

# **South East England Development Agency**

Report and Accounts for the  
period 1 April 2012 to 30 June 2012

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## **Report and Accounts for the period 1 April 2012 to 30 June 2012**

Presented to Parliament pursuant to Sections 15(2) and 17(3) of the  
Regional Development Agencies Act 1998

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# South East England Development Agency

## Report and Accounts for the period 1 April 2012 to 30 June 2012

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## Introduction by the Accounting Officer

These accounts cover the final three month period leading up to the abolition of the South East England Development Agency (“the Agency”) on 1 July 2012.

The Agency ceased operations on the transfer of all remaining operational activity to the Department for Business, Innovation and Skills (BIS) on 30 March 2012. The results for the last year of operations are set out in the Agency’s 2011/12 Annual Report and Accounts which were published in June 2012.

In the final three month period a small number of Agency staff remained in post to complete the Agency’s Report and Accounts for 2011/12, to prepare a draft Report and Accounts for the period 1 April to 30 June 2012 for completion by BIS after abolition, and to transfer to BIS all remaining records and residual rights and obligations. The Agency’s former Chief Executive and Accounting Officer, Oona Muirhead, remained in post until 30 June 2012. I became the responsible Accounting Officer for the Agency when the Agency’s Chief Executive and Accounting Officer was made redundant and I take full responsibility for the Report and Accounts for the period to 30 June 2012.

At 00.01am on 1 July 2012, all of Agency’s residual rights and obligations were legally transferred to BIS. At 00.02am on 1 July 2012 the eight remaining Regional Development Agencies, including the Agency, were abolished by an Order commencing section 30(1) of the Public Bodies Act 2011. The appointments of the Agency’s Chair and the other Board members terminated on the Agency’s abolition.

On abolition, the Regional Development Act 1998 was repealed save for the provisions concerning the completion of a report and statement of accounts for the accounting period from 1 April 2012 to 30 June 2012.

After the abolition of the Agency, the Report and Accounts have been completed by my staff, using drafts provided by the Agency and drawing on additional supporting evidence and information provided by the Agency. The draft Report and Accounts were reviewed and approved in draft by the Agency’s Audit Committee on 7 June 2012 and Board on 7 June 2012. I have received assurances from the former Accounting Officer about the controls exercised by her, the officers and Board of the Agency during its existence to ensure compliance with the principles of *Managing Public Money* and, in particular, in relation to governance, decision-making and financial management. I am content that these assurances are sufficiently accurate and robust to allow me to place reliance on them to discharge my role as Accounting Officer and to sign the Report and Accounts for the period ending 30 June 2012.

The report includes an introduction by the former Chairman and a review by the former Chief Executive to provide additional context. I would like to record my thanks to them and to the Board and staff of the Agency for their work on this document and during the final accounting period.

**Martin Donnelly**

**Permanent Secretary and Accounting Officer  
Department for Business, Innovation & Skills**

## **Former Chairman's Introduction**

SEEDA closed operationally on 31 March 2012 following the transfer or closure of all the Agency's assets, liabilities, functions and operational responsibilities. This Report and Accounts, therefore, covers only the period to 30 June 2012, during which time a very small team remained in the Agency to carry out work to finalise the financial transactions in 2011/12 and complete the Accounts. I am grateful to them and to the Board for carrying out this work in a meticulous and professional manner.

**Rob Douglas, CBE**  
**Chairman (until 30 June 2012)**

## **Former Chief Executive's Review**

Remaining behind to ensure that all elements of the Agency's prior activities are closed cleanly and with full attention to compliance and value-for-money for the taxpayer is a very important task. The seven members of staff who stayed on with me after 31 March 2012 to do this, having seen their colleagues move on to new phases in their lives, cannot be thanked enough for carrying out these duties in a highly professional manner. As a result of their work we have been able to close formally the Agency's Closure Programme, together with all our associated closure tools such as our Risk Register, Dashboard and Key Performance Indicators for closure. Thank you all so much.

I would also like to pay a special thank you to the Chairman and Board members for, as ever, providing support, constructive challenge, and succour.

**Oona Muirhead, CBE**  
**Chief Executive (until 30 June 2012)**

# Accounting Officer's Report

The Accounting Officer presents the Agency's Report and Accounts for the period 1 April 2012 to 30 June 2012.

## Introduction

The South East England Development Agency was established under the provisions of the Regional Development Agencies Act 1998. The Agency was a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills. It was abolished on 1 July 2012.

## Principal Activities

During the period between 1 April and 30 June 2012 the main objectives for the Agency were to:

- prepare the 2011/12 Annual Report and Accounts for certification by the Comptroller & Auditor General;
- draft the Accounts for the period from 1 April to 30 June 2012 and hand these over to BIS for completion, with relevant supporting documentation; and
- transfer all remaining rights and obligations to BIS in June 2012, with supporting documents that will enable all outstanding work to be conducted by BIS to bring all RDA activity to an orderly close.

As of 31 March 2012 the Agency was operationally closed, that is all of the Agency's programmes had either transferred to successor bodies or been closed. Details of closed and transferred programmes can be found in the Agency's 2011/12 Annual Report and Accounts.

A small team of eight staff, reducing to seven in May, remained employed by the Agency from April 2012 to complete these closure tasks. All of the remaining staff were made redundant on 30 June 2012.

## Audit Services

The Comptroller and Auditor General is appointed by statute to audit the Agency, and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The costs incurred in relation to services provided by the Comptroller and Auditor General up to 30 June 2012 were £12,000. The Comptroller and Auditor General also has statutory powers to report on the economy, efficiency and effectiveness with which the Agency has used its resources.

## Internal Audit Function in the period 1 April to 30 June 2012

Between 1 April and 30 June 2012 the internal audit function was undertaken by South Coast Audit, a consortium hosted by the Sussex Community NHS Trust. Internal Audit carried out assurance reviews including of separation of functions, and transaction testing to provide assurance to the Accounting Officer and Audit Committee. Reports on the implementation of recommendations, progress reports, and the Internal Audit 3-month Report and Assurance Statement were reviewed by the Audit Committee.

## Consultancy

No funding was spent on policy consultancy work which is the standard definition of consultancy. However, the Agency contracted for some specialist and technical advice such as external legal and taxation advice which in the public sector is sometimes also classed as consultancy.

### **Financial instruments**

At the reporting date, the financial assets of the Agency were held as bank balances. A description of the Agency's risk management policies in relation to financial instruments is given in Note 14 to the accounts.

### **Political and Charitable donations**

No political or charitable donations were made by the Agency.

### **Transparency of Expenditure**

As part of our commitment to openness and transparency the Agency published details of all financial transactions with a value of over £25,000 on its website. In line with guidance from the Department for Business, Innovation and Skills this information covered all parts of the Agency and included both programme and administrative spend, except those staff related payments which are exempt from publication.

