassment.

In 1999/2000 Programmes approved under the SEEDA Fund for Regeneration (Single Regeneration Budget Rounds 1 – 5) delivered the following estimated outputs:

- 1,631 full time equivalent permanent jobs created;
- 9,362 people resident in target area who obtain a qualification on completing formal training;
- 113,146 square metres of new/improved floorspace;
- 169 new businesses supported;
- 5,027 businesses receiving advice as a result of SRB-assisted activities;
- 1540 dwellings improved; and
- 734 hectares of land improved /reclaimed for open space /commercial or residential development.

Total SEEDA spend (£000) 35,956

Total other public spend (£000) 59,600

Total private sector leverage (£000) 59,177

The following are the expected outputs for the SEEDA Fund for Regeneration (SRB Round 5) which were approved during 1999/2000. These estimates refer to outputs to be achieved during the lifetime of the projects which run from five to seven years:

- 1,908 full time equivalent permanent jobs created;
- 13,548 people resident in target area who obtain a qualification on completing formal training;
- 50,828 square metres of new/improved floorspace;
- 427 new businesses supported;
- 3,823 businesses receiving advice as a result of SRB-assisted activities;
- 5,026 dwellings improved; and
- 90 hectares of land improved /reclaimed for open space /commercial or residential development.

Total SEEDA spend (£000) 77,315

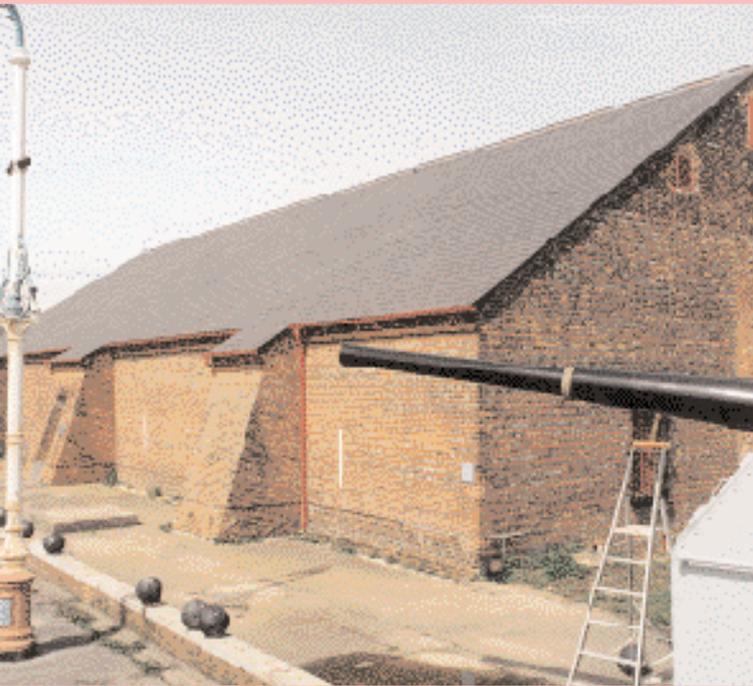
Total other public spend (£000) 96,587

Total private sector leverage (£000) 50,707

Gardening skills at the Restore Project, Oxfordshire



## Regeneration in action



Priddy's Hard, Hampshire



Betteshanger Coalfield, Kent

Community Regeneration forms a large proportion of the projects supported by the SEEDA Fund, and it is vital that future funds available through the scheme should make a significant impact on SEEDA priorities such as the Enterprise Hubs initiative and the Wired Region concept.

### Physical Regeneration

The redevelopment of 'brownfield' sites is a key aspect of SEEDA's work. Chatham Maritime in Medway is SEEDA's largest project and is of national significance – 140 acres of development land is currently being transformed into a major commercial, residential and leisure development. Chatham Maritime is the largest Government sponsored regeneration scheme outside London.

SEEDA has continued to work with the local partners to produce a regeneration

strategy for Shoreham Harbour. The three year study concluded in October 1999 with a public exhibition and the production of a final report 'Shoreham Maritime – Vision to Reality'. The long term strategic vision seeks to consolidate the existing port operations into a central area, producing both economic and environmental benefits for port activities as well as releasing significant areas of land for redevelopment. As a flagship project for the regeneration of the Shoreham area, SEEDA has taken a lead role by purchasing the 3.6 acre waterfront site known as Ropetackle. This long neglected and contaminated site will be transformed into a vibrant new urban neighbourhood, producing new homes, workspace and community facilities.

SEEDA is managing the regeneration of Priddy's Hard, a historic conservation

area on the Gosport waterfront. The centerpiece of the redevelopment will be an armaments museum of national importance; it will also create 200 jobs and provide 8,000 sq m of floorspace for commercial development.

SEEDA has also acquired the 3.75 hectare site of the former Johnson and Johnson factory at Cosham, north Portsmouth to bring forward its development. The factory closed with the loss of 163 jobs and SEEDA intends to consolidate the ownership, clear the site, provide new services and infrastructure, and dispose of serviced plots to owner occupiers and developers.

Between 1920 and 1980, the Kent coalfields had been a major contributor to national coal production, but mining operations in Kent ceased in 1989 with the closure of the last of the four Kent



Island Centre, Newhaven, East Sussex



SP Systems, St Cross Business Park, Newport, Isle of Wight

### Physical Regeneration Outputs

In 1999/2000 Programmes approved under Physical Regeneration Programme delivered the following estimated outputs:

- 754 new jobs and 330 safeguarded;
- 38.43 hectares of land reclaimed and 28 hectares of land cleared;
- 39,441 square metres of commercial floor space developed;
- £26.11m private sector investment leveraged;
- £3.28m public sector investment leveraged;
- 1,168 people benefited from

- community projects; and
- eight volunteer places and 203 training weeks assisted.

The following are the expected full life outputs for Physical Regeneration Programme projects which were approved during 1999/2000. These estimates refer to outputs to be achieved during the lifetime of the projects, some of which will take up to five years to complete:

- 252 new jobs and 26 safeguarded;
- 8.06 hectares of land reclaimed and

- 3.79 hectares of land cleared;
- 12,741 square metres of commercial floor space developed;
- £13.68 m private sector investment leveraged;
- £3.157 m public sector investment leveraged;
- 2,003 people benefited from community projects; and
- 13 volunteer places and 275 training weeks assisted.

collieries. Responsibility for managing the former Kent colliery sites passed to SEEDA on 1 April 1999. During the year, we worked with English Partnerships to

put in place a full regeneration programme for Tilmanstone Colliery, and to purchase the former Betteshanger Colliery and produce a

masterplan for a range of new employment, accommodation and training uses on the site.



Woodland Enterprise, Flimwell – Commitment to rural environment is a priority at SEEDA

## Rural Development

160 rural projects were funded during 1999/00. SEEDA funding for rural communities provides for new opportunities for many, diversifying the rural economy to bring new jobs to support the collapsing traditional rural economy. One such example was the first stage regeneration of Yonse Farm in Kent: a Georgian farm complex which has been relocated from the path of the Channel Tunnel Rail Link to land adjacent to the Rare Breeds Centre near Ashford. It will provide a living museum and tourist attraction, alongside workspace and jobs. In total, over 1,000 projects and communities in both urban and rural areas benefited from SEEDA's funding over the year.

Other key actions on the rural front

included input to the South East chapter of the new English Rural Development Plan (submitted to Brussels for approval in December 1999), and commissioning a joint study on rural indicators with the Countryside Agency.

While much has been achieved there is much still to do. We need to spread the best practice of our partners across the region so many more can benefit from their experience. We must also make it easier to access Government support. The differing rules of the many Government programmes often prove confusing to local community partners. One of SEEDA's key objectives in future is to work with DETR to streamline the packaging of funding mechanisms at our disposal.

