

# REPORT AND ACCOUNTS

The East of England Development Agency  
Annual Report and Accounts - 2009/10

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# Foreword

*Professor William Pope, new chair of the East of England Development Agency  
1 July 2010.*

Annual reports give any organisation a valuable opportunity to reflect on their achievements – however I believe we should use them to look forward too.

Therefore at the time of publishing EEDA's annual report for 2009/10, actually it's our future which holds most interest, particularly for the local people, businesses and places that we serve.

As EEDA's new chair since 1 April 2010 and a Board member of nearly four years, I am immensely proud of EEDA's achievements. Not just this year, but over the last 10 years since we were formed in 1999.

We have had a major impact on the economy of the East of England – creating nearly 45,000 jobs, supporting hundreds of thousands of local businesses to start-up and grow, helping over 200,000 people to gain new skills and driving major regeneration projects that breathed new life into places.

## **A time of change**

But we are now in a time of change. In his emergency budget (June 2010), the new Chancellor of the Exchequer confirmed the government's plans to abolish Regional Development Agencies and replace them with Local Enterprise Partnerships. Growth Hubs and Enterprise Agencies may also enter the landscape and lexicon of economic development.

As I write this it is far from clear what the future holds, but what is important for us to focus on is that there is a planning and transition period to work through. During this period, EEDA's role is clear – to work with local authorities and other partners to make that process as seamless as possible, particularly for those local businesses and people who rely on the support and funding provided by EEDA whilst continuing to do the day job that is mandated to us.

That is why we will continue delivering the economic development priorities we are tasked to deliver until that transition period is complete.

## **EEDA – a 'strong-performing' organisation**

EEDA is an effective and efficient organisation. Our performance has recently been independently evaluated by the National Audit Office – concluding that we are a 'strong-performing' organisation in terms of prioritisation.

We will carry on delivering those strong results over the coming months, retaining a sharp focus on supporting local businesses, creating jobs and raising skills levels across the East of England.

So this year, EEDA's annual report takes on an even greater significance.

Not only does it provide a look back at our achievements throughout 2009/10, it also provides an important starting point for the debate around how economic development is

delivered in the future. It provides a clear picture of the depth and breadth of support and funding that EEDA delivers on behalf of local people, places and businesses.

### **A blueprint for growth**

Despite forthcoming changes to the way economic development is actually delivered, one thing remains the same – the importance of continued investment in the East of England – one of only three regions to make a positive contribution to the Exchequer year-on-year, £6 billion delivered from our £110 billion economy.

Driving the UK's recovery from recession, the East of England remains at the forefront of research and development and has particularly strong credentials in the job-creating industries of tomorrow – in low carbon and renewables; life sciences and pharmaceuticals; advanced manufacturing; ICT and digital. We have a strong engine from which to drive the UK back to prosperity.

Yet the East of England is in real danger of losing out on vital public funding, with the threat that money could be disproportionately cut from here and diverted to less prosperous regions. This poses a major threat to the East of England fulfilling its undoubted potential; and a major threat to its capability of continuing to generate the tax returns that UK plc relies upon.

EEDA is backing our local business community's fight to secure continued public investment in the East of England. Their 'Blueprint for Growth' – [www.eastofengland.uk.com/blueprint](http://www.eastofengland.uk.com/blueprint) - calls for targeted spending in areas such as infrastructure and transport, next generation broadband and business support packages.

Without this, the East of England engine could suddenly stall.

Will Pope  
chair (from 01 April 2010)

## Chair's statement:

Having penned what I thought was my final chair's statement for EEDA's 2008/09 annual report before stepping down, I was asked by the then Secretary of State, Lord Peter Mandelson, to stay on for one more year. It was a challenge that I was honoured to accept.

So now, one year on, I have the opportunity to reflect for a final time on EEDA's achievements in arguably the most critical period of its history.

In the last 12 months, EEDA's mission to improve the economy of the East of England has never been more important or placed so firmly in the public spotlight.

### ***Helping our businesses 'survive and thrive' during tough times***

Continuing to lead our region's response to the global economic shock of recession, EEDA has flexed the business support offer according to the short-term needs of local companies.

Alongside this, we have maintained a clear focus on making things easier for businesses looking for support, particularly through The Business Map – an innovative online tool helping companies to pin-point the support that meets their individual needs.

By re-procuring providers of our major business support initiatives, like Business Link and inward investment, EEDA has once again secured excellent value for taxpayers' money and made back office savings that will be re-invested into front line support.

In November, EEDA hosted over 800 business leaders at the spectacular Duxford AirSpace for our biennial Destination Growth event. It gave companies unique access to business speakers and experts of international fame and quality. Geared up to provide all the advice and inspiration they needed to survive and thrive during the recession, Destination Growth once again proved itself as the premier event for business leaders in the East of England.

### ***Investing in a bright future – jobs in industries of tomorrow***

RDAs also have an important mandate to 'invest in success' – to make longer term investments which build on particular strengths within our regions.

Here, in the East of England, we have a strong and growing reputation in industries identified as drivers for future economic prosperity. Sectors like low carbon, advanced manufacturing, Information Communication Technology (ICT) and life sciences will create the jobs of the future for people in our region.

EEDA has continued to make ground-breaking investments to place the East of England at the very heart of these rapidly growing industries. Piloting the Small Business Research Initiative and securing a multi-million pound joint investment in a world-class open innovation science park in Stevenage based around GlaxoSmithKline's global research centre, are just a couple of examples that highlight EEDA's commitment to creating jobs for local people and huge opportunities for local businesses to establish themselves and grow.

### ***EEDA's lead role***

Such ground-breaking interventions, with EEDA leading both local and national partners, proves the true value of economic development at a regional level. Without EEDA's decisive leadership, the region and indeed the UK could have lost the GSK opportunity to the United States.

As I reflect on the last year, the need for continued, coordinated and targeted investment in regions has never been more important – without it we compromise the economic recovery and risk losing out on job-creating, business-boosting and wealth generating major investments to competing international regions.

I would like to extend my sincere thanks to all of the businesses, partner organisations and stakeholders who have supported EEDA and me personally in promoting this great region and delivering much needed investment, particularly during these tougher times.

I know that you will all welcome my successor, Will Pope, who officially took over on 1 April 2010. In Will, EEDA has an enterprise-focused leader with incredible business acumen. The region also gains a strong advocate to represent and fulfil its ongoing needs.

I would also like to take this opportunity to personally thank another member of EEDA's board whose term of office came to an end this year. Professor Tim Wilson, vice chancellor of the University of Hertfordshire, has made an incredible contribution to EEDA over the past six years, leading our skills agenda and chairing the Audit Committee. We are also delighted to welcome another academic leading light to the EEDA board in Professor Colin Riordan, vice chancellor of the University of Essex, who will pick up the gauntlet from Tim.

Finally, my thanks go to the EEDA staff and executive who have provided me, the organisation and the region with such outstanding support and dedication this year and made my last year in office a year to treasure.

*Richard Ellis*  
*Departing chair of the East of England Development Agency (EEDA)*

Footnote: In line with the region's sustainability agenda we are making this document only available online. The document can be accessed via our website [www.eeda.org.uk](http://www.eeda.org.uk). Taking this route reduces both our costs and our carbon footprint in terms of production, transport and paper usage.



# Chief executive's review

The last financial year is one that will not be forgotten by most.

For me, it's a year that has seen EEDA's role – to improve the economy of the East of England – tested, but ultimately acknowledged.

In part, that's because the year has ended with EEDA being independently reviewed by the National Audit Office and receiving an overwhelmingly positive report. The independent review has confirmed that EEDA has performed strongly – the highest score - in terms of prioritisation and delivers 'good performance' in terms of continuous improvement and implementing evaluation into the performance management processes.

Despite this ringing endorsement, like many in the public sector, EEDA has inevitably endured fierce budget cuts. Tough decisions on projects have been made; spend has been reprioritised and channelled according to changing economic circumstances.

## ***Leading the region's response to recession***

Faced with the responsibility of supporting businesses in one of the worst recessions in living memory, EEDA has remained acutely focused on targeting investment.

Our frontline support services, like Business Link, have helped an incredible number of regional businesses over the past year with all sorts of challenges. Over 91,000 local companies have benefitted from expert advice provided by 90 dedicated Business Link advisors.

Industry experts at EEDA's Manufacturing Advisory Service (MAS) have also continued to help local manufacturers – hard-hit by the recession – to make six figure efficiency savings by subtly changing the way they work. Billington's Sugar in Ipswich, as just one example, made over £800,000 worth of savings after just a few weeks work alongside a MAS advisor this year.

But EEDA's mandate has stretched far beyond the flexing of business support provision to counter the economic shock of recession. We are also laying the foundations that this region needs to be at the forefront of rapidly-growing industries – low carbon, advanced manufacturing, ICT and life sciences.

## ***Creating jobs of the future***

Major EEDA investments in sites like the Norwich Research Park and Colworth Science Park have helped to establish and expand some of the largest concentrations of bioscience research activity in Europe, right here in this region.

Our ground-breaking collaboration with the NHS and Technology Strategy Board, through the Small Business Research Initiative (SBRI), has given regional research-based businesses the opportunity to fast-track their innovations to healthcare markets, helping them to grow their business and create new jobs along the way.

To capitalise on the massive opportunities of offshore wind, EEDA has played a pivotal role in placing the East of England firmly in the range for prospective developers and manufacturers by developing a compelling regional offer for their investment and by preparing strong, local supply chains.

### ***Investing in people***

Whether it's major capital investments in new university facilities for Harlow (announced this year) or Peterborough (opened this year), or direct grants for businesses across the region to re-train and up-skill their workforce, EEDA has helped over 38,000 people to gain new skills in 2009/10.