## **The Former Board**

From 1 April 2012 the Board comprised of the Chairman and 11 Board members. Board members were appointed by the Secretary of State for Business, Innovation and Skills. The Board was responsible for setting the strategic direction of the Agency and for establishing its policies. With the Chief Executive, the Board ensured that the public funds with which the Agency was trusted were used appropriately to the benefit of the region and to achieve value for money in meeting the Agency's objectives, including the delivery of the Closure Programme.

### **Accountability of the former Board and Agency**

The former Board was accountable to the Government and to Parliament. From April 2010 the Agency's parent Department, the Department for Business, Innovation and Skills (BIS), took a more direct role in the scrutiny of the Agency's operations.

Between 1 April 2012 and 30 June 2012 the Agency responded, via BIS, to one request for information made as a Parliamentary Question and three Freedom of Information Act 2000 requests.

The Agency maintained a Register of Board Member's Interests, which is available from the BIS website at – <http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies/rda-boards>. Members declared their interests to the Board in any transaction involving the relevant organisations and may then have been required to withdraw from participating in any discussions or vote on any related matters. During the period 1 April to 30 June 2012 the Agency complied with the standard RDA Code of Best Practice for Board members.

### **Board Members**

The Agency Board members in the period ended 30 June 2012 were:

Robert Douglas CBE	(Chairman)
Keith Riley	(Deputy Chairman)
Richard Ascough	
Dr. Dolores Byrne OBE	
Pamela Charlwood	
Prof. Julian Crampton	
Les Dawson OBE	
Imtiaz Farookhi	
Andrew Finney	
Cllr Keith House	
Cllr Keith Mitchell CBE	
Alex Pratt OBE	

Board members were given notice by the Department for Business, Innovation and Skills of termination of appointment on 29 May 2012 and the Board members' appointments terminated on the abolition of the Agency on 1 July 2012.

## Former Board Committees

During the period 1 April to 30 June 2012 the Board Committee structure was as follows:

### ***Remuneration Committee***

The Remuneration Committee continued during the period to provide assurance around the exit payments for staff on departure. Members as at 30 June 2012 were: Keith Riley (Chairman), Rob Douglas CBE, Cllr Keith Mitchell CBE, and Richard Ascough.

### ***Audit Committee***

The main purpose of the Committee was to give advice to the Accounting Officer and Board on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk, control and governance. The Committee acted in an advisory capacity only on audit matters and had no executive powers. During the period to 30 June 2012 the Audit Committee reviewed reports covering the Agency's Internal Financial Control and Risk Management Systems presented to it by Internal Audit, and by the Finance Director. The Committee had updated its Terms of Reference to ensure they provided robust assurance on a number of audit and governance matters relating to the Agency's closure.

Members of the Committee were appointed by the Board for fixed terms not exceeding three years in the first instance. From 1 April 2012 the members were Pamela Charlwood (Chair), Andrew Finney, Keith Mitchell CBE and Dr. Dolores Byrne

During the period to 30 June 2012 the Audit Committee met on two occasions, with Board Members in attendance, to perform its functions in accordance with HM Treasury's Audit Committee Handbook. The minutes of these meetings were presented to the full Board. Effective working arrangements were in place with the National Audit Office whose representatives attended all Audit Committee meetings.

## Senior Executive

The only remaining member of the Agency's senior executive during the period to 30 June 2012 was:

Oona Muirhead CBE

Chief Executive and Accounting Officer;  
Senior Responsible Owner for the Agency's Closure  
Programme

## **Workforce Plan**

In June 2011 the Agency created a Workforce Plan to support achievement of the objectives of the Closure Programme – this has been reviewed throughout the closure period. Staff numbers were identified in 2011/12 to match the tasks required in the period 1 April to 30 June 2012.

All closure tasks were allocated to staff individually and the timing of each employee's exit on redundancy was decided against their closure activities (Leaver's Check List). Decisions on the completion of the Closure Checklist were taken by the Board, emphasising the importance placed on assurance at the point of an individual's departure. Confirmation of the completion of closure tasks was a precursor to the release of payment of any compensation in lieu of notice, a key incentive to ensure that all individuals were focussed on their closure tasks right up to the point of their departure. Decisions on the departure of the Chief Executive, the Finance Director and all other remaining staff were taken by the Board in June 2012.

Staff absence due to sickness in the three months to end June 2012 was very low, at 0.57% (Comparative figure for 2011 calendar year: 2.66%).

## **Remuneration and Pension**

The Agency continued to implement the Public Sector Pay Freeze in the period to 30 June 2012. No bonuses were paid in the period to 30 June 2012.

The treatment of pension liabilities and the relevant pension scheme details are set out in Note 4 in the Financial Statements and in the Remuneration Report.

## **Exit Payments**

All Agency staff were entitled to receive redundancy compensation in line with the Civil Service Compensation Scheme (CSCS). The Agency received approval from the Government to offer voluntary redundancy terms to all staff being made redundant as a result of the Agency's closure. These terms, in line with the terms of the CSCS, provide for the payment to all staff up to 3-months Compensation in Lieu of Notice on the completion of all closure tasks and activities. The cost of paying compensation in lieu of notice, which was accrued in 2011/12, was £147,681 for the 8 staff remaining in the period to 30 June 2012.

The Agency received agreement from the Government to offer retention incentives to a small number of staff to ensure the effective closure of the Agency, to safeguard the taxpayers' interests in making best use of the significant public assets that the RDAs have owned, and to negate the need for engagement of consultancy resource which would have been at a greater cost. Further details are given in note 15 to the accounts.

## **Equality and Diversity**

The Agency was given an exemption from including an Equality and Diversity Statement as the headcount was below the statutory minimum required to report.

## **Health and Safety Policy**

The Health and Safety Policy adopted by the Agency met the legal requirements to provide and maintain a safe working environment. The policy was approved by the Chief Executive and Executive Management Team. Staff were trained to identify hazards and to produce risk assessments including control measures. These control measures were used to assist in implementing standards to consistently improve the workplace.

## **Better Payment Practice Code**

Since April 2012 95% of undisputed invoices have been paid within 3 days, against the Government's target of 80% within five days (2011/12: 95%).

## **Sustainability Policy and Environmental Management**

The Agency was given an exemption from including a Sustainability Policy and Environmental Management statement as the headcount was below the statutory minimum required to report.

## **Knowledge transfer**

A key objective of the Agency's closure programme was to retain knowledge as a legacy, and transfer it for future economic development. For example, the Agency transferred economic intelligence resources to South East England Councils (SEEC).

The Agency created a 'Knowledge Bank' as a publicly-available resource on its website consisting of over 420 publications which span 12 years of activities. It includes a wealth of information covering evaluations, assessments of economic data, strategy documents and case studies. The Agency's website has now been permanently preserved by The National Archives which captured all the contents of the site as at January 2012. This means that the 'Knowledge Bank' section of the website, and the publications section, will continue to be available to those wishing to learn about ways of supporting economic development. The URL to the 'Knowledge Bank' section of the preserved website is:

<http://webarchive.nationalarchives.gov.uk/20120119080152/http://www.seeda.co.uk/news-and-publications/publications>

## **Risk Management**

Details of the Agency's Risk and Internal Control Framework are included within the Governance Statement.