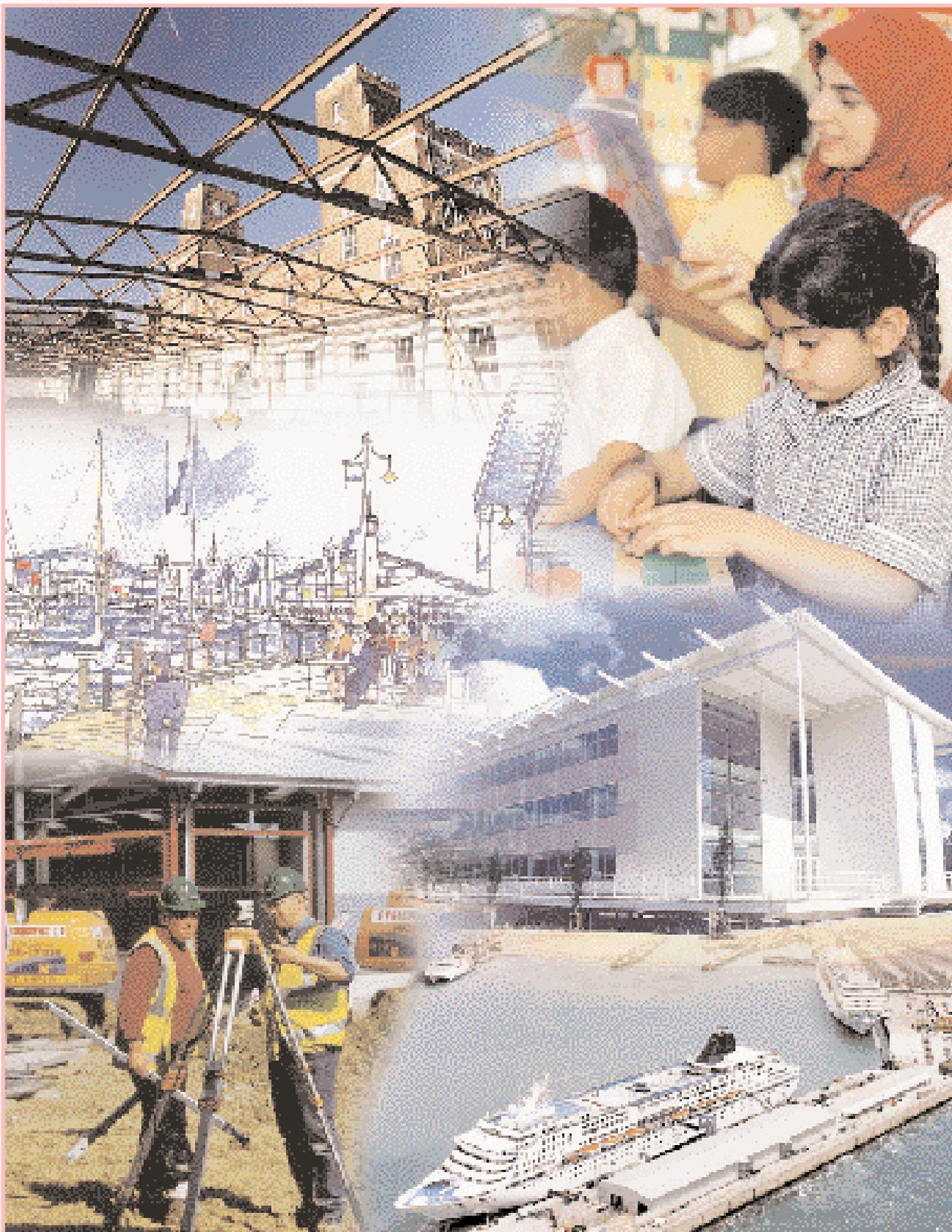
## Building on our 1999/2000 success

During the coming year we will continue to work with our partners to identify and develop the first five Area Investment Frameworks for establishing sustainable and strategic regeneration. Pilots will be completed and best practice established. A further priority will be ensuring that SEEDA makes a full and effective contribution to the work of the Strategic Partnership for the Thames Gateway. We will also work to establish regional mechanisms for best practice in regeneration, community development, and the assembly and development of brownfield sites including new approaches to funding. Work will also continue on strengthening the role of the voluntary and community sector in economic development and regeneration at both the strategic and project levels.

### Rural Outputs

Rural outputs in 1999/2000 were:

- 89 new jobs created and 5.5 jobs secured;
- 4,700 square metres new workspace created in 14 new units;
- 470 rural businesses advised;
- seven tourist facilities upgraded;
- 659 training places provided;
- 102 people with new qualifications;
- 236 new community facilities provided;
- 12 new community services provided and 10 others improved and
- 11 hectares of land improved



*The South East – a living region* (Clockwise from top left): Chatham Maritime; Maybury Centre, Woking; Oxford Science Park; Dover Harbour; St Georges Business Park, Sittingbourne; Shoreham Maritime

### 3.4 Taking forward a strategy for sustainable growth

The South East of England has a strong and growing economy. Its sustainable growth is crucial to the competitiveness of the UK as a whole. A key objective for SEEDA and its partners is to stimulate more sustainable, knowledge based, high value growth, which has low impact on the environment. We aim to use our influence both to protect and enhance our quality environment, and to tackle the pressing issue of under-investment in transport infrastructure.

#### Sustainable Development

One of SEEDA's statutory objectives is to further the achievement of sustainable development. Our region presents what are perhaps some of the most pressing national challenges for sustainable development: massive disparities in prosperity within the region, significant housing development required to meet the needs of a population whose living patterns are changing, and a vibrant economy which must continue to grow overall but which is facing increasing skills shortages and traffic congestion.

Alongside the consultation draft of the Regional Economic Strategy, SEEDA



*Transport Minister Lord Macdonald (centre) discusses regional issues with SEEDA Chairman Allan Willett, and Chief Executive Anthony Dunnett*

published a draft appraisal of its likely impact on the region's sustainability, which was broadly positive in its conclusions. A full independent sustainability appraisal of the Strategy and action plans will take place during 2000/2001. Towards the end of 1999/2000, SEEDA also developed and started to pilot a draft methodology for appraising the sustainability of its own regeneration projects.

SEEDA has begun to address one of the objectives set down in the Strategy, to 'develop an understanding of the type, rate and pattern of development and economic growth that will maximise the contribution to the achievement of sustainable development'. We are working with the Environment Agency to scope the development of an econometric model which will enable the comparison of different economic development scenarios and their environmental impacts. We also co-funded research to regionalise the Wild Bird Indicator, which was identified as a key measure of biodiversity for the region.

In November 1999, SEEDA held a conference to discuss the development

of regional business networks to stimulate environmental technologies and businesses in the region. Substantial enthusiasm has been expressed in support of the emerging clusters in alternative energy generation, energy management, waste and land pollution, and water treatment. Since then, SEEDA organised and co-sponsored an event which looked at the role of Regional Development Agencies in promoting the development of this high-growth value-added industry.

#### Transport

The South East is the international business gateway to Europe and Britain. Its economic future, and that of Britain as a whole, is directly related to the effectiveness of the region's transport infrastructure and services. The current mismatch between demand and supply, a problem for many parts of the country, is greatest in the South East and has a negative impact on its inhabitants' quality of life as well as on the region's international competitiveness. SEEDA has no direct executive responsibility for transport planning or delivery, except in the context of local regeneration programmes. However, it plays a crucial

role in providing advice and input on strategic transport planning, and in lobbying for key infrastructure improvements.

SEEDA took an early opportunity to influence the region's future transport planning strategy with regard to the draft Regional Planning Guidance (RPG) prepared by SERPLAN. At the Examination in Public of the draft RPG in

May–June 1999, SEEDA presented a robust case for a higher level of investment in the region's infrastructure. We have continued to work on key transport issues with our partners, including the Regional Assembly, which has been given responsibility for developing the Regional Transport Strategy. We are involved in a number of multi-modal studies, such as in Hastings.