### ***Working with local partners***

Of course, forging effective partnerships has been the basis of EEDA's success in the East of England over the past ten years.

From an organisational perspective, EEDA has re-shaped to provide a greater focus on serving the diverse needs of local areas in the region. In response to feedback from our partners, EEDA has established area-based teams to work even closer in partnership and to coordinate investments in local areas.

Key to this is Insight East – a team of economic experts funded by EEDA to work on behalf of the region. Celebrating its first birthday this year, the Insight East team has continued to provide vital economic intelligence to local partners, helping them to make important investment decisions based on sound economic evidence – a particularly valuable service during a downturn, when investment must be targeted.

### ***A final farewell to Richard Ellis***

I would like to take this opportunity to thank Richard Ellis for his six and a half years of chairmanship at EEDA and wish him all the very best for 'life after EEDA' – I know he will remain a strong advocate for this great region. I would also like to welcome Will Pope, Richard's successor. An EEDA board member since 2006, Will brings his vast experience of the business world to this critical role.

I look forward to working alongside Will, my executive team, EEDA staff and partners across the region, to cement our region's economic recovery in 2010/11, and to build on EEDA's foundations of economic growth for all in the East of England.

*Deborah Cadman OBE*

*Chief executive of the East of England Development Agency (EEDA)*

# EEDA's impact 2009/10 – summary

Not only has EEDA produced exceptional results this year, the organisation has been independently reviewed and commended for strong performance and effectiveness.

## EEDA's effectiveness

In March 2010, the National Audit Office (NAO) conducted an independent review of EEDA. The report shows EEDA to be **one of the best performing RDAs in the country**.

It confirmed that EEDA **performed strongly** – the highest score – in terms of prioritisation and delivers 'good performance' in terms of continuous improvement and implementing evaluation into the performance management processes.

The review recognised a wide range of **best practice** that EEDA delivers on behalf of the East of England, including:

- gathering and circulating key economic intelligence to businesses and local authorities to ensure **quick and effective investment decision making**
- working with partners to find solutions to developments that were stalled due to recession
- **supporting local councils** to build their capacity and grow their local economies
- ensuring the right services and support were in place for local businesses: help where redundancies were feared; accessing finance where the banks were no longer able to act; and providing support to move bright ideas to commercial viability and success

## Return on investment

The NAO's review comes a year after the national independent RDA impact evaluation (March 2009). EEDA's own evaluation, produced by PA Consulting/SQW, indicated a strong, mid-point return on investment of **£4.75 for every £1 invested**, with that figure expected to rise to **£7.60 for every £1** when likely future benefits are taken into account.

## Impact

In 2009/10, EEDA maintained a sharp focus on supporting businesses through the economic shock of recession, helping local people back into employment and continuing to invest in growth sectors and technologies to help rebalance the UK economy.

As a result, in 2009/10, EEDA has:

- created or safeguarded **7,936** jobs
- helped **15,956** people to get a job
- supported **38,071** people in learning new skills for the workplace
- helped **2,627** local businesses to start-up and grow
- supported **21,538** companies in making performance improvements.

Through Business Link for the East of England, EEDA has supported **91,671** local businesses and entrepreneurs, including:

- **30,446** looking to set-up a business
- **4,410** new-start enterprises

- **56,815** established businesses

Of these, **9,326** local businesses received free and confidential 'health checks' to help them tackle the impact of the recession.

In addition to impacts in priority areas such as business support and reducing unemployment, EEDA has:

- reclaimed **58 acres** of brownfield land
- leveraged **£260 million** in public and private sector investment.

### **Delivering value for money**

EEDA is **committed to continuous improvement** in the value for money we provide. This is both in terms of delivering and exceeding the efficiency targets set for the organisation and ensuring we drive greater impact and cost effectiveness into the services and programmes we fund.

In the last year – as part of an ongoing commitment to deliver excellent value for taxpayers' money – EEDA brought together the delivery of Business Link, inward investment, investor development and skills brokerage under one single provider (from three previously).

By tendering a fully-integrated delivery contract, EEDA will make **substantial back office savings** without compromising the quality of service for local businesses and people. These efficiency savings will be **recycled to bolster front-line support for business** – reflected in new output targets for 2010/11:

- boosting capacity to grow the number of customers served by Business Link to 110,000, a 29 per cent increase
- a 16 per cent increase in 'intensively-assisted customers' (from 9,700 to 11,600)
- a 33 per cent increase in the targeted number of new inward investments landed for the East of England
- a 67 per cent increase in the number of Investor development assists

The new contract will provide high-quality advice for all with an enhanced focus on helping businesses to access export markets and attracting inward investment to benefit the East of England as a whole.

In 2009/10, the agency developed a new strategic investment model (working with the London Development Agency and ONE North East) which uses evaluation and appraisal evidence to drive improvements in the return from our expenditure. Unit costs continue to improve and we are on course to **exceed the GVA targets** set out in our Corporate Plan.

EEDA has also **exceeded our Comprehensive Spending Review efficiency targets**, delivering nearly £9 million of savings in 2009/10 and on course to deliver around £30 million over the Corporate Plan period 2008-11.

The agency has also achieved **external accreditation** in a number of areas including:

- capacity and staff development (Investors in People and Workwise)
- equalities (Gold Standard, C2E)
- sustainability and environmental standards (ISO 1400; EMAS)
- ICT and information security (ISO 27001) – EEDA is the first regional development agency to achieve this full-scope accreditation.

# Performance Report

Growth Output	Target (RDA owned)	Actuals	% achieved target (RDA owned)
Jobs (created and safeguarded)	5,754	7,936	137.9
New business creation	1,835	2,627	143.1
Business assistance	20,018	21,538	107.6
Skills	33,034	38,071	115.2

Activity	Description of relevant activity
Cross-regional collaboration	<p>Greater South East / Thames Gateway – <b>EEDA, the South East England Development Agency and the London Development Agency</b> have continued to lead the preparations of economic evidence for the Greater South East and the Thames Gateway. Funding was secured for the University in Southend, the National Skills academy associated with the Royal Opera House Production Park, Thurrock and for skills development facilities at Southend Airport. EEDA has also initiated and progressed in partnership with Essex County Council the Supply Chain Innovation and Excellence project in South Essex.</p> <p>EEDA Worked with the <b>South East England and London Development Agencies</b> in developing a cross-regional vision for the future development of <b>carbon capture and storage</b> from the Thames Gateway up to the Norfolk coastline.</p> <p>We held a conference on business opportunities from the Nuclear Power programme with the <b>East Midlands Development Agency</b>.</p> <p>In conjunction with the <b>East Midland Development Agency, the National Farmers Union and British Sugar</b>, EEDA supported a project to look at improving efficiency in sugar beet transportation. The dissemination of the work targeted 200 businesses, providing information and advice.</p> <p>EEDA worked with the <b>East Midlands Development Agency and South East England Development Agency</b> in the Milton Keynes South Midlands (MKSM) growth area.</p> <p>Working with <b>ONE Northeast and London Development Agency</b>, EEDA developed a strategic investment model to increase the systematic use of project output data and evaluation evidence to inform future investment decisions. The model uses the information routinely gathered by EEDA to provide a basis for estimating GVA impacts arising</p>

	<p>from different levels and forms of intervention, and the ratio between GVA impacts attributed to EEDA and its spend. A systematic understanding and treatment of the relationship between spend, outputs and impacts across different programme areas could then be used to inform future discussions on the use of EEDA's funds.</p>
<p>Carbon reduction</p>	<p>EEDA, like all Regional Development Agencies, is committed to addressing climate change and maximising the economic benefits of the transition to a low carbon economy. A major part of our action on the carbon reduction agenda is delivered through our strategic leadership role at regional level. We develop regional intelligence, targets and strategies, including carbon reduction plans within regional strategies as a means of identifying the impact of major investment decisions.</p> <p>All RDAs will have carbon management systems in place during 2010 to assess the carbon impacts of our investments in three main areas covering: Business Resource Efficiency, Construction and Carbon saving projects.</p> <p>EEDA already plays a key role in the region in shaping and investing in support for low carbon economic development and carbon reduction. EEDA led the development, working with regional and sub-regional partners, of the Regional Economic Strategy, which sets clear and leading regional headline targets, including a reduction in CO<sup>2</sup> emissions of 60% by 2031, leading to an 80 per cent drop by 2050, before equivalent targets were agreed at national level.</p> <p>EEDA has jointly led the development of the East of England Implementation plan (EEIP), which is a groundbreaking joint plan underpinning both the Regional Economic Strategy and the Regional Spatial Strategy. The plan sets out the programme and action requirements for achieving the high level targets. Working closely with Climate East, the region's climate change partnership, EEDA is the first RDA to integrate the Climate Change Action Plan for the region into such an implementation plan.</p> <p>EEDA's Corporate Plan also reflects an overarching drive to a low carbon and resource efficient economy. EEDA has set up and invested in organisations such as:</p> <ul style="list-style-type: none"> <li>• Insight East, the economic intelligence centre for the region. Used the East of England Forecasting Model, commissioned by EEDA, to assess future scenarios for sustainable economic growth, and to establish key monitoring indicators for the Integrated Sustainability Framework</li> <li>• Inspire East, the Centre of Excellence for Sustainable Communities, to support and drive excellence in design and planning for the built environment</li> </ul>

	<ul style="list-style-type: none"> <li>• Renewables East, supporting the region to achieve 2010 targets for generation of electricity from renewables</li> </ul> <p>Other examples of EEDA projects that are directly related to reducing the regions carbon footprint:</p> <ul style="list-style-type: none"> <li>• Resource Efficiency East</li> <li>• European Regional Development Fund (ERDF) projects</li> <li>• Developing a Sustainable Transport System (DaSTS) and the Transport and Carbon Study (TraCS)</li> <li>• Offshore wind and the Orbis Energy Centre</li> <li>• £20 million Low Carbon Venture Capital fund</li> <li>• Rural Development Programme for England (RDPE)</li> <li>• Green tourism</li> <li>• Incrops</li> </ul> <p>EEDA itself has achieved accreditation to both ISO14001 and EMAS in 2008/09. EEDA's overall Carbon Footprint for 2008/09 reflects a saving of 144 tonnes CO<sup>2</sup> and a 20 per cent reduction on 2006/07 baseline. In 2009/10 EEDA became a <b>Carbon Neutral Company</b>:</p> <ul style="list-style-type: none"> <li>• reducing its electricity use by 8 per cent and gas use by 10 per cent</li> <li>• reducing its business mileage by 3 per cent</li> <li>• improving its recycling rate to 77 per cent</li> </ul>
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# The East of England in context

The East of England is a diverse and vibrant mix of six counties – Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk. Add in the unitary authorities of Central Bedfordshire, Bedford, Luton, Peterborough, Southend-on-Sea and Thurrock, and collectively you have the UK's 'ideas region'.