## **Subsidiary Companies**

As at 1 April 2012 the Agency did not have interests in any subsidiary companies and was no longer a Group.

## **Financial Review**

The Agency had no programme budget in the period to 30 June 2012; it closed operationally at the end of March 2012. The results for the period ended 30 June 2012 are set out in the Accounts on pages 20 to 33.

## **Audit declaration**

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

# Remuneration report

## Remuneration

The Remuneration Committee comprised 4 members as set out on page 5. It met in April 2012 to decide the release of staff departing in the period ending 30 June 2012, and in June 2012 to provide assurance on the payment of exit costs. The Board reviewed the conditions for the release of the Accounting Officer, Finance Director and other remaining staff in June, alongside sign-off of the Annual Report and Accounts 2011/12.

No changes to remuneration were introduced in the period to 30 June 2012, no bonuses were paid (including contractual bonuses), and the pay freeze in place in 2011/12 was maintained. No awards, or compensation or payments to third parties for services of past senior staff were made between 1 April and 30 June 2012.

## Emoluments of former Board Members (Audited)

Name	Position	Date of Appointment	Cessation Date	Salary up to 30 June 2012 £	Pension Contribution up to 30 June 2012 £	Total inc. pension contributions 30 June 2012 £	Total inc. pension contributions 2011/12 £
Rob Douglas CBE*	Chairman	2.11.09	30.6.12	25 - 30*	0 - 5	25 - 30	65 - 70
Keith Riley	Board Member and Deputy Chair	14.12.07	30.6.12	0 - 5	0	0 - 5	15 - 20
Richard Ascough	Board Member	14.12.09	30.6.12	0 - 5	0	0 - 5	5 - 10
Dr. Dolores Byrne OBE	Board Member	14.12.07	30.6.12	0 - 5	0	0 - 5	5 - 10
Pamela Charlwood	Board Member	14.12.06	30.6.12	0 - 5	0	0 - 5	5 - 10
Prof. Julian Crampton	Board Member	14.12.09	30.6.12	0 - 5	0	0 - 5	5 - 10
Les Dawson OBE	Board Member	15.12.08	30.6.12	0 - 5	0	0 - 5	5 - 10
Imtiaz Farookhi	Board Member	14.12.04	30.6.12	0 - 5	0	0 - 5	5 - 10
Cllr Andrew Finney	Board Member	14.12.09	30.6.12	0 - 5	0	0 - 5	5 - 10
Cllr Keith House	Board Member	14.12.09	30.6.12	0 - 5	0	0 - 5	5 - 10
Cllr Keith Mitchell CBE	Board Member	15.12.08	30.6.12	0 - 5	0	0 - 5	5 - 10
Alex Pratt OBE	Board Member	14.12.06	30.6.12	0 - 5	0	0 - 5	5 - 10

\* Contractual conditions include 6 month's notice. Notice of contract termination was given by the Department for Business, Innovation and Skills on 1 April 2012, with 3 month's compensation in lieu of notice paid for the period 1 July 2012 to 30 September 2012.

Board Members were appointed for a fixed term of three years and contracted to carry out two days work per month. The Chairman was contracted to carry out two days work per week. The Deputy Chairman was contracted to carry out work for one day per week. No Board Members were entitled to receive performance related pay or any other taxable benefit as a result of employment with the Agency. Notice of contract termination was given to Board Members by the Department for Business, Innovation and Skills on 29 May 2012.

The Chairman is entitled to receive pension contributions to his own private pension scheme. In the period up to 30 June 2012 Rob Douglas' pension contribution was £2,152.

## Emoluments of the former Chief Executive and former Executive Directors (Audited)

Name	Salary per annum £000	Salary up to 30 June 2012 £000	Employer Pension Contribution up to 30 June £000	Redundancy and Compensation payments excluding costs accrued in 2011/12 £000	Total 2012/13 inc. Pension Contribution and Other Benefits, excluding costs accrued in 2011/12 £000	Total 2011/12 inc. accrued Pension Contribution and Other Benefits £000
<b>Oona Muirhead CBE</b> Chief Executive	135 – 140	35 – 40	5 – 10	0	45 – 50	460 – 465

On closure of the Agency, Oona Muirhead, the former Chief Executive, left on 30 June 2012. She opted under the rules of the Civil Service Compensation Scheme to take early pension and to use the majority of her compensation payment to buy-out the actuarial reduction in pension; no top-up was required from the Agency as employer. She received compensation payments totalling £278,166 which were paid by SEEDA and were accrued in 2011/12. She did not receive a retention payment.

Redundancy payments are repayable, on a sliding scale, if within six months an individual takes up employment with another Civil Service employer.

The Agency's Executive reduced from four members at 1 April 2011 to one at 1 April 2012 – the Chief Executive and Accounting Officer - in line with the downsizing of the Agency to closure. During 2011/12 the two Directors who left on redundancy, Pam Alexander and Susan Priest, received total emoluments including salary, redundancy, other exit entitlements, and any pension contribution, in the bands £285,000-£300,000 and £305,000-£310,000 respectively.

The former Chief Executive was on a permanent contract and her salary was taxed at source; there are no senior managers on fixed term contracts. The Chief Executive's pay was agreed by the Secretary of State. Whilst bonuses were determined following reviews based on the individual's performance against agreed objectives and competencies for the previous year, SEEDA's Chief Executive decided to forego any contractual right to bonus for performance in the period ending 30 June 2012.

As with all Agency staff, the Chief Executive was entitled to receive redundancy compensation in line with the Civil Service Compensation Scheme (CSCS). The Agency also received approval from Cabinet Office to pay all staff Compensation In Lieu of Notice on the completion of all closure tasks and activities, and also to offer retention incentives to remain in employment and ensure best value for money for the taxpayer from the Agency's closure.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director and the median remuneration of the organisations' workforce.

Remuneration is to include all payments to an employee, including salary, bonus, compensation in lieu of notice, and all redundancy payments including retention payments where applicable.

These calculations were performed as at 30 June 2012, and reflect the workforce at this time, which included seven employees. The 2011/12 comparator was 20 employees at 31 March 2012. This reduction is due to the closure of the Agency. The calculations reflect that there has been no increase in salary for the highest paid Director (the Chief Executive) due to the Public Sector Pay freeze, which was first implemented by the Agency in May 2010. All calculations are taken from the point of which the monies were paid, not accounted for.