### Building on our 1999/2000 Success

During the coming year our priorities are to create sustainable frameworks including piloting and adopting sustainability assessment criteria for SEEDA projects, and working with the Regional Assembly and the Government Office to prepare a Regional Sustainable Development Framework. We will be commissioning an independent sustainability appraisal of the Regional Economic Strategy and action plans. We will continue to work with our partners to establish regional Standing Fora on water resources and waste and to gain a better understanding of the potential effects of climate change and ways of adapting to them. Programmes will be developed to nurture industries with strengths in environmental technologies and services. We will contribute fully to the preparation of a Regional Transport Strategy and work with our partners to seek to ensure that the region attracts the investment it needs to develop a sustainable transport network to serve the requirements of the South East and the country as a whole.

*Waterfront apartments at Chatham Maritime*



*An artist's view of St Mary's Island, Chatham Maritime*





Thames Path

## 4. Board and Corporate Structure

### 4.1 The SEEDA Chairman

#### Allan Willett CMG

Allan Willett is the controlling shareholder and Non-Executive Chairman of British-based Willett International Ltd, a world leader in the design, manufacture and marketing of systems providing industry world wide with solutions for their coding and labelling needs. The Company has twice won the Queen's Award for Export. As an investor and specialist in reorganisation, Allan's career has also been associated with assisting private and publicly quoted international companies. He has a special interest in private enterprise and innovation, particularly as they are applied to Small and Medium Sized Enterprises (SMEs) and the growth of global companies. He was the Founding Chairman of the Centre of Tomorrow's Company, an initiative originated from the Royal Society for the Encouragement of Arts, Manufacturers and Commerce inquiry into 'Tomorrow's Company'. From 1995 to 1997 he was the Founding Chairman of the Government's Industrial Development Board for London and the South East. Until the Government appointed him Chairman of SEEDA, he was a Director of Locate in Kent, the East Kent Enterprise Agency and Chairman of the East Kent Forum as well as an Ambassador for Kent.

Allan was appointed a Companion of the Order of St. Michael and St. George (CMG) in the Queen's Birthday Honours List in June 1997, and lives with his wife, Anne, in Chilham near Canterbury, Kent.

### 4.2 The SEEDA Board

The SEEDA Board, appointed by the Deputy Prime Minister, comprises the Chairman and 12 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.

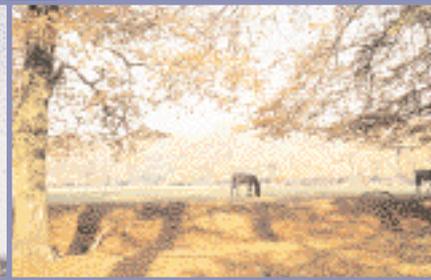
The Board is accountable to the Government, through the Deputy Prime Minister, and to Parliament. It is also required to give an account of its activities to the South East England Regional Assembly and to consult with the Assembly on the development of the Regional Economic Strategy. SEEDA values this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

SEEDA holds a formal record of Members' interests which is available for inspection at our Guildford offices. See pages 31 and 32 for the biographical notes of the Board Members.

### 4.3 SEEDA Board Committees

At its very first meeting, the SEEDA Board decided to establish a series of Board Committees to advise the Agency on key strategic issues. Chaired by a SEEDA Board Member, each Committee draws in experts from across the region who serve in an individual capacity, together with representatives from the Regional Assembly and the Government Office for the South East. The Committees played a full and very valuable role in helping to inform the preparation of the Regional Economic Strategy.

In April 2000, the Committees were restructured to assist their role in informing and monitoring the implementation of the Strategy. SEEDA has also established an Audit and Remuneration Committee and an informal panel, 'Future Think', responsible for advising on key economic, social, technological and environmental issues that could have major impact on the region over a 5 – 15 year time frame.



Eurostar

Sailing on the Solent

New Forest ponies, Hampshire

#### 4.4 The SEEDA Advisory Panel

The SEEDA Advisory Panel provides a forum for harnessing a wider range of experience and expertise to inform SEEDA's thinking. The Panel draws together leading and influential individuals from a wide range of interests including some who are not traditionally involved in the consideration of regional economic development. The current members of the Panel are listed in the Organisation Chart on page 60.

#### 4.5 Regional Business Sector Groups

As described in section 3.1, SEEDA is working with its private sector partners to identify and provide solutions to key competitiveness issues facing the region's businesses. The regional Business Sector Groups we have established are each headed by a business leader and comprise a panel of other leading business experts.

#### 4.6 The SEEDA Executive

The SEEDA Executive comprises five main teams as shown on the Organisation Chart. The Executive Directors are responsible for driving forward the implementation of the relevant elements of the Regional Economic Strategy. They are also responsible for the management of the SEEDA Fund and for delivering the programmes through which we support the activities of our partners. Further details are given in the Business Review section.

*Members of the SEEDA Executive:*

1. Anthony Dunnett – Chief Executive
2. Jeff Alexander – Director, Strategy and Corporate Services
3. Barrie Giles – Director, Enterprise Development
4. Paul Hudson – Director, Infrastructure and Regeneration
5. John Parsonage – Director, Learning and Skills
6. Karen Yeomans – Director, International Development

#### 4.7 Key partners

Recognising the importance of meeting with stakeholders across the region, SEEDA also meets regularly with:

##### Government

Government Office for the South East  
South East Regional Assembly  
The County Councils and  
Unitary Authorities  
The District and Borough Councils

##### Business

The Economic Partnerships  
CBI and TUC  
IoD  
Other business and sector groups

##### Other organisations

Universities and Further Education  
Colleges  
Regional Rural, Environmental,  
Community and Faith group  
representatives

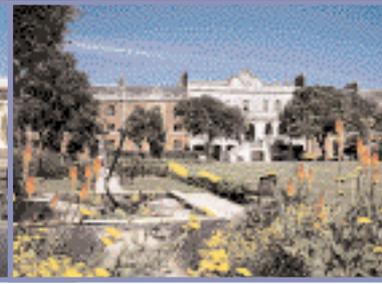
The SEEDA Executive



## The SEEDA Board



Royal Pavillion, Brighton



Royal Marines Museum at Southsea, Hampshire

### 1. Jim Baker

Jim Baker is Director of North West Kent Council for Voluntary Services, an adviser to Common Purpose in Brighton and a Trustee of SAVAGE (Southern Association of Voluntary Action Groups for Europe). He is also an occasional guest lecturer in Social Policy at the Universities of Brighton and Sussex. He has previously been a Housing Officer in Sheffield, Director in Local Government in London, Trade Union Branch Chairman in South Wales and Chair of the National Association of Race & Equality Advisers. Since 1990 he has lived in the South East working as a self-employed consultant and within the voluntary sector. During that period he was also a Southampton City Councillor and a Steering Group Member of the South East Voluntary & Community Sector Regional Network.

### 2. Ken Bodfish OBE

Ken Bodfish is the Executive Member for Regeneration, Brighton and Hove Council. He Chairs the UK Delegation to the European Union's Committee of the Regions and is a Vice President of the Committee. As Chair of the Local Government Association's European and International Executive he is the lead spokesperson for English local government on these matters. He is a former Chairman of Sussex Police Authority and is currently a Member. He has extensive local government experience serving previously on East Sussex

County Council and Preston Borough Council in Lancashire. He was also a Member of the Board to the Central Lancashire Development Corporation (appointed by the Secretary of State). Currently a member of the academic staff of The Open University, he is taking early retirement in September 2000.

### 3. Professor Clive Booth

Professor Clive Booth is Chairman of the Teacher Training Agency, the Review Body for Nurses and the multi-media education information company ECCTIS 2000 Ltd. He is also a Senior Education Adviser to the British Council and a Consultant to the World Bank and Council of Europe. He is the Chairman of the Oxfordshire Lifelong Learning Partnership and an Editorial Board Member of the Oxford Review of Education. He was Vice-Chancellor of Oxford Brookes University (1986-97), Vice Chairman of the UK Committee of Vice-Chancellors and Principals (1992-95) and Director of Business Link Heart of England (1996-98).