Home to 5.6 million people and 430,000 businesses, the East of England is an economic powerhouse with an economy that produces over £110 billion a year – around 9 per cent of the UK total.

The East of England is:

- known for innovative businesses who account for 25% of UK private sector spend on R&D and the region has the second highest level of private sector R&D as a proportion of GDP in Europe.
- recognised for a globally-important life sciences cluster, and UK leading strengths in other growth markets such as low carbon technologies and services, digital, ICT and microelectronic systems, advanced engineering, plastic electronics and renewable energy
- a region which has experienced strong growth in recent years, thanks to its diverse and innovative business base, proximity to London and outstanding international transport links
- home to the University of Cambridge, a top five global university, and a region that contains a number of world renowned university departments, business schools and research institutes. And boasting areas of distinct natural beauty that attract thousands of visitors a year – contributing to a £5.2 billion regional tourism industry
- the centre of UK port activity, providing nearly half of UK container traffic capacity and this is set to grow with expansions at Felixstowe, Harwich and London Gateway. The region is also home to two of the country's five busiest airports at London Stansted and London Luton.
- a region which is only one of three – alongside London and the South-East – to make a net contribution to the Exchequer year-on-year

But ultimately, a region not immune from the rigours of recession, nor without barriers to its competitiveness.

## **Recession – an economic insight**

In the first half of 2009, the East of England remained in recession, with recovery tracked as starting in quarter four. Employment levels fell by 63,000 in the year to March 2010 – the largest contraction of the English regions

Despite this economic shock, the region maintained one of the highest employment rates in the UK throughout. At the turn of the calendar year, East of England businesses started to enjoy a boost in confidence and orders. As a result, redundancy rates fell from their peak back in quarter four of 2008/09.

Although recovery is well underway, businesses remain cautious on recruitment, instead tending to use their existing capacity to meet increased orders until they are confident that recovery is stable and sustainable.



Looking ahead, Insight East forecasts growth of 0.7 per cent for the region's economy (GVA) in 2010. Beyond that, growth is forecasted to accelerate, peaking at 4.0 per cent by 2013 compared to 3.5 per cent for the UK as a whole.

It is likely to take until 2012 for GVA in the East of England and UK to recover to 2008 levels.

### **East of England – challenges**

The region also faces a number of significant challenges if it is to see a step change in economic performance:

- businesses in the East of England have a greater dependence on EU export markets than is the case for the UK as a whole – given the weaknesses in the Eurozone, this makes the region particularly vulnerable. This is reflected in latest exports data. In the year to 2009 Q3, UK exports fell by 9 per cent whilst those in the East of England fell by 11.8 per cent
- crucially, the region significantly lags behind international comparator regions (with similar economic structures, R&D performance and scale) in terms of productivity, skills and infrastructure. This disparity threatens the ability of our businesses to compete in export markets – crucial as the primary source of growth in the forthcoming years.
- on skills the East of England, together with the North East and West Midlands, are the poorest performers at Level 4 (degree level or equivalent) and 160,000 employees in the region have a skills gap – this means they are not fully proficient in their job
- amongst the most congested road and rail networks in the country, currently costing the UK around £700 million in lost productivity per annum, and major pressures on water, energy and broadband networks that constrains business competitiveness

### **East of England – at the heart of growth industries and technologies**

Nevertheless, the East of England will be at the heart of rebalancing the UK economy.

As a world leader of innovation, particularly in life sciences, information and communication technologies (ICT), low carbon and renewable energy – industries that have all been earmarked to create the wealth and jobs of tomorrow. Ideas and businesses begun in the East of England, rapidly spread to, or boost supply chains in other parts of the UK, strengthening the economies of other regions.

Already home to the most successful clusters of biotechnology and life science companies outside the US, the largest ICT R&D facility in Europe, and a low carbon industry already worth well in excess of £10 billion, the East of England will be central to delivering growth and prosperity.

## About EEDA – the way we work

EEDA's mission is to improve the economy of the East of England. Working in collaboration with local authorities and other partners our work is designed to make a major contribution to the delivery of the targets and priorities set out in the regional economic strategy (RES), and national economic objectives.

During 2009/10, together with EERA, EEDA lead the development of the East of England Implementation Plan. This plan aligns partner activity and investment to ensure and accelerate delivery of both the RES and the regional spatial strategy. It is the first such, comprehensive framework in England and has been designed to improve delivery in light of the recession and pressures on public finances.

EEDA's Corporate Plan 2008-11 and the Corporate Plan supplementary submission 2009-11 outline how EEDA itself will provide leadership, mobilise partners and deploy resources to enable the delivery the Regional Economic Strategy and East of England Implementation Plan targets. We manage this through the seven programmes set out in our corporate plan. Five of these programmes are focused on delivery and two are foundation programmes, which underpin all of our work.

The five delivery programmes are:

- **Business Support** – EEDA provides business support and skills re-training to help companies survive and thrive during changing economic times
- **Science, Innovation and High-Level Skills** – EEDA further develop the region's world-class science and innovation base by encouraging more R&D, more commercialisation of innovative ideas and greater exchange of knowledge between business, universities and research institutes
- **Economic Participation** – EEDA improves employment opportunities for those individuals unable to participate and contribute to the region's economy
- **Regional Infrastructure** – EEDA helps the region to prioritise essential infrastructure needed for economic development and make the case for increased investment in that infrastructure
- **Sustainable Economy** – EEDA supports businesses and individuals to use resources more efficiently and support the land-based, renewable energy and environmental goods and services sectors to take advantage of substantial emerging opportunities.

The two foundation programmes are:

- **Strategy and Intelligence** – EEDA combines an extensive region-wide knowledge with relatively modest resources to set direction for the regional economy (primarily through the RES) and provide economic research and analysis through our regional intelligence centre, Insight East
- **Partnerships, Advocacy and Communication** - EEDA facilitates public and private sector partners in working together to advance the region's economic priorities and to act as advocates for the East of England.

The following pages highlight EEDA's impact across each of these programmes.

## Area working

Forging effective partnerships has always been an essential part of EEDA's achievements. For that reason – and in response to feedback from customers and the drive for greater cohesion in programme delivery – EEDA made a fundamental change to the way it worked at a local level during financial year 2009/10.

EEDA established four 'area teams' in January 2010 focused on serving the diverse needs of specific local areas across the region. We now work even closer in partnership with business and local authorities to coordinate investment, enhance the impact and reach of regional programmes and maximise economic outcomes.

The team's priorities are centred upon;

- **Impact** – taking responsibility for delivering key programmes and investments which impact on businesses
- **Leverage and coordination** – providing a clear picture of EEDA's priorities for a place through area investment planning and alignment of local priorities and plans
- **Strategic influencing and leadership** – working with regional and local partners to secure evidence, policy, and investment alignment based on the East of England Implementation Plan and local priorities
- **Engagement** – enhancing EEDA's active engagement in local areas to impact on the region's economy. Providing a mechanism for feeding back local experiences of EEDA's impact to improve the delivery of our programmes
- **Synergy** – shaping and delivering the most effective sub regional economic delivery arrangements based on qualitative business and economic data

In the first few months, the area teams – working with programme leads across EEDA – have delivered many initiatives including; direct support to business through the Response to Redundancy programme and economic analysis to support new development; the roll out of the Cleantech Strategy to sub regions; support and coherence to the region's off-shore energy sector; the delivery of programmes such as the Economic Participation sub regional programme plus legacy and current capital projects; and much enhanced relationships with sub-regional partners across the region.

In addition, the Strategy unit and Insight East have been working closely with local authority partners on Local Area Agreements (LAAs).

# Business Support

Home to around 430,000 businesses, one in nine UK companies is located in the East of England. Small and medium-sized enterprises (SMEs) are the lifeblood of the economy.

Companies accessing targeted business support options tend to report greater profits from those that do not. They are more likely to survive; more likely to grow their profits and create new jobs. They are less likely to close in financial distress.

EEDA's extensive business support offer has continued to help companies survive and thrive during a critical, unsettling and often changing economic period in the world of business.

EEDA refreshed its Business Support Strategic Investment Plan during 2009/10 to adapt to the changing economic landscape and allow for the merge of Business Link and Train to Gain into one integrated service. The new plan was agreed in November 2009 following extensive consultation.