The banded full time equivalent remuneration of the highest-paid Director in the Agency (the Chief Executive, who is the only Director in 2012/13) in the period ended 30 June 2012 was £135,000 - £140,000. This was 1.74 times the median remuneration of the workforce, which was £78,845. The comparator in 2011/12, which incorporated accrued redundancy costs (the cost to the Agency of making the staff redundant) for staff leaving in 2012/2013, was £400,000 - £450,000 and was 4.63 times the median remuneration of the workforce, which was £90,915.

In 2012/13, four employees (comparator for 2011/12 was 0) received remuneration payments in excess of the highest paid Director (the Chief Executive). Staff remuneration in the period to 30 June 2012 ranged from £8,003 to £105,841 (comparator for 2011/12 was £44,335 – £420,617). The comparison is distorted as a result of the accrual in 2011/12 of redundancy payments (other than retention payments which were not accrued as they had not been earned) and by the retention payments paid in the period to 30 June 2012.

The median calculations are more generally distorted as a result of the closure of the Agency and the reduction in staff numbers to closure.

## Pension of the former Chief Executive and the former Executive Directors (Audited)

The former Chief Executive is a member of the *Classic* Principal Civil Service Pension Scheme. There were no other Directors in the period to 30 June 2012.

### Pension Information

Name	Real increase in projected pension (£k ranges)	Real increase in projected lump sum (£k ranges)	Cash Equivalent Transfer Value at 31/03/12 (nearest £k)	Cash Equivalent Transfer Value at 30/06/12 (nearest £k)	Real increase in CETV Funded by Employer (nearest £k)
Oona Muirhead CBE Chief Executive	0 – 2.5	0 – 2.5	1,118	1,129	10

### **Cash Equivalent Transfer Value**

The preceding table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

### **Real increase in CETV**

This reflects the increase in the CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Civil Service Pension Scheme**

SEEDA staff, as public servants, were able to take part in the Civil Service pension arrangements. From October 2002, the Agency's staff were able to join one of four statutory based 'final salary' defined benefit schemes (Classic, Premium, Classic Plus and Nuvos). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes to the Consumer Price Index. Entrants to the scheme after 30 July 2007 may choose between membership of Nuvos or a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

The Principal Civil Service Pension Scheme is an unfunded multi-employer defined scheme. The scheme actuary at the time, Aon Hewitt, valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

#### Classic Scheme

Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable earnings for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions at rates between 1.5% - 3.9% of pensionable salary. On death pensions are payable to the surviving spouse at a rate of 50% of the late member's pension. On death in service the scheme pays a lump sum of twice pensionable earnings and also a service enhancement on calculating the spouse pension. The enhancement depends on length of service to a maximum of 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are paid immediately without actuarial reduction and with service enhanced as for the widow(er) pensions.

#### Premium Scheme

Benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic there is no automatic lump sum. Members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times the pension if greater (the commutation rate is £12 of lump sum for each £1 of

pension given up). For the purpose of pensions disclosures the tables assume maximum commutation. Members pay contributions at rates between 3.5% - 5.9% per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the members pension (before any commutation).

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

#### Classic Plus Scheme

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

#### Nuvos Scheme

Benefits accrue at the rate of 2.3% of pensionable salary for each year of service. The maximum that Nuvos will provide is 75% of pensionable earnings. As with the Premium scheme there is no automatic lump sum but members may commute part of their pension for a lump sum up to a maximum of 7/30<sup>th</sup> of their pension. Unlike the other schemes, which have a pension age of 60, Nuvos has a pension age of 65. Members pay contributions at rates between 3.5% - 5.9% of pensionable earnings. On death, pensions are paid to the surviving spouse, civil partner or eligible partner at the rate of 37.5% of the member's pension (before any commutation) for the rest of their life. Children's pensions are paid to children up to the age of 18 (or up to age 23, if they are in full-time education).

On death in service the scheme pays a lump-sum benefit of twice your pay and also provides a service enhancement on calculating the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them under taking any gainful employment, service may be enhanced to what they would have accrued at age 65.

#### *Partnership Pension Account*

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk](http://www.civilservice.gov.uk).



**Martin Donnelly**  
Permanent Secretary and Accounting Officer  
Department for Business, Innovation & Skills

Date 5 December 2012

# Statement of Accounting Officer's Responsibilities

Under the Regional Development Agencies Act 1998, the Secretary of State with the consent of HM Treasury directed the Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Accounts Direction 2012/13 required the statement of accounts to cover the Agency's final accounting period from 1 April 2012 to 30 June 2012. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, changes in taxpayers' equity and cash flows for the period.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government's *Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Business, Innovation and Skills, 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 set out in the Government's Financial Reporting Manual have been followed; and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis, unless it is not longer appropriate to do so.

HM Treasury has appointed the Permanent Secretary of BIS as the Principal Accounting Officer for BIS and, as such, for the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in *Managing Public Money*, published by HM Treasury.

# Governance Statement

## Context

The RDAs were established under the Regional Development Agencies Act 1998. The Government's decision to abolish RDAs, announced in June 2010, was enshrined in statute with the enactment of the Public Bodies Act in December 2011.

Governance of the Agency during the period has been informed by the RDA Accountability and Financial Framework, by Action Notes issued by BIS, and by Managing Public Money.

The former Board kept the Agency's governance arrangements under review during the period ended 30 June 2012 to ensure they remained fit for purpose. As the responsible Accounting Officer I have received robust assurances from the former Chief Executive and Accounting Officer about the governance, risk management and internal control in the period ending 30 June 2012.

After the transfer of all of the Agency's remaining rights and obligations to BIS and its abolition on 1 July 2012, the conclusion of the Agency's remaining business was handled by BIS and was subject to BIS's governance framework and systems of risk management and internal control.

## Scope and purpose of the statement

This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated in the Agency and within BIS during the period from 1 April 2012 to the date of the approval of the Report and Accounts.

## **Governance Framework in the period 1 April 2012 to 30 June 2012**

### ***Principal activities in the period***

Following operational closure at 31 March 2012 the Agency's key goal for the period to 30 June 2012 was to ensure that it closed in a way which provides best value for tax payers' money and minimal impact on the public purse and in compliance with the RDA Accountability and Financial Framework.

### ***Role of the former Board***

The former Board's main role during the period was to oversee the handover of residual business and transfer of outstanding rights and obligations to BIS, to review and approve the Annual Report and Accounts for 2011/12, and to review the draft Report and Accounts for the period 1 April 2012 to 30 June 2012 and approve these for handover to BIS to complete. The Board provided close and strong oversight of the Agency's closure progress through regular reports by the Accounting Officer against the Agency's Closure Plan.

### ***Independent Internal Audit***

The Agency's independent Internal Audit service, which was provided through contract with an NHS Consortium, operated in accordance with Government Internal Audit Standards and delivered an Internal Audit plan as part of the Assurance Strategy approved by the Audit Committee. In the period to 30 June 2012 Internal Audit concentrated on relevant control risks.