### 4. Barry Camfield

Barry Camfield is Assistant General Secretary of the Transport and General Workers Union, Britain's largest general union. He is also a member of the General Council of the TUC. Until recently, he was Vice President of the Southern and Eastern Regional Council of the TUC, Chair of its Economic Task Group and

Regional Secretary of the South East & East Anglia Region of the Transport & General Workers Union.

### 5. Bryan Davies

Bryan Davies is a former Non Executive Director of Pirelli General plc (retired April 2000) and is the Chairman of the Hampshire Economic Partnership. He is a Board Member of the Industrial Development Board for the London and South East regions and a member of the Council of Southampton University. Mr Davies is a Chartered Engineer and Fellow of the Institute of Electrical Engineers with more than 40 years of 'hands-on' industry and technology experience both in the UK and abroad from apprentice to Board Director and from R & D to total operations.

### 6. Janis Kong

Janis Kong has been the Managing Director of BAA Gatwick since 1997, and employed by BAA (formerly the British Airports Authority) since 1973. She has held a wide variety of management posts within the company, which was privatised in 1989. Her roles have included General Manager at Heathrow's Terminal 4 and Operations Director at Gatwick. She is also the Chair of Southampton Airport. Mrs Kong has received an Honorary Doctorate of the Open University and has recently been appointed as a Non Executive Director of Portmeirion Holdings.





The Needles, Isle of Wight



Worthing, West Sussex



HMS Victory, Portsmouth



Milton Keynes

### 7. Russ Nathan CBE

After an initial period as an engineer in the aircraft industry, Russ Nathan, a Chartered Engineer, commenced his career in IT in 1964. He is the founder of Romtec, a leading European research led IT, telecoms and Internet consultancy. Since opening for business in 1982, he has both managed the company as well as contributed to many of its projects and Romtec went public on the AIM market in 1996. Romtec recently merged with Total Research, a NASDAQ quoted company and the Mergen Group which is ranked 20th largest in the USA and 15th in Europe. Mr Nathan is a past Chairman of the TEC, Business Link and the Economic Partnership in the Thames Valley and was awarded a CBE for services to training and business support in this area. He is currently Vice-Chairman of the Thames Valley Economic Partnership and a Vice-President of The Marketing Council.

### 8. Kit Oliver DL

Kit Oliver is a member of Mole Valley District Council and was Chair of the Council 1997-1998. Trained as an Economic Geographer, she is now a financial consultant. A leader on environmental matters, she initiated and chairs an Environmental Business Award, a partnership between business and local government. Having worked as a volunteer supporting families for many years, she founded the charity Family Line – Surrey in 1994. She remains its Chairman and also

chairs the Surrey Parenting Education Strategy Group. She is a member of a Surrey Panel working with Youth and Crime Prevention and is a Deputy Lieutenant in the County of Surrey.

### 9. David Rogers

David Rogers is the Leader of East Sussex County Council. He has Board level experience with the Sussex Rural Community Council, the East Sussex, Brighton & Hove Health Authority, the Sussex Police Authority and the South East England Tourist Board. He is Vice-Chair of the East Sussex Economic Partnership, and has acted as Chair of the SRB-funded Newhaven Economic Partnership. He was involved in the formation of the South East Regional Forum, the precursor of the South East England Regional Assembly.

### 10. Sarah Ward OBE

Sarah Ward runs an eight hundred-acre family farming business at Horton Kirby in Kent. She was a Countryside Commissioner from 1991-1998 with special responsibility for Areas of Outstanding Natural Beauty and now chairs the Joint Advisory Committee for the Kent Downs. She was on the Central Executive Council of the Women's Food and Farming Union from 1983-1991 and is an Associate of the Royal Agricultural Society. She is a member of the MAFF Plants and Seeds Tribunal (unpaid) and is on the Heritage Lottery Fund Committee for England (appointed 1999). She was a member of Kent

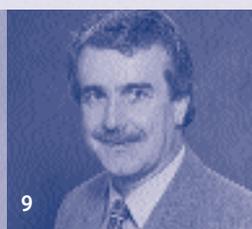
County Council from 1991-1997 and served as Chairman of the Environment Committee. She was awarded an OBE in 1998 for services to the countryside.

### 11. Caroline Williams

Caroline Williams is a Solicitor who acts as a consultant and business adviser particularly to small and medium sized owner managed and entrepreneurial companies. For 20 years she was a partner with Blake Laphorn, ending as Managing Partner of a business with over 400 staff in three locations in the South East and London. She acts as a Non Executive Director for a number of companies and until recently was Chairman of the Board of the University of Portsmouth. She is also a member of the Southern Regional Council of the CBI and Chairman of Common Purpose for Portsmouth and South East Hampshire.

### 12. Kevin Wilson

Kevin Wilson is the former Leader of Milton Keynes Council and was first elected to Milton Keynes Council in 1978. He is also a member of LGA Social Affairs and Health Committee and a member of the LGA's Urban Commission Steering Committee. He is former Chair of the South East Regional Forum and served previously as Chair of the Technical Services, Finance, Policy & Resources, and Community Services Committees at Milton Keynes. He has also served as a member of the Woughton Parish Council since 1983.



# Foreword to the Financial Statements

## Statutory background

The South East England Development Agency was established under the provisions of the Regional Development Agencies Act 1998. It came into existence on 14 December 1998, following Parliamentary approval of the Regional Development Agencies Act 1998 and the appointment of Board Members.

On 1 April 1999 the Agency took over the regional activities of English Partnerships and the Rural Development Commission and the SRB Challenge Fund and the Skills Development Fund formerly administered by Government Office for the South East.

## Review of activities

The Agency became fully operational on 1 April 1999, when transfer orders came into effect which transferred assets amounting to £28,843,695 relating to regional operations of English Partnerships. In addition, assets and liabilities amounting to £2,192,282 relating to the regional activities of the Rural Development Commission were also transferred to the Agency. The Agency has also inherited some functions previously undertaken by the

Government Office for the South East in relation to the Single Regeneration Budget, Competitiveness and Skills.

## 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 and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Department of the Environment, Transport and the Regions has designated the Chief Executive as the Accounting Officer of the South East of England Development Agency. His responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum' issued by the Treasury and published in Government Accounting.

## Board Membership

The Board Members appointed by the Secretary of State on 14 December 1998 include Local Authority, Trade Union and private sector representatives.

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

The Agency maintains a Register of Board Members' Interests which is available on request by contacting our Guildford office. In addition, Members declare their interests to the Board in any transactions involving the relevant organisations and do not participate in any discussions or vote on any related matters.

The Members during 1999/2000 were as follows:

Allan Willett CMG *Chairman*

Jim Baker

Ken Bodfish OBE *Deputy Chairman*

Professor Clive Booth *Deputy Chairman*

Barry Camfield

Bryan Davies

Janis Kong

Russ Nathan CBE

Winifred (Kit) Oliver DL

David Rogers

Sarah Ward OBE

Caroline Williams

Kevin Wilson

Approval has been received from the Minister of State to appoint a further two Board Members during 2000/2001.

### Employment of Disabled Persons

Under its recruitment policies, SEEDA gives full and fair consideration to all applications for employment from disabled persons having regard to their particular aptitudes and abilities.

Should any employee become disabled whilst employed by SEEDA, arrangements will be made wherever possible for appropriate retraining with a view to continued employment.

SEEDA's policies in respect of training, career development and promotion recognise the need to make appropriate provision for disabled staff according to opportunities available and to organisational requirements.

### Employee Relations

SEEDA is an equal opportunities employer. All applicants are given full and fair consideration and are judged on the merit of their qualifications and experience in relation to the particular demands of the post.

SEEDA seeks to promote and maintain good relations with its staff and considerable emphasis is placed on an open management style with frequent and informal consultation at working level. A Joint Staff Council provides a mechanism for management and staff to discuss pay, conditions of service and other concerns. Employees have elected to accept Trade Union representation. All employees are advised on a regular basis of SEEDA's activities and any relevant financial and economic factors which have contributed to it. A newsletter is published (Pit Stop) at least every month, and all staff are invited to attend a group meeting twice a year.