## **EEDA action 2009/10:**

### **Business Link:**

At the heart of EEDA's business support offer, Business Link supported 91,671 businesses in 2009/10. As the gateway to all forms of business support for local SMEs, Business Link has 90 expert advisors on-hand to help companies tackle all sorts of challenges.

A third of assists were those in the earliest stages of planning to start a business (30,446), which includes intensive support for priority groups – for example, Business Link has worked closely with Job Centre Plus on new business start-up support for long-term unemployed.

Of the remaining Business Link customers, 56,815 represent established businesses seeking advice to survive, sustain and grow. New-start enterprises (trading for up to one year) represented the final 4,410 companies supported in 2009/10. Nearly 10,000 businesses received free and confidential 'health checks' from Business Link at the height of the recession. Intensive assists, including one-to-one, ongoing support was provided to 6,711 Business Link customers.

During 2009/10, skills brokerage was added to delivery under the Business Link brand. The activity resulted in 2,878 Skills Intensive Assists to support business in developing detailed training plans, and identifying appropriate courses and placements.

### **The Business Map – [www.bizmapeast.co.uk](http://www.bizmapeast.co.uk):**

In response to business feedback, EEDA's Business Map was launched in September 2008 to make things easier for SMEs to find and secure the business support options which best met their needs.

In 2009/10, The Business Map has been improved and updated to cater for pressing business issues. As a result, a new manufacturing 'station' was added to support an industry hit hard by the recession. Additionally, the business finance 'station' was enhanced to help businesses identify and access critical forms of funding and finance.

To date, over 35,000 local businesses have visited EEDA's Business Map.

### **Integrated Specialist Business Support Programme (ISBSP):**

An additional £1.32 million of European Regional Development Funding (ERDF) levered-in by EEDA on behalf of the region, has provided the ISBSP with an enhanced Manufacturing Advisory Service (MAS), Designing Demand (DD) and Innovation Advice and Guidance (IAG) offer.

Benefits to those businesses who receive MAS support is typically valued in excess of £100,000 per company. MAS supported over 600 businesses in 2009/10. In addition, IAG and DD have contributed to the generation of approx £11 million GVA to the region's economy.

### **Beyond 2010:**

Through EEDA's £9.2 million Beyond 2010 programme, supported by the European Social Fund, 960 companies have taken advantage of subsidised training grants, giving 2,091 employees new skills to use in the workplace.

Within Beyond 2010, EEDA has provided £4.7 million to support a regional Response to Redundancy programme. This provides support, advice and training to people facing redundancy and works with the regional and local Jobcentre Plus. Since Autumn 2008, Response to Redundancy has already worked with over 8,100 individuals across the region and has provided a vital source of support to people and companies during the recession.

### **Olympic opportunities:**

13,228 businesses are signed up to the EEDA-funded CompeteFor system – an online brokerage service which allows businesses to access supply chain opportunities spinning-out of the London 2012 Olympic and Paralympic Games.

As a result, in the East of England alone, 92 companies have signed major contract deals via CompeteFor.

### **International business:**

Commissioned by EEDA, East of England International was responsible for attracting inward investment and supporting export opportunities in 2009/10. This activity has secured 2,449 jobs in the region, attracted 26 new business investments to the East of England and assisted 2,679 businesses to capitalise on new export market opportunities.

In Norfolk, for example, Palm Paper brought one of the world's largest paper-producing facilities to King's Lynn with support from EEDA's inward investment team working in partnership with local authorities. Open for business in 2009, Palm Paper created 150 new jobs and supply chain opportunities for local businesses.

Moving forward, EEDA has developed a strong partnership with UK Trade & Investment (UKTI) to deliver an integrated programme which maximises foreign investment opportunities for the region and supports local businesses looking to capitalise on huge international export markets.

### **Information Communication Technology:**

Businesses across the East of England have been supported to make better use of technology through EEDA's takeITon project.

The programme provides practical help to SME's. In its first 2½ years, takeITon has supported 1,381 companies with full IT action plans, run 30 events attended by 700 delegates, awarded 460 takeITon grants leveraging a total investment in IT of £2.8 million.

The provision of fast and reliable broadband continues to be a real issue for this region's businesses, particularly those in more rural and/or less densely populated areas. EEDA has reviewed the likely provision of Next Generation Access to Broadband across the region and, as a result, has developed a strategy to encourage wider availability of this key technology which is recognised as a key factor in economic recovery.

In its first 5 months, over 7,500 businesses and individuals registered on EREBUS, EEDA's registration scheme for demanding faster broadband.

### **Women's Enterprise:**

EEDA has been at the forefront of support for women in enterprise. Recent activity includes:

- **National Women's Enterprise Centre, Peterborough** - £720,000 of EEDA funding helped to create a dedicated national women's business centre in Peterborough. The centre is the first to be opened outside London and only the second in the UK. It provides women who are considering starting their own business, or in the early stages of running an enterprise, with one-to-one advice, enterprise coaching, training programmes and business support in an informal and supportive environment
- **Enterprising Women** – a networking community of over 8,000 entrepreneurial women, providing targeted support and specialist information to help women start-up and grow their business. Between July 2006 and March 2010, Enterprising Women has helped create almost 500 new jobs and women-led businesses across the East of England.
- **Inspiring Women** – EEDA's Inspiring Women programme is designed to support economically inactive women to consider self-employment. Free advice and training is provided at local venues at times to suit women. Since its launch in 2008, 150 women have been supported into business.
- **Business Link** – now provides dedicated resources to support women's enterprise, including business advisors specialising in issues for women in business and intensive business start-up assistance.

Such activities have led to a marked increase in the number of women accessing support services. Around 50 per cent of those attending Business Link start-up workshops, for example, are female (compared to the national average of around 25 per cent).

#### **Solutions for Business:**

Alongside the delivery of support options across the East of England, EEDA has focused on making business support simple and easy to access.

This has been achieved by aligning EEDA's offer with the Solutions for Business framework – a uniformed package of business support categories used across the UK.

EEDA has also worked with partner organisations across the region, such as local authorities, to help align their business support options with Solutions for Business.

# Science, Innovation and High-level Skills

The East of England has a rich base of world-class universities and commercial research & development facilities, yet faces significant challenges to maintain its position as a leading innovation region.

The successful exploitation of ideas is critical to the future prosperity of the region and EEDA is intensifying its activities to ensure that the region maintains its leading-edge position as a key driver of innovation for the UK.

During financial year 2009/10, EEDA's strategic investments helped consolidate centres of technological excellence. In a difficult business climate, we adjusted our access to finance products to provide loans and business angel co-investment funds to help companies progress to revenue generation.

EEDA's programme continued to support industry's demand for higher-level skills by utilising Higher Education expertise in low carbon technologies and by increasing the capacity of regional universities. We also drove the development of a major public sector procurement initiative to facilitate SME access to NHS budgets and we refocused our activities to take advantage of the opportunities arising from low-carbon industrial sectors such as Offshore Wind.

## **EEDA action:**

### **World class science parks:**

EEDA successfully concluded four major investments which will drive a culture of 'open innovation' in the region and will change the way multi-nationals share both knowledge and intellectual property and create new routes to market for SMEs.

Working with a range of private and public sector partners, EEDA has been able to leverage multi-million pound investments in the development of the **Bio-Science Park, Stevenage** in partnership with GSK; an Innovation Centre and Knowledge Exchange in partnership with Unilever at **Colworth Science Park**; an open innovation "ideas space" in the newly constructed **Hauser Forum** in Cambridge; and innovation and incubation facilities at the **Norwich Research Park**. In addition to that, EEDA's activities at **Adastral Park** also continue to attract new companies, small and large, to the science park constructed around BT's global innovation and development centre

In total, EEDA's science park investments will leverage more than £33 million in public/private finance and stimulate several thousand high skilled job creation opportunities.

### **Market-led procurement – Small Business Research Initiative (SBRI):**

Working with the Strategic Health Authority and the Technology Strategy Board, EEDA backed a competition calling for innovative new approaches to patient care. 11 SMEs were awarded NHS contracts to supply innovative solutions related to the home treatment and long-term health of patients.

### **Access to Finance:**

EEDA awarded 107 Grants for Research and Development (GRAD) worth £4.8 million to regional companies. This included £1.6 million funded by the European Regional Development Fund (ERDF) from £5.6 million set aside for low carbon projects.

The banking crisis continued to affect the supply of credit to SMEs throughout the year. In response, EEDA successfully launched a new £5 million **Regional Loan Fund** to help hard-pressed companies. In the first nine months of operation, loans totalling £2 million were approved. In addition, EEDA successfully brought to market **Business Angel Co Investment Loans** with investment of £1.5 million to support private equity investments in SMEs across the region.

Significantly, independent in-year evaluations of two key Access to Finance schemes reported returns on investment of £12 for every £1 invested (GRAD) and £8 for every £1 invested (Proof of Concept). The significance that this financial support brings to early stage companies was highlighted by the success of previous grant award winners Ubisense and BlueGnome, both of which featured in the Deloitte's Technology Fast 50 awards.

During the year we also launched a highly popular **Understanding Finance for Business** programme to help companies identify the most appropriate funding for them and to help them become "investment ready". With an annual target of 500, in the first 9 months 650 signed up to the programme.

Two **Innovation Voucher** pilot projects were highly successful with 60 per cent of companies establishing an ongoing relationship with Higher Education Institutions.

#### **Enterprise Hubs:**

EEDA's investments in enterprise hubs continue to pay dividends as demand for space outstrips expectations. The extension of **Hethel Engineering Centre** and the success of **Orbis Energy** are excellent examples of an incubation policy which really delivers for businesses in a difficult trading climate.