### **The former Board and Sub-Committee - Structure and Attendance**

The structure of the Agency's former Board and its sub committees is described in the Accounting Officer's Report. The Board delegates the detailed review of assurance of the Agency's systems of Corporate Governance, Risk Management and Internal Control to the

Audit Committee. The Board and Audit Committee worked together closely in the period to 30 June 2012 with all Board members being invited to attend the Audit Committee to consider the financial statements and assurance reports, including this Governance Statement. BIS representatives attended all meetings of the Audit Committee and full Board in the period, and NAO officials have attended all meetings of the Audit Committee.

Attendance at all Board and Sub-Committee meetings was recorded and absences and interests declared were reported. Attendance of individual Board Members is detailed in the minutes of the Agency's Board Meetings. The minutes for the Agency Board Meetings in the period to 30 June 2012 are publicly available from the BIS website at:  
<http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies/rda-boards>

### **Former Board and Sub-Committee - Performance and Effectiveness**

A full review of the performance and effectiveness of the Agency's Board and Audit Committee was undertaken during the 2011/12 financial year and is detailed within the Governance Statement in the 2011/12 Annual Report and Accounts. Throughout the period 1 April to 30 June 2012 the Board and Audit Committee continued to maintain compliance with the Corporate Governance Code insofar as it applies to the Agency during its final months of operation, and the corporate responsibilities set out in the revised RDA Accountability and Financial Framework.

### **The Risk and Internal Control Framework**

The Agency reviewed its Risk and Internal Control Framework and related systems, processes and controls in preparation for closure. This was to ensure that controls were appropriate and proportionate to the size of the organisation and the closure risks. Following discussions with Internal Audit, and ratification by the Audit Committee, a streamlined framework was implemented, which included a weekly team meeting to maintain an oversight on governance issues and compliance with the Agency's Assurance Framework, and to consider and manage risks to achieving closure and the effective running of the business, including information security, personal security, physical security and ICT security.

The Agency continued to maintain a Corporate Risk Register which listed identified risks, mitigating actions, and the accountable and responsible persons. This was regularly updated and reviewed by the Accounting Officer. The Corporate Risk Register was presented at all meetings of the Board and Audit Committee, which consider the adequacy of risk mitigation. Where appropriate, risks were escalated to BIS as the Agency's sponsor department and legal and other professional advice taken.

### **Senior Staff Statements of Assurance**

Senior staff provided Statements of Assurance to the Chief Executive that risk management has been properly handled during the period. Statements of Assurance covering the period 1 April to 30 June 2012 confirm that there are no control issues at 30 June 2012.

### **Risk Policy and key risks and uncertainties**

The Agency's risk policy was structured around the mitigation of risks falling beyond our defined risk appetite – those risks which were seen as critical/severe and imminent/highly likely to occur. The principal risks set out in the corporate risk register related to:

- the loss of key staff impacting the Agency's ability to meet closure targets;
- the inability of the Agency to demonstrate that closure has been achieved in a way that offers value for public funds.

In its risk mitigation actions the Agency placed a particular priority on identifying remaining assets and liabilities to ensure that these were managed to achieve best value and minimise the risk of any unrecorded liabilities becoming known after the Agency's full closure. The

Agency carried out a final review of assets and liabilities in advance of finalising the third statutory Transfer Scheme.

The Agency also prioritised the review of financial controls, taking account of the significantly reduced number of staff in the organisation and the importance of maintaining segregation of duties. Extra controls were put in place to provide additional assurance around payments to staff and suppliers.

### **Complaints**

During the period to 30 June 2012 the Agency received no formal complaints and no complaints relating to the Agency were accepted for investigation by the Parliamentary Ombudsman.

### **Information Security**

During the period to 30 June 2012 the Agency's Senior Information Risk Owner was the Chair of the Audit Committee, Pamela Charlwood. During this period the Agency continued to monitor risk associated with information assets and there were no lapses of data security and no incidents of personal data loss.

### **Internal Audit Opinion**

During the period to 30 June 2012 Internal Audit provided the Agency's management and the Audit Committee with independent assurance on the adequacy of the Agency's system of internal control. To support this Governance Statement the Head of Internal Audit has provided an opinion of 'Good'. In the opinion of the Head of Internal Audit:

- there were effective core financial controls (including expenditure authorisation controls);
- the Agency had maintained appropriate segregation of duties control, as part of an effective financial control environment; and
- there were adequate risk management and assurance arrangements in place.

### **Governance in the period after 30 June 2012**

All the Agency's rights and obligations transferred to BIS on 1 July 2012. The conclusion of the Agency's remaining business after this date was handled by BIS and was subject to BIS's governance framework and systems of internal control.

A key risk in this period concerned the satisfactory completion of the Agency's accounts. The risk of delay or other obstacles has been mitigated by:

- a) the transfer of most of the Agency's assets, liabilities and activities to BIS and other bodies during 2011/12;
- b) the production, audit and approval of a draft Report and Accounts for the period, for handover to BIS, with the supporting documents and accounting records; and
- c) the close partnership working between staff at BIS and the Agency to achieve an effective handover, including attendance by BIS staff at Agency Board and Audit Committee meetings.

The final adjustments to the Agency's accounts were made by staff in BIS. The BIS Audit and Risk Committee (ARC) met on 3 December 2012 to review and recommend the approval of the final Report and Accounts. The members of the BIS ARC, and their attendance at that meeting, are as follows:

<b>BIS Audit and Risk Committee members</b>	
<b>Name</b>	<b>Attendance</b>
Alan Aubrey (chair)	Yes
Grenville Hodge	Yes
Nigel Johnson	Yes

The governance structures in BIS are set out in more detail in the BIS Annual Report and Accounts 2011-12.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance, risk management and internal control systems in the Agency and in BIS for the period from 1 April 2012 to the date of the approval of the Report and Accounts. This review is informed by the work of senior managers within the Agency, by the internal control frameworks in place, by the past work of the internal auditors and by comments made by the external auditors in their management letter and other reports. The former Chief Executive and Accounting Officer of the Agency has provided me with formal assurances about the effectiveness of systems of governance, risk management and control for the period up to the abolition date. My review also takes account of the governance, risk management and internal control systems within BIS. This Governance Statement represents the end product of the review.

### **Conclusion**

I have considered the evidence provided regarding the production of this Governance Statement, including the assurances provided by the Agency's former Board and former Accounting Officer, BIS Audit and Risk Committee and others, and I conclude that both organisations' overall governance and internal control structures have been effective. There are no significant control issues to report.



**Martin Donnelly**  
Permanent Secretary and Accounting Officer  
Department for Business, Innovation & Skills

**Date** 5 December 2012

## **THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I have audited the financial statements of South East England Development Agency for the period ending 30 June 2012 under the Regional Development Agencies Act 1998. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Regional Development Agencies Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the South East England Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South East England Development Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the South East England Development Agency's affairs as at 30 June 2012 and of the net expenditure after tax for the period then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and Secretary of State directions issued thereunder.