Full consideration is given to following the health and safety at work regulations, which is monitored and managed by a broadly based Health & Safety Committee. Employees have agreed individual annual staff objectives and performance reviews are held three times a year by each supervisor. During early 2000/2001 it is planned to introduce harmonised staff terms and conditions of employment.

### Open Government

The Agency did not receive any requests for information that specifically mentioned the Code of Practice on Access to Government Information. Therefore no requests were refused and no charges were raised in connection with requests for information. However the Agency handled a substantial volume of correspondence, much of which concerned requests for information. It is estimated that the level of external correspondence during the year was over 1,000 items per week.

### Prompt Payment Code

The Agency fully supports the CBI Prompt Payment Code and aims to pay all undisputed invoices within 30 days, or on the terms agreed with the supplier.

In 1999/2000 the Agency paid 81.5 per cent of invoices within 30 days and it is committed to maintaining the highest possible standard of performance as it sees prompt payment as a factor in the economic development of the region.

### Citizen's Charter

As a public agency, SEEDA is committed to the principles of the Citizen's Charter including those on service standards, customer service, information provision

and value for money. A Service Standards Statement has been published and compliance is regularly monitored.

### Financial Memorandum

The Secretary of State issued to the Agency a Financial Memorandum on its formation setting out the financial framework under which the Agency should operate. The Agency has complied in all material respects with the terms of this memorandum during 1999/2000

### Year 2000

The significant financial and operational computer systems used by the Agency are provided under a Service Level Agreement by English Partnerships on whom the Agency is reliant to ensure and provide assurance that the systems are Year 2000 compliant. In respect of all other systems used by the Agency, an externally commissioned audit confirmed that all measures had been taken to ensure that all systems were Year 2000 compliant. No problems were encountered on 1 January 2000 and subsequently.

### Sustainability

In view of its responsibilities as a government body and in the light of its

remits to encourage sustainable growth within the region, SEEDA has set up a team to consider ways of creating a more sustainable working environment. The team has looked at the areas of: energy and water consumption; waste management; consumption of environmentally significant products and materials and transport and has recommended/implemented a number of changes to reflect good practice and efficiency. A green travel plan is also under development.

### Financial targets

The total grant receivable during the year was £63.609 million and this was fully applied to the strategic requirements of the Region as illustrated in the accounts attached. The Agency also received grant of £2.237 million in respect of coalfield expenditure of which £2.045 million was applied.

### Property valuations

A valuation of the portfolio was carried out as at 31 March 2000 by DTZ Debenham Tie Leung.

## Statement on the system of internal financial control

As Accounting Officer, I am aware of the need for effective internal financial control, and acknowledge my responsibility for the system for such control operated by the Agency. The system can provide only reasonable and not absolute assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations and administrative procedures, including the segregation of duties and various levels of delegation specified by HM Treasury, the Department for the Environment, Transport and the Regions and the Board of the Agency.

In particular it includes:

- procedures for the Board to review and agree budgets;
- regular reviews by the Board of financial reports which indicate financial performance against forecast; and
- clearly defined financial administration procedures.

SEEDA has established an internal audit function which operates to standards defined in the Government Internal Audit Manual. The internal audit plans and consequent work are derived from a risk-based assessment of audit needs. The audit needs assessment and internal audit plans have been approved by me and endorsed by the Audit and Remuneration Committee. The Head of Internal Audit (HIA) provides me with an annual report on internal audit activity at SEEDA. This report includes the HIA's independent opinion on the adequacy and effectiveness of SEEDA's system of internal financial control. In addition I undertake monthly reviews and receive quarterly reports on internal audit issues.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit and Remuneration Committee which oversees the work of the internal auditors, the executive managers within SEEDA who have responsibility for the development and maintenance of the financial control framework and comments made by the external auditors. This will be extended in 2000/2001 to include the work of SEEDA's recently appointed Head of Economics and Compliance.

As accounting officer I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury requirement for a statement of internal control to be prepared for the year ending 31 March 2002, in accordance with the guidance to be issued by the Treasury.



**Anthony Dunnett**

Chief Executive / Accounting Officer

# The report of the Comptroller & Auditor General to the South East England Development Agency and of Parliament

I have audited the financial statements on pages 39 to 59 under the Regional Development Agencies Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 43 and 44.

## Respective responsibilities of the Agency, Chief Executive and Auditor

As described on page 33 the Agency and Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in

accordance with the Regional Development Agencies Act 1998 and directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 36 reflects the Agency's compliance with Treasury's guidance 'Corporate Governance: statement on the system of

internal financial control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable

assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the South East England Development Agency at 31 March 2000 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions made thereunder; and

- 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.

I have no observations to make on these financial statements.

**John Bourn**

Comptroller and Auditor General  
July 2000

*National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP*

# Income and Expenditure account for the year to 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Income</b>			
Grant in aid released	2	60,470	542
Transfer from deferred grant in aid account	18	211	1
Other Government grants	3	95	–
Proceeds from disposal of development assets		3,555	–
Other income	4	406	–
<b>Total Income</b>		<b>64,737</b>	<b>543</b>
<b>Expenditure</b>			
Book value of development assets sold	14	3,554	–
Book value of development assets written off	14	9,968	–
Bad debts written off and movements in provision for bad and doubtful debts	5	(14)	–
Salaries and Wages	6	3,438	199
Other administrative costs	7	3,379	343
Depreciation	11	211	1
Grants paid for project expenditure		43,332	–
Grants paid for coalfield expenditure	3	95	–
Grants paid for revenue expenditure		314	–
<b>Total Expenditure</b>		<b>64,277</b>	<b>543</b>
<b>Operating surplus/(Deficit)</b>	10	<b>460</b>	<b>(1)</b>
Interest received	8	221	1
Notional cost of capital	9	(2,016)	–
<b>Deficit for the period on ordinary activities</b>		<b>(1,335)</b>	<b>–</b>
Taxation		–	–
<b>Deficit for the period after Taxation</b>		<b>(1,335)</b>	<b>–</b>
Reversal of notional cost of capital	9	2,016	–
<b>Surplus for the period carried forward</b>		<b>681</b>	<b>–</b>

All operations are continuing

The notes on pages 43 to 59 form part of these accounts

## Statement of total recognised gains and losses for the year ended 31 March 2000

	2000	1999
	£'000	£'000
Surplus for the period after taxation	681	–
Grant in Aid receivable not released to Income and Expenditure account	5,089	20
Revaluation	(8)	–
<b>Total gains and losses recognised since last annual report</b>	<b>5,762</b>	<b>20</b>

## Balance sheet as at 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed Assets</b>			
Tangible operating assets	11	1,060	19
Investment assets	12	25	–
Long term loans	13	679	–
		<b>1,764</b>	<b>19</b>
<b>Current Assets</b>			
Stock of development assets	14	34,390	–
Debtors	15	1,601	152
Cash at bank and in hand		352	11
		<b>36,343</b>	<b>163</b>
<b>Creditors</b>			
Amounts falling due within one year	16	1,953	163
<b>Net Current Assets</b>		<b>34,390</b>	<b>–</b>
<b>Total Assets Less Current Liabilities</b>		<b>36,154</b>	<b>19</b>
<b>Provisions for Liabilities and Charges</b>	17	–	–
<b>Accruals and Deferred Income</b>			
Deferred government grant	18	1,060	19
<b>Reserves</b>			
Grant-in-Aid Reserve	19	35,102	–
Income and Expenditure Account	19	–	–
Investment Revaluation Reserve	19	(8)	–
		<b>36,154</b>	<b>19</b>



**Anthony Dunnett**

Chief Executive/Accounting Officer

The notes on pages 43 to 59 form part of these accounts

# Cash Flow Statement for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	20	(7,484)	10
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		369	1
<b>Capital Expenditure and Financial Investment</b>			
Purchase of fixed operating and investment assets		(1,032)	-
Proceeds on disposal of development assets		3,555	-
Receipts on repayment of loans		451	-
Net transfer to Grant in Aid Reserve		4,482	-
		<b>7,456</b>	
<b>Increase in Cash</b>	21	<b>341</b>	<b>11</b>

# Notes to the accounts

## 1. Accounting Policies

### (a) Accounting Conventions

These accounts have been prepared in a form directed by the Secretary of State for the Department of Environment, Transport and the Regions with the approval of the Treasury in accordance with the Regional Development Agencies Act 1998.