We also launched a successful **capital equipment competition** which established four new pieces of test equipment at Enterprise Hubs. This investment provides SMEs with access to state of the art equipment without incurring substantial capital outlay and cost.

#### **Low Carbon Innovation Programme:**

Towards the end of the year EEDA launched the Low Carbon Innovation Programme which provides targeted support for commercial and technical innovation, in six priority sectors – Offshore Wind, BioRenewables, Low Carbon Vehicles, Built Environment, Environmental Technologies, and Advanced Manufacturing. The programme builds on the region's existing enterprise hub network, identifying and promoting market opportunities for business and research partnerships, enabling them to exploit new opportunities.

In addition, EEDA's £200,000 investment in the **low carbon innovation network** (for Logistics) was highly successful, leveraging a further £2.7 million in Technology Strategy Board funding and £2.7 million private sector funding.

#### **A New Higher Education Campus in Harlow:**

EEDA has invested £3.8 million in a £9.3 million Higher Education campus in Harlow. Anglia Ruskin University, in partnership with Harlow College, will manage the new campus which will be completed during the summer of 2010. The investment will stimulate greater educational attainment levels and offer wider and fairer access to Higher Education for local people in an area of significant projected population growth. The facility will also be a focal point for existing and new business interaction, provide a venue for local community



meetings, and will be the new home for Harlow College's nationally-renowned Centre of Journalism, whose former alumnae include Piers Morgan, Kate Adie, Sue Lawley and Andrew Morton.

**A new Enterprise Academy in Ipswich:**

EEDA's £1 million investment in an Enterprise Academy in Ipswich, will deliver the East of England's first full-time accredited qualifications in Enterprise and Entrepreneurship for 16 - 19 year olds. It will give learners the skills, experience, confidence and support to learn how to set up and run successful and innovative businesses, or to become enterprising employees, helping to grow existing businesses. The Academy will be located on the top floor of the brand new University Quarter building currently under final construction on the Ipswich Waterfront next to the iconic University Campus building, funded by EEDA and opened in 2008.

# Regional Infrastructure

Improving the physical environment and connectivity of the region is a crucial element of a successful economy. People need places to live. Businesses need premises to trade from. Both need to be underpinned by an effective transport system. While the region is generally viewed as well served there are many locations that need regeneration and improvement. To ensure long term global competitiveness it is vital for the region to have modern, sustainable infrastructure.

The objectives of the programme are:

- To prepare leading edge economic evidence to influence transport prioritisation and investment
- To support the regions towns and cities key strategic transport corridors and access to international transport gateways
- To demonstrate strategic leadership in sub regional investment planning by working with local authorities to prepare the economic evidence to align investment priorities and coordinate delivery
- To deliver flagship economic and low carbon capital investment projects in partnership with local authorities

## **EEDA action:**

### **Integrated Development Programmes (IDPs):**

Having a coordinated investment plan for a place – agreed by all involved in the delivery – is even more important in these challenging times. Led by EEDA on behalf of the East of England, IDPs have continued to bring together partners at sub-regional level to plan and manage investment for maximum impact.

An independent evaluation review published in 2009, concluded that the use of IDPs ‘result in a far more co-ordinated and effective use of available funds’...and ‘the region’s key growth locations have costed, prioritised, phased, evidentially-robust and locally-owned delivery plans which are recognised as such by a wide range of potential funding bodies. EEDA’s role in bringing this about has been pivotal.’

### **Regional transport planning:**

EEDA’s Transport Economic Evidence Study (TEES) kick-started the debate around the impact of congestion on the region’s economy. This work has supported partners to agree priorities and strengthen the case for investment. Economic evidence has been influential in supporting the case for improvements to the A11 and the Great Eastern Mainline as well as underpinning the East of England Implementation Plan.

### **Capital Investment projects:**

EEDA has progressed a number of flagship capital projects that will meet the longer-term economic priorities for the region while also supporting continued economic activity in the construction sector. Projects include:

- **Royal Opera House Production Park in Purfleet, Thurrock** – the creation of an international centre of excellence for production and professional development in backstage and offstage services for the performing arts. Work on this complex £60 million project – one of the most exciting and innovative regeneration projects in the

Thames Gateway – began in March 2010

- **Thetford Enterprise Park** – the creation of a flagship 44 acre, high-quality business park, located on the outskirts of Thetford
- **London Road, Southend** – refurbishment of the Prudential Tower and redevelopment of adjacent car park into a new campus facility for South East Essex College and the University of Essex and new library space
- **HE Harlow / Stansted** – project to create a new HE building on the existing Harlow College campus to help deliver an expanding curriculum

#### **Major progress on flagship schemes:**

- **Eastport, the Outer Harbour in Great Yarmouth** – opened for business at the beginning of 2010 creating a major new economic asset for the area. This follows the completion of the Harbour Construction, requiring the importation of approximately 900,000 tonnes of rock materials, reuse of approximately 1,600,000m<sup>3</sup> of sand to provide 17.6 hectares of land for future port development
- **Ipswich Waterfront** – The old docks at Ipswich have been transformed over the past ten years into a stunning waterfront location. EEDA kick-started the regeneration in 2000 with the purchase and demolition of Cranfields Mill. Ten years on and The Mill – the tallest building in Suffolk – now includes the new £7.9 million Jerwood DanceHouse, headquarters of the dance agency DanceEast, which held its first performance in 2009.
- **Greater South East / Thames Gateway** – EEDA, the South East England Development Agency (SEEDA) and the London Development Agency (LDA) have continued to lead the preparations of economic evidence for the greater South East and the Thames Gateway. Funding was secured for University Funding in Southend, the National Skills academy associated with the Royal Opera House Production Park, Thurrock and for skills development facilities at Southend Airport. EEDA has also initiated and progressed in partnership with Essex County Council the Supply Chain Innovation and Excellence project in South Essex.

#### **Culture, Tourism and Sport**

2009/10 saw the completion and launch of several landmark capital projects funded under EEDA's Creative Collaborations joint investment plan with the Arts Council. In addition to the Royal Opera House and Jerwood DanceHouse projects mentioned above,

- **The UK Centre for Carnival Arts in Luton** – the home of Europe's biggest one-day carnival, opened in May 2009. The Centre enables visitors to learn the skills that make Britain's carnivals such thrilling spectacles. The world's best carnival artists will be in residence and will help to teach in the UK's first foundation degree programme dedicated to carnival arts. The centre has created 36 jobs, helped 88 businesses and supported over 2000 people develop new skills.
- **Aldeburgh Music's new creative campus** – opened in May 2009, this £14 million development provides world-class facilities for the most talented musicians from all over the world, including a new state-of-the-art performance studio and rehearsal spaces. This will enable Aldeburgh to present more performances, carry out new commissions, exploit more touring opportunities, and extend its acclaimed work with

schools and the wider community, reaching more than 100,000 people over the next 10 years.

- **Metal, Southend-on-Sea** – in September 2009, Metal opened its new renovated low-carbon home at the Grade II listed Chalkwell Hall in Southend. It's a flexible space for UK and international artists to live and work together and engage with the community.

Overall EEDA's capital investment in Creative Collaborations projects has totalled **£17 million**, which has secured **£25 million** in capital investment from the Arts Council and further **£55 million** to date from other public and private sector partners.

A further Creative Collaborations prospectus for 2009 to 2011 has been agreed by EEDA's board and the Arts Council and was published in 2009. It builds on the strategic investments made in the first prospectus, including through cluster developments which bring together cultural organisations and private sector enterprises.

### **Olympic opportunities**

In sport, work began on the new Olympic white water course at Broxbourne in Hertfordshire.

EEDA's funding of **£4 million** has ensured that after the 2012 Games there will be facilities, including a slalom course and a flat-water lake, for the public to enjoy for decades. The venue will be a major tourism attraction with 70,000 visitors per year expected providing a significant boost to the economy of Hertfordshire and beyond.

Essential to helping the region take advantage of the Olympics opportunity (an economic benefit of £450 million is estimated for tourism in the East) was East of England Tourism's partnership with EEDA. Overall, East of England Tourism's work in 2009 helped the East to take advantage of the growing staycation market (partly a consequence of the recession) for domestic tourism in the UK, with overnight stays in East increasing by 15 per cent – faster than for any other English region.

# Economic Participation

EEDA funding is helping individuals contribute to the regional economy by improving their employability and skills, helping them to start-up their own business, increasing their financial capability and supporting businesses and third sector organisations to grow their business and compete in the current economic climate.

## **EEDA action:**

### **Sub-regional investment:**

EEDA has been working closely with sub-regional partners to increase economic participation rates in the region. Our flexible funding helps enhance delivery of Local Area Agreement targets and strengthen the local authority / Local Strategic Partnership role in delivering economic development.

During 2009/10, £24 million of EEDA investment has created **636** jobs and over **448** new businesses, assisted over **11,781** people into employment and over **29,188** people with skills development, and levered in over **£35 million** of public and private sector investment.

Examples of our sub-regional investment include:

- EEDA's £850,000 investment in the £1.9 million Wayland Vocational Skills Centre in Norfolk, designed to facilitate learning for young people and adult learners in engineering and construction
- EEDA's £1.25 million investment since 2008 in Healthy Steps to Employment in Central Bedfordshire, Bedford Borough and Luton has helped people claiming benefits due to a work-limiting illness to take the steps necessary to get back into work. Over **900** people have been supported through this programme.
- EEDA's £720,000 capital and revenue investment in the Women's Enterprise Centre in Peterborough aims to instil women with the confidence, skills and knowledge they need to successfully start their own businesses and to increase their understanding of how they can grow their businesses.