### **Emphasis of Matter – Preparation on a basis other than Going Concern**

Without qualifying my opinion, I draw attention to note 1.2 to the financial statements which discloses that the financial statements have been prepared on a basis other than going concern as the South East England Development Agency was abolished on 1 July 2012.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Regional Development Agencies Act 1998; and
- the information given in the Accounting Officer's Report and Remuneration Report for the period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse  
Comptroller and Auditor General

Date 7 December 2012

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

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2012

Expenditure	Notes	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000	Group Year to 31 March 2012 £000
Programme expenditure		-	(17,014)	(17,014)
European funded programme expenditure		-	(3,447)	(3,447)
Staff costs including costs of severance	4	(454)	(10,422)	(10,422)
Other administration expenditure	5	(407)	(3,000)	(3,357)
Depreciation		-	(259)	(259)
Impairments and other losses	7	-	(1,550)	(279)
Loss on disposal of PPE sold		-	(251)	(251)
Loss on disposal of investments Joint Ventures & Associates		-	(6,174)	(994)
Loss on disposal of Subsidiaries		-	-	(9,313)
Loss on transfer order 1		-	(120)	(120)
<b>Total Expenditure</b>		<b>(861)</b>	<b>(42,237)</b>	<b>(45,456)</b>
<b>Income</b>				
European funded income	6	(23)	5,236	5,236
Other income	6	11	1,392	1,670
Profit on transfer order 2		-	1,377	1,377
Fair value adjustment on associate		-	-	516
<b>Total income</b>		<b>(12)</b>	<b>8,005</b>	<b>8,799</b>
<b>Net expenditure</b>		<b>(873)</b>	<b>(34,232)</b>	<b>(36,657)</b>
Interest receivable	6	2	35	37
Deficit from share in JVs / Associates		-	-	(168)
<b>Net expenditure before tax</b>		<b>(871)</b>	<b>(34,197)</b>	<b>(36,788)</b>
Taxation	8	-	-	(3)
<b>Net expenditure after tax</b>		<b>(871)</b>	<b>(34,197)</b>	<b>(32,623)</b>
Minority Interest		-	-	4,168
<b>Net expenditure after tax and minority interest</b>		<b>-</b>	<b>-</b>	<b>(32,623)</b>
<b>Other Comprehensive Expenditure</b>				
Net loss on utility loan		-	-	(824)
<b>Total comprehensive expenditure for the Period</b>		<b>(871)</b>	<b>(34,197)</b>	<b>(33,447)</b>

All the Agency's activities ceased by 30 June 2012 and are therefore discontinued.

The notes on pages 25 to 33 form part of these financial statements

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	30 June 2012		31 March 2012	
		£000	£000	£000	£000
<b><u>Current Assets</u></b>					
Trade & Other Receivables	9	166		578	
Cash & Cash Equivalents	10	<u>495</u>		<u>3,505</u>	
<b>Total Current Assets</b>			661		4,083
<b>Total assets</b>			<u>661</u>		<u>4,083</u>
<b><u>Current liabilities</u></b>					
Trade & Other Payables	11	<u>(534)</u>		<u>(1,685)</u>	
<b>Total Current Liabilities</b>			(534)		(1,685)
<b>Total assets less current liabilities</b>			<u>127</u>		<u>2,398</u>
<b>Assets less liabilities</b>			<u>127</u>		<u>2,398</u>
<b>Reserves</b>					
General Reserve		<u>127</u>		<u>(2,398)</u>	
			<u>127</u>		<u>(2,398)</u>

The notes on pages 25 to 33 form part of these financial statements.

The notes and financial statements on pages 20 to 33 were approved by:



**Martin Donnelly**  
 Accounting Officer

Date 5 December 2012

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 30 JUNE 2012

		Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000	Group Year to 31 March 2012 £000
	Note			
<b>Net expenditure after tax and minority interest</b>		(871)	(34,197)	(32,623)
Depreciation		-	259	259
Fair value adjustment on associate		-	-	(516)
Impairment of investments in subsidiaries, associates and Joint Venture		-	1,271	-
Loss on disposal of property, plant and equipment		-	251	2,051
Loss on disposal of investments		-	6,174	994
Decrease in trade & other receivables	9	412	13,198	13,482
Decrease in trade & other payables	11	(1,151)	(11,988)	(12,191)
Decrease in provisions		-	(1,839)	(1,839)
Change in other financial assets		-	-	6,396
Share in results of subsidiaries / associates / Joint Ventures		-	-	168
Movement on receivables not passed through SOCNE		-	-	(1,482)
Minority Interest		-	-	(4,168)
		-	-	-
<b>Net Cash Outflow From Operating Activities</b>		(1,610)	(26,871)	(29,469)
<b>Cash Flows From Financing Activities</b>				
Grant in Aid received		100	15,951	15,951
Grant in Aid repaid		(1,500)	-	-
<b>Net Financing</b>		(1,400)	15,951	15,951
<b>Net decrease In Cash and Cash Equivalents in the period</b>		(3,010)	(10,920)	(13,518)
<b>Cash and Cash Equivalents at the beginning of the period</b>	10	3,505	14,425	17,023
<b>Cash And Cash Equivalents at the end of the period</b>	10	495	3,505	3,505

## AGENCY STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 30 JUNE 2012

	<b>General Reserve £000</b>
<b>Balance at 1 April 2011</b>	20,644
<b>Changes in Taxpayers' Equity 2011 - 2012</b>	
Grant in aid from Parent	15,951
Total Comprehensive Expenditure for the year	(34,197)
<b>Balance at 31 March 2012</b>	<hr/> 2,398
<b>Changes in Taxpayers' Equity 2012 - 2013</b>	
Grant in aid repaid to Parent (net)	(1,400)
Total Comprehensive Expenditure for the period	(871)
<b>Balance at 30 June 2012</b>	<hr/> <hr/> 127

## GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2012

	<b>General Reserve</b> £000	<b>Minority Interest</b> £000	<b>Total</b> £000
<b>Balance at 1 April 2011</b>	20,644	4,076	24,720
<b>Changes in Taxpayers' Equity 2011 - 2012</b>			
Grant in aid from Parent	15,951	-	15,951
Total Comprehensive Expenditure for the year	(33,447)	(4,168)	(37,615)
Movements In Reserves:			
Change in minority Interest	-	(658)	(658)
Change in EKSD control	(750)	750	0
<b>Balance at 31 March 2012</b>	<u>2,398</u>	<u>-</u>	<u>2,398</u>

## Notes to the Accounts for the period 1 April to 30 June 2012

### 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements are for the period from 1 April 2012 to 30 June 2012. The comparative figures are for the year from 1 April 2011 to 31 March 2012.