These accounts are prepared using the historical cost convention modified by the inclusion of development assets at their value to the business by reference to their current value. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and the Accounting Standards Board in so far as those requirements are appropriate.

### (b) Fixed Operating Assets

Fixed Assets are valued at depreciated replacement cost.

### (c) Depreciation

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

Information Technology:

Depreciation is provided on a straight line basis, at rates calculated to write off the cost over three years.

Equipment, Fixtures and Fittings:

Depreciation is provided on a straight line basis, at rates calculated to write off the cost over five years.

### (d) Investment Assets

These assets are held long term to generate income and/or capital return. Investments and loans are shown net of provision for amounts considered doubtful and of write-offs for amounts considered irrecoverable. Partnership workspace schemes, the Agency's investment with partners, mainly local

authorities, to provide rural workspace has been disclosed in the Balance Sheet at a valuation based on present value of estimated future rental income. Expenditure on these projects is written off in the year of spend.

### (e) Development Assets

These assets are held short term for disposal. Accounting policy is lower of replacement cost and net realisable value. A valuation of the whole portfolio was carried out as at 31 March 2000, all of which was undertaken by DTZ Debenham Tie Leung, International Property Advisers.

Disposals and purchases of land and buildings are accounted for on the date of legal completion.

### (f) Government Grants Receivable

The Agency's activities are funded primarily by grant in aid provided by the Department of the Environment,

Transport and the Regions for specified types of expenditure. Government grants receivable of a revenue nature are credited to the Income and Expenditure Account in the year to which they relate. Government Grants in respect of capital expenditure on assets that are depreciated are credited to the Deferred Government Grant Reserve and released to the Income and Expenditure Account over the expected useful life of the relevant Tangible Fixed Assets. Government Grants in respect of assets that are retained and not depreciated are credited to the Grant in Aid Reserve, and released upon disposal or impairment.

Grant in aid receivable includes amounts attributable to expense accruals for which grant will be received during the year 2000/2001 to finance payment.

**(g) Pension Costs**

Certain of the employees of the South East England Development Agency participate in The English Partnerships Pension Scheme, the Principal Civil Service Pension Scheme (the PCSPS) and individual defined contribution pension plans. The first two pension schemes are defined benefit schemes. The PCSPS is a non-contributory scheme. The Agency's contributions to the Schemes are charged to the Income and Expenditure Account. The Chairman and Board members are not members of these or any other pension scheme of the Agency.

**(h) Deferred Taxation**

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse.

## 2. Grant in Aid

Grant in Aid is funded from the Department of the Environment, Transport and the Regions, Class III Vote 1.

Grant received during the year:	<b>2000</b>	<b>1999</b>
	£'000	£'000
DETR	63,438	461
Add: Grant due for expenditure incurred in the current year but to be claimed in the next year	272	101
Less: Grant received for expenditure incurred in the previous accounting period	(101)	–
<b>Grant in Aid receivable</b>	<b>63,609</b>	<b>562</b>
Grant applied during the year:		
Vote A Land and Property	17,584	–
Vote B Single Regeneration Budget	35,247	–
Vote C Rural Regeneration	1,537	–
Vote D Skills Development and Rapid Response	4,593	–
Vote G Administrative Expenditure	7,249	562
Vote J Inward Investment Activity	900	–
Grant applied to inherited liabilities	681	–
	<b>67,791</b>	<b>562</b>
Less Receipts		
Capital receipts	3,854	–
Revenue receipts	189	–
Other income	287	–
Less receipts not applied to Grant in Aid activity (Rural Development Commission loan scheme interest and bank interest)	(148)	–
<b>Grant in Aid receivable</b>	<b>63,609</b>	<b>562</b>
Grant in Aid applied to Fixed Assets	1,032	19
Grant in Aid applied to Development Assets	2,107	–
Grant in Aid applied to Income & Expenditure Account	60,470	543
	<b>63,609</b>	<b>562</b>

Prior year Agency activities were funded by Grant in Aid from the Department of the Environment, Transport and the Regions, grant received during the year, Class IV Vote 4.

<b>3. Other grants</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Grant for Coalfield Expenditure received in year	2,237	-
Grant received for 2000/2001 expenditure	(192)	-
	<b>2,045</b>	-
Grant in Aid applied to Development Assets	1,950	-
Grant in Aid applied to Income and Expenditure Account	95	-
	<b>2,045</b>	-

<b>4. Non-grant income</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Housing Corporation Grant	2	-
Rents and maintenance charges	145	-
Other receipts (Economic Partnerships and other contributions)	259	-
	<b>406</b>	-

<b>5. Bad debt provision</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Transferred from Rural Development Commission – 1 April 1999	439	-
Provision no longer required	(191)	-
Reduction in provision	(14)	-
Bad Debt Provision as at 31 March 2000	<b>234</b>	-

The Bad Debt Provision relates to the Rural Development Commission loan scheme which is now defunct, consequently, a lower provision is required.

## 6. Salaries and wages

	2000	1999
	£'000	£'000
<b>(a) Board Members</b>		
Chairman's salary and pension	54	13
Board Members' salary	98	29
Social Security costs	9	3
	<b>161</b>	<b>45</b>
<b>Staff</b>		
Salaries and wages, including overtime	2,325	36
Pension costs	269	–
Social Security costs	203	4
	<b>2,797</b>	<b>40</b>
Other staff costs	235	69
Seconded Staff costs	245	45
	480	114
<b>Total</b>	<b>3,438</b>	<b>199</b>

### (b) Emoluments of Board Members

Name	Position	Salary 1999/00	Pension 1999/00	Salary 1998/99	Date of Appointment
Allan Willett, CMG	Chairman	£44,000	£9,955	£13,129	14.12.98
Jim Baker	Board Member	£7,000		£2,089	14.12.98
Ken Bodfish, OBE	Deputy Chairman	£14,000		£3,737	6.01.99
Professor Clive Booth	Deputy Chairman	£14,000		£4,176	14.12.98
Barry Camfield	Board Member	£7,000		£2,089	14.12.98
Bryan Davies	Board Member	£7,000		£2,089	14.12.98
Janis Kong	Board Member	£7,000		£2,089	14.12.98
Russ Nathan, CBE	Board Member	£7,000		£2,089	14.12.98
Winifred Oliver, DL	Board Member	£7,000		£2,089	14.12.98
David Rogers	Board Member	£7,000		£2,089	14.12.98
Sarah Ward, OBE	Board Member	£7,000		£2,089	14.12.98
Caroline Williams	Board Member	£7,008		£2,043	14.12.98
Kevin Wilson	Board Member	£7,000		£2,089	14.12.98

Board Members have been appointed on a fixed term of three years and contracted to carry out two days work per month (two days per week for the Chairman and one day per week for the Deputy Chairmen) on behalf of the Agency. Except for the Chairman, no other Board Members are eligible for pension contributions. No Board Members are eligible to receive performance related pay or any other taxable benefit as a result of employment with the Agency.