### **Social enterprise business support:**

Working closely with Business Link and Social Enterprise East of England (SEEE), EEDA ensured £100,000 of funding was distributed to social enterprises to provide high-quality, tailored business support. This has supported over 60 social enterprises to help remain competitive and improve their productivity.

### **Financial capabilities and inclusion:**

EEDA is investing £400,000 of European Social Fund money to help provide financial capability training targeted at individuals and support frontline agencies dealing with vulnerable clients. The project, led by Citizens Advice is helping to provide information on money management, employment support and other relevant services for individuals and ensure they are able to receive high quality information, advice and guidance.

### **Enterprising communities:**

EEDA is investing £250,000 of EEDA and European Social Fund money to test out partnership based delivery models for the *Solutions for Business* Enterprise Coaching

product. The project, delivered by Menta & Exempas, uses one to one coaching to help individuals who cannot normally access mainstream start up support to understand the opportunities and risks of self-employment and to guide them to the most appropriate service.

### **English Language Training for Migrant Workers:**

EEDA is investing £630,000 of EEDA and European Social Fund money to help provide English Language Training for migrant workers to help them utilise their skills and allow them to contribute fully to the regional economy. Over 165 people have gained basic skills qualifications through this programme and over 480 have participated in training and advice sessions.

### **Volunteering into Employment:**

EEDA is leading delivery of a £2 million European Social Fund and Legacy Trust volunteering into work project. The project, managed by COVER, is helping disadvantaged individuals compete in the labour market as a result of the new skills learnt and experience gained while volunteering in the cultural and sporting sectors. The project is designed to provide a legacy of increased volunteering activity for the region beyond 2012, and develop a progression route into employment for individuals.

### **Providing collective voices to third sector organisations to influence policy and improve delivery:**

EEDA continues to support five third sector regional infrastructure bodies: COVER<sup>1</sup>, the East of England Faith Council, MENTER<sup>2</sup>, Rural Action East and Social Enterprise East of England. This support enables these organisations to speak up for the sector and help ensure the valuable contribution the sector makes to economic development is recognised at a national, regional and local level.

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<sup>1</sup> COVER are a network for the Voluntary and Community sector in the East of England.

<sup>2</sup> Menter are a network for Black / Minority Ethnic (BME) voluntary organisations and communities in the East of England.

# Sustainable Economy

The East of England faces both major challenges and opportunities in mitigating and adapting to climate change. EEDA recognises the need to move towards a low-carbon, resource-efficient economy by focussing on sustainable energy technologies, growing our low carbon and environmental goods and services sectors and enabling rural economies and businesses to adapt and grow sustainably.

## **EEDA action:**

EEDA's Sustainable Economy programme is **cross-cutting**. It focuses on the delivery of rural and sustainable development, in turn driving low-carbon activity across other EEDA programmes. Examples include:

- first RDA to integrate a climate change action plan into the East of England's implementation plan – working closely with Climate East, EEDA placed sustainability at the heart of the joint delivery framework for the region's economic and spatial strategies
- low carbon priorities for support through Business Link – utilising the enhanced resource efficiency IDB model
- increased funding for low carbon manufacturing support – through the Manufacturing and Innovation Advisory Services
- increased investment through Grants for R&D – for low carbon and resource efficient product and service development
- establishing a £20 million Low Carbon Venture Capital Fund – launching in 2010 with a specific remit to invest in low carbon businesses in the East of England
- delivering enhanced international trade support for low carbon sectors – through the EnviroTrade programme supported by UK Trade and Investment and European Regional Development Fund (ERDF)
- delivering the pilot programme Anglia GoWarm – lifting deprived communities out of fuel poverty by making the use of innovative renewable energy solutions such as air or ground source heat pumps, solar hot water and intelligent heating systems.

## **Championing sustainable energy and carbon reduction**

The East of England is already a major generator and supplier of energy. It supplies around half the UK's domestic gas requirements and is the leading region for renewable energy generation. Nuclear power in the East of England could also be worth in excess of £5 billion over the coming years.

EEDA has provided leadership in developing the sustainable energy sector in the East of England, bringing together partners to align activity. In 2009/10, EEDA has:

- led the development of the region's **offshore wind** sector – commissioning high-level benchmarking and feasibility studies, delivering a pilot supply chain innovation programme, developing strategic relationships for inward investment opportunities and continuing the development of OrbisEnergy as the region's focal point for renewable energy enterprise activity
- supported the region in capturing economic benefit from **Nuclear power** – hosting a major industry-focused supply chain conference, working with national and regional partners in developing appropriate programmes and targeting existing support to maximise the opportunities for regional businesses

- supported a £2.9 million **anaerobic digestion** facility in Southwold, Suffolk – to demonstrate the diversion of 12,000 tonnes of food waste from landfill, the production and use of renewable energy, and digestate for enhanced soil fertility, saving an estimated 50,000 tonnes of CO<sub>2</sub>
- continued the delivery of £2.1 million Resource Efficiency East programme – funded by EEDA and European Regional Development Fund (ERDF), the business support programme delivers specialist resource efficiency advice guidance and support
- worked with the South East England and London Development Agencies in developing a cross-regional vision for the future development of **carbon capture and storage** – from the Thames Gateway up to the Norfolk coastline
- maintained support for the **InCrops** enterprise hub – adding value from crops for development of low carbon products such as pharmaceutical biopolymers and vehicle composites, as well as sustainable construction materials

### Driving sustainable economic development in rural areas

In 2009/10 EEDA created 3,284 new jobs and nearly 1,200 new businesses in local rural areas. Support included:

- Through Business Link, EEDA offered an intensive programme of support for rural pubs across the East of England via the 'Open for Business' campaign. EEDA then provided funds for small capital/revenue grants. Approximately £200k was invested and more than 140 businesses were supported to improve their business, survive the recession and be able to develop future activity
- In conjunction with EMDA, the National Farmers Union and British Sugar, EEDA also supported a project to look at improving efficiency in sugar beet transportation. The dissemination of the work targeted 200 businesses, providing information and advice.

### **Rural Development Programme for England (RDPE)**

In 2009/10, EEDA committed around £27 million of RDPE funding towards 52 projects.

Examples include:

- **Collaborative reservoir projects** - creating additional reservoir capacity of 310,000 m<sup>3</sup> to benefit local rural enterprise.
- **Sustainable Tourism East project** – providing training and marketing support for 800 rural tourism businesses
- **Landskills East** – providing subsidised training for land-based industries, over 700 courses were approved in 2009/10, with 20 delivery partners now engaged in the project
- **NADIS Animal Health and Welfare project** – supporting cattle and sheep farmers – a major industry in the East of England – to develop herd and flock health plans
- **Wild Venison Supply Chain project** – linking trained stalkers with thirty game larders spread across the East of England allowing carcasses to be held in prime condition for the processors to collect. This invigorated supply of wild venison is being developed in conjunction with the marketing of the product to suppliers and the service sector. As well as providing economic benefit it will also help control deer numbers, manage sensitive habitats and reduce road accidents involving deer
- **Ecopig** – enabling the pig industry to optimise the use of nutrients through the whole pig-keeping cycle. A national demonstration outdoor farm will be set up, alongside a muck brokerage service, and tracking service of nutrients in feed within finishing herds



- **Abattoir infrastructure** – major investment has seen the Lamberts abattoir relocation to a site near Eye get well under way with equipment starting to be installed inside the shell of the new energy-efficient building, ready to open for business in September 2010. The Evans abattoir in Bedfordshire has now started processing, with the final stage of the chillers to be in place and operational during April
- **Resource Efficient Dairy Farms** – allows farmers to improve their energy use within the milking parlour. There is good use to be made of heat exchanger technology when cooling fresh milk to use the heat for hot water washing and cleaning.

### **Economic Intelligence**

A critical element of EEDA's work is to align the social, environmental and economic challenges and opportunities by gathering evidence and providing analysis on the strengths and weaknesses of our economies. In 2009/10 EEDA published:

- an innovative **Transport Carbon study** – to better understand the impact and opportunities that transport in the region has on greenhouse gas emissions
- a **Power Infrastructure study** – to help identify potential barriers to economic development in the region that relate directly to the provision of electricity infrastructure
- the **Low Carbon Innovation Evidence Base study** – to provide a greater understanding of the development of low carbon technologies in the East of England, identifying key strengths and significant market opportunities
- the **2020 Vision for the East of England's Food and Farming Sector** – launched at the House of Commons in December 2009, the vision focuses on the move to a low carbon economy by targeting both production efficiency as well as the development of new sustainable products
- a ground-breaking research study on the **economic opportunities of Biochar**, a carbon-rich product that can have a significant impact on per hectare profitability of crops; producing economic benefits both for farmers and the associated food chain.

### **Developing organisational excellence**

EEDA achieved accreditation to both ISO14001 and EMAS in 2008/09. EEDA's overall Carbon Footprint for 2008/09 reflects a saving of 144 tonnes CO<sup>2</sup> and a 20 per cent reduction on 2006/07 baseline. In 2009/2010 EEDA became a **Carbon Neutral Company**:

- reducing its electricity use by 8 per cent and gas use by 10 per cent
- reducing its business mileage by 3 per cent
- improving its recycling rate to 77 per cent

Furthermore, EEDA encourages staff to take an active role in volunteering in the community, promote greater staff engagement and awareness and review EEDA's Common Minimum Standards and integration of the Excellence Framework.