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

#### 1.2 Going Concern

The Public Bodies Act, which paved the way for the abolition of all Regional Development Agencies (RDAs), received Royal Assent on 14th December 2011. The Department for Business, Innovation and Skills (BIS) has issued three individual Transfer Schemes for each RDA under the Act. The first came into effect on 1 January 2012, transferring all remaining operational programmes and projects and some associated staff to BIS so that the projects could be completed. A second Transfer Scheme was made on 30 March 2012 to take away most of the remaining activities, assets and liabilities so that RDAs achieved operational closure by 31 March 2012. The third Transfer Scheme took effect on 1 July 2012, transferring the Agency's remaining assets and liabilities to BIS and the Agency was then abolished on 1 July 2012. These accounts have, therefore, been prepared on a basis other than going concern.

We have reviewed the impact of this on the accounting policies, and we are content that these continue to be appropriate in the period to closure.

#### 1.3 Government grants received

The Agency's activities were funded primarily by Grant-in-Aid provided by the Department for Business, Innovation and Skills for specified types of expenditure. Grant-in-Aid received to finance activities and expenditure was treated as financing and credited to the General Reserve because it was regarded as a contribution from a controlling party.

#### 1.4 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a defined benefit scheme; further information is included in the Remuneration Report.

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

## **1.5 Revenue recognition**

Following IAS 18 any revenue was accounted for only when it was due.

## **1.6 Depreciation**

All property, plant and equipment had been written off prior to 31 March 2012. Depreciation was provided to write off the cost of items of property, plant and equipment over their anticipated useful lives on a straight line basis at the following annual rates: Information Technology - 3 years, Fixtures and Fittings - 5 years.

## **1.7 Reserves**

Grant in Aid was credited directly to the General Reserve as it was regarded as a contribution from a controlling party which gives rise to a financial interest in the residual interest in the Agency.

## **1.8 Financial instruments**

The Agency had no borrowings; it relied primarily on Grant in Aid for its cash requirements, and was, therefore, not exposed to liquidity risk. All remaining material assets and liabilities are denominated in Sterling, so the Agency was not exposed to currency risk.

## **1.9 Operating leases**

The one remaining operating lease rental for office equipment was spread over the period of the lease term, which concluded prior to 30 June 2012. There were no finance leases.

## **1.10 Foreign currency transactions**

Transactions in foreign currencies were recorded in Sterling at the rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currency were translated into sterling at the rate prevailing at date of the Statement of Financial Position. Resulting exchange gains and losses were taken to the Statement of Comprehensive Net Expenditure.

## **1.11 Provisions**

Provisions for future liabilities were recognised when there was a present obligation arising from past events, the settlement of which was expected to result in a probable outflow of resources and the amount of which could be reliably estimated. At 30 June 2012, the Agency had no provisions.

## **1.12 Value Added Tax**

The financial statements are prepared net of recoverable VAT.

## **1.13 Impact of future accounting policy changes**

The Agency applied new or amended International Financial Reporting Standards (IFRSs) in line with their adoption to the FReM.

There are no changes to the Government Financial Reporting Manual (FReM) effective for financial period beginning 1 April 2012 identified as having an impact on the Agency's accounts for that period.

## 2. TRANSFER OF ACTIVITIES

All of the Agency's remaining programme activities transferred to other bodies before 31 March 2012.

The Agency withdrew from all its holdings in Special Purpose Entities (SPEs) - subsidiaries, joint ventures and associate companies – before 31 March 2012, except for its holding in its associate, the Brownfield Land Assembly Company Limited (BLAC), a company limited by guarantee. BLAC was struck off at Companies House on 10 April 2012. BLAC had net assets of nil since 1 April 2011 and is immaterial to these accounts. There was no loss or gain on strike off.

## 3. EXPENDITURE

The Agency had no programme expenditure in the period to 30 June 2012 and hence no segmental analysis is reported. All expenditure related to the administrative costs of closure.

## 4. STAFF NUMBERS AND RELATED COSTS

	Agency Period to 30 June 2012	Agency & Group Year to 31 March 2012
Staff costs comprise		
	£000	£000
Wages and salaries	172	3,582
Compensation	199	5,529
Sub Total	<u>371</u>	<u>9,111</u>
Social security	28	358
Social security compensation	27	224
Sub Total	<u>55</u>	<u>582</u>
Other pension costs	28	714
Other pension costs severance	-	50
Sub Total	<u>28</u>	<u>764</u>
Total	454	10,457
Less recoveries in respect of outward secondments	-	(35)
Total Net Costs	<u><u>454</u></u>	<u><u>10,422</u></u>
Average Staff numbers		
	No.	No.
Total (all permanent staff)	<u><u>8</u></u>	<u><u>75</u></u>

Wages and salaries include Board Members fees of £52,238 (2011/12: £170,652).

## Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Period ending	Period ending	Period ending	Year ending
	30 June 2012	30 June 2012	30 June 2012	31 March 2012
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	-	-	-	1
£ 10,000 - £ 25,000	-	-	-	49
£ 25,001 - £ 50,000	-	4	4	59
£ 50,001 - £100,000	-	1	1	23
£ 100,001 - £150,000	-	-	-	3
£ 150,001 - £200,000	-	-	-	2
£ 200,000 - £250,000	-	-	-	1
£ 250,000 - £300,000	-	-	-	1
<b>Total number of exit packages</b>	-	5	5	139
<b>Total resource cost / £000</b>	-	199	199	5,731

The cost to the Agency of making each individual redundant was accounted for in the financial period in which the departure was agreed and when the departure date was certain. Exit costs for all Agency staff made redundant as a result of the Agency's closure were, therefore, accrued in 2011/12 other than the retention payments due to 5 of the 8 staff employed in 2012/13 as the liability had not crystallised for these payments at 31 March 2012. The remaining 3 staff were not due to receive a retention payment. The numbers and exit costs shown above, therefore, relate solely to retention payments. All of these staff are also included in staff numbers for 2011/12 as their redundancies were agreed in that year.

### Disclosure of Salary

Pension and compensation information for the period to 30 June 2012 is required under Employers' Pension Notice EPN 327.

### Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined scheme. The scheme actuary, Aon Hewitt (formerly Hewitt Bacon & Woodrow), valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For the period to 30 June 2012, employers contribution of £27,409 were payable to the PCSPS (2011/12: £688,097) at one of four rates in the range of 16.7% to 24.3%% (2011/12: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews the employer contributions every four years following a full valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred and they reflect past experience of the scheme.

Employer contributions of £nil (2011/12: £25,239) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £nil (2011/12: £1,314), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due or prepaid to the partnership pension providers at the date of the Statement of Financial Position.