## (c) Emoluments of Chief Executive and the most senior Managers

	Age	1999/00 Salary & Bonus	1999/00 Benefits and pension	1999/00 Total	1998/99 Total	Real increase in pension at 60	Total accrued pension at 60 at 31/3/00
Anthony Dunnett Chief Executive (appointed 01/01/99)	47	£116,864	£17,979	£134,943	£30,475	n/a	n/a
Jeff Alexander Director of Strategy & Corporate Services (appointed 01/04/99)	44	£55,564	£12,006	£67,570	–	£725	£27,550
Paul Hudson Director of Regeneration & Infrastructure (appointed 01/07/99)	53	£52,821	£10,403	63,224	–	£673	£6,256
Barrie Giles Director of Enterprise Development (appointed 21/06/99)	53	£51,135	£11,245	£62,380	–	£649	£5,819
John Parsonage Director of Learning & Skills (appointed 01/01/00)	52	£16,006	£3,006	£19,012	–	£203	£6,500
Karen Yeomans Director of International Development (appointed 01/09/99)	36	£46,573	£1,273	£47,846	–	n/a	n/a

Anthony Dunnett is on a fixed-term contract and Executive Directors are on permanent contracts. Jeff Alexander joined PCSPS in 1978.

Karen Yeomans is on terms and conditions from previous employment which will be harmonised in due course.

**(d) Staff Numbers**

The average number of staff, including all seconded staff, employed by the agency during the period (excluding all agency staff was 95 (1999, 13 including all agency and seconded staff). Ten members of staff received emoluments of more than £40,000, including the Chief Executive (1999, nil).

Chief Executive	1
Marketing, Personnel and Chief Executive's Office	8
Regeneration	41
Strategy and Corporate Services	24
International Development	11
Learning and Skills	6
Enterprise	4

**(e) Pension Arrangements**

As part of the legal merger process between English Partnerships and the Rural Development Commission some members of staff continue to be members of specific schemes. These are as follows:

English Partnerships Scheme – Former employees of English Partnerships participate in the English Partnerships Pension Scheme, which provides benefits based on final pensionable salary. Contributions of £54,280 were paid to English Partnerships pension

fund at rates determined by the pension funds actuary. The rate for 1999/2000 was 15 per cent. The scheme is set up under trust and the assets of the Scheme are, therefore held separately from those of English Partnerships.

The pension cost charged to the Income and Expenditure Account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with English Partnerships.

The pension costs are based on the most recent actuarial valuation which was completed with an effective date of 31 March 1999. The actuarial method used was the Projected Unit Method.

The most significant assumptions for their effect on the pension costs are those relating to the rate of return on the investments of the Scheme and the amount by which this exceeds increases in salaries and pensions and the rate of equity dividend increase adopted in valuing the Scheme's investments. The investment return used was six per cent per annum. It has been assumed that this will exceed the rate of salary increase by 1.5 per cent per annum, the rate of pension increase by three per cent per annum and the rate of growth of equity dividends by five per cent per annum.

The actuarial valuation at 31 March 1999 showed that the market value of the Scheme's assets was £70,052,137 and the actuarial value of the assets represented 125 per cent of the liability for benefits, calculated using the same actuarial method and assumptions that were used to calculate the pension cost charged to the Income and Expenditure Account.

The accounts of the English Partnerships Pension Scheme are available from the Secretary, at St George's House, Kingsway, Team Valley, Gateshead, NE11 0NA. All employees are issued with a summary of the accounts.

**Principal Civil Service Pension Scheme (PCSPS)**

The PCSPS is a non-contributory scheme, and the Agency's contributions are paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. The rate for 1999/2000 was in the range of 12 to 18.5 per cent of pensionable salary. The amount paid during the current year was £196,755.

It is expected that following harmonisation of pay and conditions all staff will be invited to joint the PCSPS.

**(f) Seconded Staff**

Staff were seconded from the following organisations and reimbursed by the Agency during the accounting period.

	No of Staff	2000 £'000	1999 £'000
Government Office for the South East	4	85	45
Rural Development Commission	9	3	-
Office for Public Management	1	10	-
Kent County Council	1	24	-
Ove Arup & Partners	1	33	-
West Sussex County Council	1	26	-
Turner & Townsend	1	64	-
		<b>245</b>	<b>45</b>

Additional staff were seconded from other organisations without reimbursement by the Agency.

	No of Staff
British Telecom	3
Government Office for the South East	3
Barclays Bank	2
KPMG	1
Hampshire County Council	1

<b>7. Other administrative costs</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Other staff costs	186	117
Office costs	1,303	115
Travel and Subsistence	299	–
Marketing and PR	630	93
Professional costs	754	15
IT and Communication	207	2
	<b>3,379</b>	<b>343</b>

<b>8. Interest receivable</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Bank interest	281	1
Interest on rural loans	88	–
Less receipts not applied to Grant in Aid activity (Rural Development Commission loan scheme interest and bank interest)	(148)	–
	<b>221</b>	<b>1</b>

Receipts not applied to Grant in Aid activity were those receipts received by the Agency, and which were deducted from the Agency's Grant in Aid funds.

## 9. 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 six per cent of the average of total assets less current liabilities. After the surplus or deficit for the year there is an entry reversing this amount.

<b>10. Operating deficit</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000
Operating surplus has been arrived at after charging.		
Auditor's remuneration	47	6
Operating lease rentals	533	–

## 11. Operating assets

Equipment, fixtures and fittings

	2000 £'000
<b>Cost or Valuation</b>	
At 31 March 1999	20
Transferred from English Partnerships – 1 April 1999	206
Transferred from Rural Development Commission – 1 April 1999	14
Additions in year	1,032
At 31 March 2000	1,272
<b>Depreciation</b>	
At 31 March 1999	1
Depreciation in year	211
At 31 March 2000	212
Net Book Value at 31 March 2000	1,060
Net Book Value at 31 March 1999	19

Fixed 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.

## 12. Investment assets

	2000	1999
	£'000	£'000
Transferred from the Rural Development Commission		
– 1 April 1999	28	–
Valuation reduction	(8)	–
	20	–
Investment in Countryside Maritime Ltd	5	–
	25	–

Name of Undertaking	Interest	Class of Shares	Nature of Business
Chatham Maritime F5 Development Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J3 Development Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J4 Development Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J5 Development Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime K1 Development Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime F5 Construction Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J3 Construction Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J4 Construction Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime J5 Construction Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime K1 Construction Ltd	100%	Ordinary Share £1	Dormant
Chatham Maritime Limited	100%	Ordinary Share £1	Dormant
English Estates (Chatham) Ltd	100%	Ordinary Share £1	Dormant
Ryde Business Park Management Co Ltd	100%	Ordinary Share £1	see below
Countryside Maritime Ltd	50%	4,950 Ord Shrs £1 750 Inc Shrs 10p	see below

The Chatham companies exist to protect the Enterprise Zone status of the Chatham Estate. During the year four companies were transferred to a Site Developer.

Ryde Business Park Management Co Ltd has no assets and collects rental income from tenants of the business park. It has ceased trading in 1999/2000 and the income is now collected by the Agency.

Countryside Maritime Ltd is a joint venture with Countryside plc to build houses on St Mary's Island, Chatham, and there were no surpluses distributed during the year.

**13. Long term loans**

	2000	1999
	£'000	£'000

Loans transferred from the Rural Development Commission 1 April 1999	1,130	–
Loans repaid	(451)	–
Balance as at 31 March 2000	679	–

**14. Stock of development assets**

	2000	1999
	£'000	£'000

Transferred from English Partnerships – 1 April 1999	29,000	–
Transferred from Rural Development Commission – 1 April 1999	1,333	–
Additions in year	17,579	–
	47,912	–
Disposals	(3,554)	–
Valuation reduction	(9,968)	–
	34,390	–

Note: The valuation reduction represents the difference between the net cost and the realisable value as per accounting policy 1(e).

**15. Debtors**

	2000	1999
	£'000	£'000
Amounts receivable within one year:		
Trade debtors	93	–
Other debtors	4	2
Value added tax	1,183	45
Grant receivable in 2000/2001 for expenditure incurred in 1999/2000	272	101
Taxation Recoverable	7	–
Prepayments	42	4
	1,601	152

**16. Creditors: Amounts falling due within one year**

	2000	1999
	£'000	£'000
Other creditors	–	7
Accruals	1,561	156
Payments on account	200	–
Grant received in 1999/2000 for expenditure	–	–
To be incurred 2000/2001	192	–
	1,953	163

**17. Provisions for Liabilities and Charges**

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse. There is no tax liability for 1999/2000. However, the Corporation Tax method has yet to be agreed with the Inland Revenue.