# Strategy and Intelligence

The Strategy and Intelligence programme delivers high-quality, evidence-based policy making, evaluation and investment planning for the East of England. During 2009-10, EEDA has worked with EERA, GO-East and a range of other stakeholders across the region to finalise the East of England Implementation Plan, a joint action plan for the region's economic and spatial strategies. This has been accompanied by the continued development of our economic evidence-base to inform regional policy, with a particular focus on the economic downturn, together with support for Local Economic Assessments (LEAs). In addition, EEDA has continued to invest heavily to improve evaluation evidence to inform decision-making and to develop economic analysis to underpin our corporate plan programmes.

## **EEDA action:**

### **A new action plan for the region**

The East of England Implementation Plan was published in February 2010 following an extensive consultation process. The East of England was the first region to undertake comprehensive implementation planning for the RES and RSS. EEDA has co-led its development with EERA and GO-East, with considerable support and endorsement from a range of partners including local government.

The Implementation Plan sets out how partners are working together to deliver the targets and priorities set out in these two strategies. It creates a common framework which partners are able to use to align business and investment plans, ensuring focused and value for money investment. It will also assist in the process of future prioritisation by setting out robust and compelling evidence to underpin cases for support in the East of England.

### **Improving economic intelligence**

Insight East, the regional intelligence centre publically launched in March 2009, has quickly become a recognised leader in providing intelligence, briefing and insight on the region's economy, helping EEDA and our partners to make better informed decisions. Insight East's core regional intelligence programme supports the needs of decision makers, the development of strategic processes and on-going evidence requirements of our partners. Publications include regular briefings on the economic downturn, economic forecasting, local economy briefings and thematic briefings.

Insight East has already achieved high-level influence. For example, Insight East's Director has given regular economic briefings at the Regional Economic Forum, East of England Local Authority Chief Executive's Group and to other senior groups on request.

In July 2009, Insight East launched its Regional Economic Atlas - a data visualisation tool providing instant access to over 150 economic datasets at local authority, regional and national level. Data are available to view simultaneously in map, chart and tabular formats, showing trends in economic performance. The tool also monitors the performance of the East of England in line with ambitions set out in the RES. Insight East's Integrated Sustainability Framework Atlas was also launched in the year. This Atlas contains over 30 datasets at local authority and regional level, showing trends in sustainable development performance.

## **Supporting Local Economic Assessments (LEAs)**

The LEA is a new duty on upper-tier authorities to regularly assess their local economies. LEAs will underpin future sub-regional and regional strategies. To do this effectively, the economic conditions of local areas in the region need to be assessed in a consistent way.

Over 2009/10, EEDA played a key role in establishing cross-boundary arrangements to support the preparation of LEAs. It co-founded and chairs the East of England Local Economic Assessments Group (EELEAG). EELEAG comprises LEA leads from all upper-tier authorities in the region, EERA (now EELGA), the Office for National Statistics, EEDA and Insight East. EELEAG is a common platform for the sharing of best practice, datasets and analytical material for LEA practitioners in the East of England and serves as a forum for the dissemination of matters relating to LEAs. EEDA/Insight East designed a programme of training and development for LEA leads and supporting staff. This programme draws funding from Improvement East and covers a range of economic development topics. Some sessions have been delivered by Insight East. It is integrated with the ONS regional programme of data training.

EEDA's area teams, the Strategy Team and Insight East work together to support individual LEA processes too. This includes confidential peer-review and feedback with LEA leads when requested, reviewing and advising on technical outputs and contributing to project board meetings.

## **Supporting the delivery of the Corporate Plan**

EEDA has continued to develop a robust evidence base to develop and implement its corporate plan programmes. For example, the Transport and Carbon Study, which was published in November 2009, has helped quantify the current and future impact that transport has on total carbon emissions in the East of England. The findings have informed the East of England Implementation Plan, the review of the Regional Spatial Strategy, and the work with the Department for Transport on 'Delivering a Sustainable Transport System' (DaSTS). It has also provided a useful and robust evidence base for local authorities and other partners' transport planning activities to reduce the carbon intensity of travel.

During the year, EEDA completed a major study into strategic employment sites. The study defines, identifies and prioritises strategic employment sites in the East of England based on an understanding of likely future demand, including potential locations where new sites might be needed. It also provides an action plan that includes individual site actions to ensure the successful delivery of strategic employment sites and enhance the overall competitive position of the sites for development and investment.

Following concerns from business, EEDA commissioned a joint report to help identify potential barriers to economic development in the region that relate directly to the provision of electricity infrastructure. The constraints that have been identified are wide-ranging and mainly affect timely and affordable connection for businesses, developers and local generators. The report identifies areas where the improvement process should start and how we can collectively begin to address the issues and work towards reducing such constraints and their consequent impact on business growth.

## **Supporting the local authorities to progress Local Development Frameworks and the RSS**

EEDA has provided a major contribution to the development of the local and regional evidence base to support the RSS review process and local planning. EEDA worked with EERA, local authority and local delivery vehicles to ensure that the planning processes

whether at local or regional level had a robust and consistent level of economic assessment and evidence to support strategy development. This evidence, including outputs of the East of England Forecasting Model have informed the development of the RSS Consultation and has been used by many planning authorities to inform the development of core strategies. In addition, EEDA continues to provide expert economic advice and evidence into local planning decisions and inquiries.

# Partnership, Advocacy and Communications

EEDA relies on clear and concise communication to fulfil its responsibilities.

Whether that's promoting the support and advice available to local businesses; building consensus amongst multiple partners on economic development priorities; or heightening the national and international profile of the region we serve.

## **Promoting major campaigns**

In 2009/10 we have focussed our efforts on helping local business access critical forms of support. We have:

- promoted EEDA's finance and funding streams providing funding to hundreds of businesses
- further developed EEDA's Business Map, which helps businesses navigate the support available to them quickly and easily. New 'stations' have been added this year to cater for priority industries, such as manufacturing
- hosted Destination Growth 2009 – giving companies tools and practical advice to 'survive and thrive' during the recession, over 800 business leaders attended the region's biggest business event, at Duxford Aerospace
- promoted the regional intelligence centre, Insight East, providing the region with research and analysis to allow better investment decision making
- made businesses aware of European funding streams like the European Regional Development Fund (ERDF) and the Rural Development Programme for England (RDPE).
- led the debate on regional issues, like regional transport priorities, providing expert analysis to enable effective prioritisation and then mobilising advocates behind individual initiatives

## **A strong voice for the region**

Working alongside local partners, EEDA continues to be a strong advocate for the East of England – regionally, nationally and internationally. Our activity includes:

- coordinating of Financial Times special report on the East of England – bringing together local partners from across the region
- facilitating the space for ideas Business Leaders Group – Promoting the East of England as "The UK's ideas region" has struck a chord with businesses across the region, with the business leaders group working with others to champion the East in which they proudly operate and articulating investment priorities
- promoting the inward investment opportunities and tourism offer through partners

## **Delivering economic development in the East of England's sub regions**

EEDA is working with Local Authorities, the Homes and Communities Agency and the business community to review the current sub regional public sector economic development and regeneration delivery architecture. This will lead to the development of a new delivery model from April 2011 for the region.

During 2009/10 EEDA has been working closely with the East of England Regional Assembly and others to agree new sub regional arrangements as we move towards the

dissolution of the regional assembly and the creation of the East of England Local Government Association (EELGA).

Cooperation with local authorities has identified areas where funding and decision making should be made at a more local level. EEDA is advising and supporting local authorities to deliver programmes effectively and supporting the work of the Regional Infrastructure programme, particularly around Integrated Delivery Programmes (IDPs).

# Europe and International

EEDA's international team leads a coordinated and strategic approach to the international agenda – including international funding and partnerships – on behalf of the East of England.

Europe is of particular importance for international business as both a source of inward investment and destination for trade. It has a major influence on economic policy, legislation and regulation. It is also a significant source of economic development funding.

EEDA works to ensure the region's voice is heard in the decision-making process and that impact and opportunity presented by changing regulations are understood.

EEDA also levers-in and administers significant European funding to benefit local businesses, people and places across the East of England.

## **European programmes:**

The benefits of stable funding sources – unaffected by the pressures on the UK public sector's budget – have been keenly felt. An unexpected benefit of the weaker pound has been the relative increase in value of European funds.

## **European Regional Development Fund (ERDF):**

Most significant is the European Regional Development Fund (ERDF) Competitiveness Programme 2007-2013. The potential value of this fund has swelled to £100 million during 2009/10. This programme strongly reflects the objectives of the Regional Economic Strategy with its focus on innovation, enterprise and sustainable development.

EEDA provides leadership and influence for the programme by managing the multi-partner groups that direct it. Delivery is managed by EEDA through a team of three facilitators.

The ERDF programme is an important resource that EEDA can lever to better deliver its objectives. A number of significant projects have already used ERDF funding to great effect throughout 2009/10:

- **InCrops** – stimulating SME innovation through collaboration with the region's world-class plant-science institutions.
- **Integrated Specialist Business Support Service** – incorporating the Manufacturing Advisory Service, Innovation Advisory Service and Designing Demand
- **Resource Efficiency East** – enabling SMEs to reduce their carbon footprint, save resources and so become more competitive

During 2009/10, the ERDF programme has also committed to a number of significant new investments in partnership with EEDA:

- **Small Business Research Initiative (SBRI) Low Carbon Healthcare**
- **Low Carbon Grants for Research & Development**
- **Adnams BioEnergy anaerobic digestion plant**

It has also invested with other partners to achieve shared economic growth objectives:

- Contracting a **£20 million Low Carbon Venture Capital Fund** to be launched in 2010.
- **Built Environment Supply-chain Transformation** – BEST East

- **Southend YMCA Eco-hub** for disadvantaged entrepreneurs

**Taken together, the ERDF projects that commenced in 2009/10 aim to assist 4,800 SMEs to implement 2,700 innovative low-carbon initiatives and create 729 jobs over the life of the programme.**

The East of England ERDF Competitiveness Programme reports to the Commission on a calendar-year basis. The East of England's ERDF programme annual report for 2009, once approved by the Commission, will be published in full on EEDA's website.