## 5. OTHER EXPENDITURE

	<b>Agency Period to 30 June 2012 £000</b>	<b>Agency Year to 31 March 2012 £000</b>	<b>Group Year to 31 March 2012 £000</b>
<b><u>Other administration expenditure</u></b>			
Travel and subsistence	2	49	49
Other staff costs (recruitment, training etc.)	7	50	50
Office and rent expenses	345	2,096	2,096
Operating lease rentals (excluding Office Leases)	-	40	40
Publications, events and media	1	47	47
Professional fees	(5)	153	153
IT and communication	40	323	323
Auditor's remuneration - statutory	12	99	99
Auditor's remuneration - Other	-	7	7
Auditor's remuneration - Internal audit (SCA)	-	138	138
Irrecoverable VAT	5	(2)	(2)
Subsidiary company expenditure	-	-	357
<b>Total</b>	<b>407</b>	<b>3,000</b>	<b>3,357</b>

## 6. INCOME AND INTEREST RECEIVABLE

<u>Income</u>	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000	Group Year to 31 March 2012 £000
<b><u>European grant funding</u></b>			
European Regional Development Fund	-	6,259	6,259
European Social Fund	(23)	(1,117)	(1,117)
European Commission (7th Framework)	-	94	94
	(23)	5,236	5,236
<b><u>Other Income</u></b>			
Rental Income	-	24	24
Clawback from grants	11	1,476	1,476
Skills Funding Agency	-	(674)	(674)
Other contributions	-	566	566
Subsidiary company income	-	-	278
Total	11	1,392	1,670
<b><u>Interest receivable</u></b>			
Bank Interest	2	35	35
Share of Interest Receivable by Subsidiaries	-	-	2
<b>Total</b>	<b>2</b>	<b>35</b>	<b>37</b>

The reduction in European Social Fund receipts resulted from reversals in accrued income - expected refunds on programmes were not obtained based on a decision by the ESF Managing European Social Fund Division of the Department of Work and Pensions.

## 7. IMPAIRMENTS

<u>(Profit)/loss acquisition accounting</u>	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000	Group Year to 31 March 2012 £000
Impairments to investments	-	1,271	-
Foreign exchange loss	-	279	279
	-	1,550	279

## 8. TAXATION

The taxation charge based on taxable profits for the period at 24% (2011/12: 26%) comprises:

	Agency Period to 30 June 2012 £000	Agency Period to 31 March 2012 £000	Group Year to 31 March 2012 £000
Current year taxation charges	-	-	(3)

## 9. TRADE RECEIVABLES AND OTHER CURRENT ASSETS DUE WITHIN ONE YEAR

	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000
Trade receivables	166	60
Deposits and advances	-	1
Prepayments and accrued income	-	499
Value added tax	-	16
Income Tax	-	2
	<b>166</b>	<b>578</b>

### Receivables – Intra Government balances

	Period to 30 June 2012 £000	Year to 31 March 2012 £000
Receivables due within one year		
Balances with other central Government bodies	1	42
Balances with bodies external to Government	165	536
	<b>166</b>	<b>578</b>

## 10. CASH AND CASH EQUIVALENTS

	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000
Opening balance	3,505	14,425
Net change in cash and cash equivalent balances	(3,010)	(10,920)
Closing balance	<b>495</b>	<b>3,505</b>

All cash balances shown above were held in commercial banks on short term deposits and were available immediately.

## 11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES DUE WITHIN ONE YEAR

	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000
Other taxation and social security	-	50
Trade payables	-	1
Other payables	32	30
Accruals and deferred income	502	1,604
<b>Total</b>	<b>534</b>	<b>1,685</b>

### Payables – Intra Government balances

	Period to 30 June 2012 £000	Year to 31 March 2012 £000
Balances with other central Government bodies	32	71
Balances with bodies external to Government	502	1,614
	<b>534</b>	<b>1,685</b>

## 12. COMMITMENTS UNDER LEASES

	Agency Period to 30 June 2012 £000	Agency Year to 31 March 2012 £000
Obligations under operating leases comprise:		
<u>Office equipment</u>		
Not later than 1 year	-	1
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>-</b>	<b>1</b>

The Agency does not hold any finance leases.

## 13. RELATED PARTY TRANSACTIONS

SEEDA was an executive Non Departmental Public Body sponsored by the Department for Business, Innovation and Skills. During the period ending 30 June 2012, the Agency returned Grant in Aid to BIS of £1.4m. BIS was regarded as a related party.

Other Regional Development Agencies were also sponsored by BIS and so were regarded as related parties. There were no outstanding balances with the other RDAs at the period end.

Prior to 1 April 2012 the Agency received growth area funding from the Homes and Communities Agency; ERDF funding via the Department for Communities and Local Government (DCLG) and European Social Fund (ESF) grants, were received via the Department for Work and Pensions (DWP). All these bodies were regarded as related parties of the Agency for purposes of prior year comparisons.

Prior to 1 April 2012 the Agency had a number of material transactions with other Government Departments and other central Government bodies. In addition, the Agency had financial dealings with a large number of public and private sector organisations including Business Links, Skills Funding Agency, Local Authorities, Economic Partnerships, voluntary groups and private companies.

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

There were no transactions in the period to 30 June 2012 with third party organisations in which the Agency's Board members had an interest.

The Agency's Executive Director did not have any disclosable outside interests.

## **14. FINANCIAL INSTRUMENTS**

The Financial Assets of the Agency consist of trade receivables and cash. The Financial Liabilities of the Agency consist of short term trade and other payables.

The Agency's treasury policy was to use cash to pay for goods and services. The Agency did not make use of any other financial instruments. The Agency had no borrowings and relied primarily on its own resources for its cash requirements and so was not exposed to liquidity risks.

There is no material difference between the book value and fair value of assets and liabilities as at 30 June 2012.

## **15. LOSSES AND SPECIAL PAYMENTS**

The Agency incurred no losses during the period requiring disclosure under the guidance contained in 'Managing Public Money'.

In order to ensure an effective closure of the Agency, a retention scheme was put in place that identified key individuals with the necessary skills and experience to remain with the Agency through the process. This scheme was approved by the Department for Business, Innovation and Skills (BIS), in conjunction with HM Treasury on 30 December 2010.

In the period to 30 June 2012, five (2011/12: four) employees duly completed their closure tasks and received a total of £198,971 (2011/12: £144,336). These payments fall under the definition of special payments as set out in Annex 4.10 of Managing Public Money.

## **16. EVENTS AFTER THE REPORTING PERIOD**

All remaining rights and obligations of the Agency transferred to BIS on 1 July 2012 by virtue of a transfer scheme under the authority of the Public Bodies Act 2011. The net assets transferred totalled £127,000 as shown in the Statement of Financial Position. The Agency was abolished on 1 July 2012 by virtue of an Order commencing section 30(1) of the Public Bodies Act 2011.

The Agency's Report and Accounts are laid before the Houses of Parliament by the Secretary of State for Business, Innovation and Skills (BIS). IAS 10 - Events after the Reporting Period requires the disclosure of the date on which the accounts are authorised for issue. The authorised date for issue is the date the audit report is signed by the Comptroller & Auditor General.



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