**18. Deferred government grant account**

	2000	1999
	£'000	£'000
Balance at 1 April 1999	19	–
Transferred from English Partnerships – April 1999	206	–
Transferred from Rural Development Commission – April 1999	14	–
Grant in Aid applied to operating asset additions	1,032	20
Released to Income and Expenditure Account	(211)	(1)
	1,060	19

**19. Total reserves**

	Grant in Aid Reserve	Income & Expenditure Account	Investment Revaluation Reserve	Total
Balance at 1 April 1999	–	–	–	–
Transferred from predecessor organisations 1 April 1999:				
English Partnerships	29,005	(368)	–	28,637
Rural Development Commission	2,491	(313)	–	2,178
Additions:				
Development Assets	17,579	–	–	17,579
Revaluation:				
Write-down of development	–	–	–	–
Assets to Income & Expenditure				
Account	(9,968)	–	–	(9,968)
Disposals:				
Development Assets	(3,554)	–	–	(3,554)
Investment Assets repayments	–	–	(8)	(8)
Long-term loan repayments	(451)	–	–	(451)
Transfer from Income & Expenditure		681	–	681
	<b>35,102</b>	<b>–</b>	<b>(8)</b>	<b>35,094</b>

## 20. Reconciliation of operating profit to net cash out flow from operating activities

	2000	1999
	£'000	£'000
Surplus on operating activities	460	(1)
Depreciation	211	1
Increase in Stock	(7,611)	–
Increase in Debtors and provisions	(1,705)	(152)
Increase in Creditors	1,373	163
Surplus from sale of development assets	(1)	–
Transfer from deferred Government grant to income	(211)	(1)
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>(7,484)</b>	<b>10</b>

## 21. Analysis of changes in cash and cash equivalents during the year

	2000	1999
	£'000	£'000
Cash at bank and in hand at 31 March 1999	11	–
Net cash inflow	341	11
Cash at bank and in hand at 31 March 2000	<b>352</b>	<b>11</b>

## 22. Operating leases

As at 31 March 2000 the Agency had annual commitments under operating leases as follows:

	<b>Buildings</b>	<b>Car Leases</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>1999</b>
	£'000	£'000	£'000	£'000	£'000
Leases expiring:-					
- within one year		10	-	10	-
- between one and five years	472	87	6	565	-
	<b>472</b>	<b>97</b>	<b>6</b>	<b>575</b>	<b>-</b>

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

## 23. Commitments

	<b>2000</b>	<b>1999</b>
	£'000	£'000
Project expenditure authorised by the Board and contracted for at 31 March 2000 amounted to:	22,855	-

## 24. Related party transactions

The South East England Development Agency is an Executive Non-Departmental Public Body sponsored by The Department of the Environment, Transport and the Regions (DETR). DETR is regarded as a related party with which, during the year, the South East England Development Agency has had a significant number of material transactions.

In addition, the South East England Development Agency has had a number of material transactions with other Government Departments and other central government bodies, including English Partnerships, the Department of Trade and Industry, the Department for Education and Employment and various local authorities. The Agency has also had a number of related transactions with companies as listed in Note 12, including Countryside Maritime Ltd and Ryde Business Park Management Co Ltd, other companies listed are dormant.

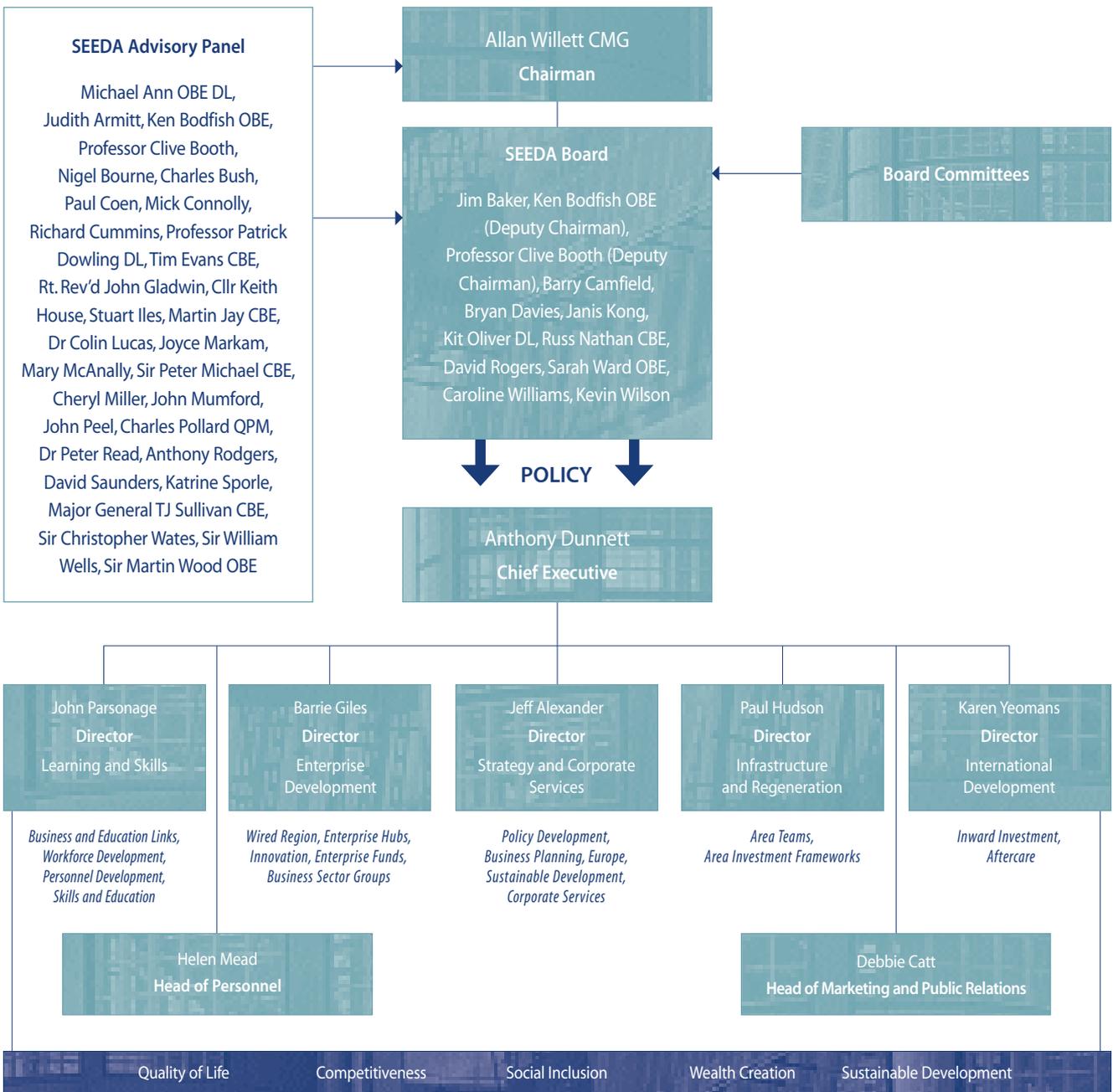
During the year none of the Board members, key management staff and other related parties has undertaken any material transactions with the South East England Development Agency. At each Board Meeting Members are asked

to declare any related interests for items listed on the Agenda, any declarations and actions are duly minuted.

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 minuted. In addition, a register is maintained of financial and other interests of Board members. Staff also declare related parties if applicable and a central register is kept.

# Annex 1

## ORGANISATION CHART





The South East – a region of contrasts (Clockwise from top left): Ponies in the New Forest, Hampshire; Leeds Castle, Kent; Building conservation, Yonsea Farm, Kent; HRH Prince Charles in Fletching, East Sussex; Robotics at Reading University; Children at Lilliputs play group, Isle of Wight; The White Cliffs of Dover; The spires of Oxford; and (centre) Chatham Maritime drill hall



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