# Performance management and evaluation

## Accountability

EEDA's performance management and reporting operates at several levels. In addition to our reporting on outputs to central government, stakeholder accountability was enforced through

- regular liaison panel meetings with the East of England Regional Assembly (EERA)
- high-level meetings between senior executives of EEDA, the Government Office for the East of England (GO East) and EERA
- a number of public accountability meetings through the year

## A new Balanced Scorecard

EEDA has, for some time, employed a scorecard approach to performance, with a highly visual Performance Dashboard to disseminate key performance results both internally and externally. However, in 2009 it was felt that the time was right for a major review of EEDA's approach to performance management.

Initial research, including discussion with other RDAs and organisations such as the Environment Agency (to identify areas of good practice) resulted in a draft proposal for a revitalised balanced scorecard. Following extensive consultation on this proposal with staff, board members and key partners such as EERA and GO-East, EEDA developed a new corporate Balanced Scorecard. The new Scorecard includes measures that are more closely aligned to the Corporate Plan and programmes within it, has a greater focus on the achievement of results (outputs, outcomes and impact) and is underpinned by evaluation findings and a culture of continuous improvement.

The new balanced scorecard, which is based on the traditional balanced scorecard model, captures four perspectives as follows:

- (1) **Regional Economic Outcomes** - *How the regional economy is changing and the impact that EEDA has upon it*
- (2) **Programme Delivery and Performance** - *What we need to deliver with partners, including capture of SAV results*
- (3) **Organisational Performance** – *What we need to do well to deliver our Corporate Plan*
- (4) **Learning and Improvement** - *What we need to improve to succeed.*

The four balanced scorecard perspectives support one another, providing a more holistic view of EEDA's performance. The Scorecard is being used by the organisation as a tool to help manage and drive improved performance, not just to report historic data. Detail can be accessed by all staff, who are actively encouraged to do so, as well as providing performance information to the Board and key partners at a level tailored to suit their particular requirements. Continued development of the system will take account of key developments within EEDA, such as area working.

Staff engagement was ongoing throughout the process, primarily through the Performance and Evaluation Champions Group. This Group, which comprises staff from across the entire organisation, has oversight of the development of EEDA's performance management framework as a whole, including embedding of a performance management culture across the organisation. The wider Performance Management Framework, of which the Balanced Scorecard is only a part, includes corporate planning and programme delivery planning, evaluation, investment planning, individual performance objectives and the Staff Reward and Recognition Scheme.

## **Learning from evaluation**

EEDA has continued to invest in its evaluation capacity. EEDA has put in place a clear evaluation strategy and action plan and developed and delivered training for key staff on EEDA's evaluation principles. A new evaluation toolkit was developed over the year which has been used to accompany the training. The core evaluation team has also continued to give advice to EEDA staff on undertaking or commissioning IEF compliant evaluations.

An evaluation schedule has been developed to cover over 60% of programme delivery spend for the period 2006/7 – 2010/11 which includes the current Corporate Plan period. It is structured around bundles of activities, which draw together projects of similar rationale, close spatial proximity, or shared beneficiary characteristics.

Working with ONE North East and the London Development Agency, EEDA developed a strategic investment model to increase the systematic use of project output data and evaluation evidence to inform future investment decisions. The model uses the information gathered by EEDA to provide a basis for estimating impacts arising from different levels and forms of intervention. This information is then used to inform discussions on the most effective use of EEDA's funds. The model will have particular application for corporate planning purposes and in the event of significant changes in the availability of funding in the future.

## **Independent Supplementary Review**

In March 2010 EEDA, along with seven other Regional Development Agencies, were evaluated by the National Audit Office in the Independent Supplementary Review (ISR). The report shows EEDA to be one of the best performing RDAs in the country.

The independent review has confirmed that EEDA has performed strongly – the highest score - in terms of prioritisation and delivers 'good performance' in terms of continuous improvement and implementing evaluation into the performance management processes.

This report is a reflection not just of EEDA's performance but how the region is working together effectively to improve the economy across the board.

This review comes a year after publication of the results of the national independent RDA impact evaluation (March 2009). Alongside the national report, EEDA published 'EEDA's Contribution to the Strategic Development of the East of England' report produced by PA Consulting/SQW. This report provides evidence of the impact of EEDA's investment of £142 million in 2002-07, on the region's economy.

The results indicate that between £525 million and £820 million of wealth has been created for the region (measured in terms of gross value added or GVA). This represents a return on investment of £3.70 to £5.80 for every £1 invested – with a mid point of £4.75. Taking into account the likely future benefits of EEDA's investments, the wealth created for the region increases to between £874 million and £1.3 billion. This would represent a return on investment of between £6.10 and £9.10 for every £1 invested – with a mid point of £7.60.

## Financial and Output performance

Performance in both financial and output delivery terms is summarised in the following tables

**Table 1 - Programme Summary – net expenditure**

	Capital £000	Current £000	Total £000
Business Support	11,157	34,345	45,502
Science, Innovation & High-Level Skills	19,569	2,751	22,320
Regional Infrastructure	14,652	2,234	16,886
Economic Participation	15,178	9,581	24,759
Sustainable Economy	1,290	2,610	3,900
Strategy & Intelligence	42	1,446	1,488
Partnerships, Advocacy & Communications		2,060	2,060
<b>Total Corporate Plan programmes</b>	<b>61,888</b>	<b>55,027</b>	<b>116,915</b>
Redundancy Costs*		1,146	1,146
Running Costs	706	12,914	13,620
<b>Total Net Expenditure</b>	<b>62,594</b>	<b>69,087</b>	<b>131,681</b>
Grant-in-aid allocation	60,806	70,947	131,753
Over/underspend on allocation	1,788	-1,860	-72

*In addition, EEDA incurred non-cash costs (depreciation, write-downs and cost of capital charges) of £1.5 million against an allocation of £3.2 million. Expenditure totaling £13.2 million was incurred on the ERDF programme, funded from outside of the grant-in-aid allocation.*

*\* relates to staff with already agreed departure dates*

The overall level of net spending in 2009-10 increased by £3 million from the previous year as the government provided £5 million one-off additional resources as part of the fiscal stimulus initiative to boost the economy during recession. The vast majority of the expenditure was incurred delivering four central programmes and individual commentaries earlier in the report set out an overview of the activities undertaken.

### Maximising Resources

In terms of budget management, net expenditure was within £0.1 million or 0.05% of the grant-in-aid allocation awarded to the Agency by BIS. These results were in-line with forecasts provided to the department throughout the year and within the target set in the Performance Dashboard of being within 0.5% of the budget allocation. EEDA, in common with other RDAs, is not permitted any level of overspending on its allocation.

### Achieving efficiency

As part of the Comprehensive Spending Review 2007, RDAs were required to draw-up Value for Money plans to achieve cash savings and performance improvements over the three years 2008-11. All savings are recyclable. The Resources Committee agreed EEDA's plan in September 2008 which, for 2009-10, identified savings of £8.8 million against a target set by government of £6.8 million. The table below sets out actual performance against both this VFM plan and the target:

**Table 2**

<b>VFM PLAN 2009-10</b>	<b>Cash Releasing Savings</b>	<b>Performance Improvement</b>	<b>Total</b>
CSR07 Savings Target £K	3,418	3,428	6,846
VFM Planned Savings £K	4,385	4,399	8,784
Actual Performance £K	4,219	5,484	9,703
% of savings target achieved	123%	160%	142%
% of planned achievement	96%	125%	110%

In total, both the government-set target and the more ambitious targets of the VFM Plan have been exceeded. Performance improvements through achievement of greater outputs, with the same/fewer inputs, were particularly strong. Cash releasing savings were realised from administration, partnership management, business support simplification and identifying additional leverage. These exceeded the target savings set for EEDA although fell slightly short of the level in our VFM Plan. These results are as forecast for the year in quarterly monitoring returns to BIS. Forecasts for the whole three year CSR07 period indicate all targets will be met.

Summary of outputs achieved by programme

Actuals 2009/10 by Programme	Jobs Created	Employment Support (people assisted to get a job)	Business Creation	Business Support (Businesses assisted)	UK Knowledge Base	Brownfield Land (ha)	Public Investment Levered (£)	Private Investment Levered (£)	Skills People assisted
<b>Sustainable Economy</b>	204.5	0.0	3.0	655.0	66.0	0.1	496,217.0	17,208,967.0	248.0
<b>Business Support</b>	5,900.5	179.0	2,103.5	15,118.0	0.0	0.0	776,627.0	633,479.0	3,778.0
<b>Bus Suppt Access to Finance</b>	349.3	0.0	0.0	206.0	18.0	0.0	13,797.0	66,392,682.0	0.0
<b>Bus Suppt Skills</b>	0.0	3,694.0	0.0	1,015.0	0.0	0.0	0.0	110,810.0	2,522.0
<b>Economic Participation</b>	635.9	11,781.0	447.6	1,226.0	27.0	2.8	21,048,293.0	14,232,225.0	26,547.0
<b>P'tnership, Advocacy &amp; Comms</b>	0.0	0.0	0.0	0.0	0.0	0.0	492,377.0	0.0	0.0
<b>Regional Infrastructure</b>	264.9	294.0	17.4	581.0	32.0	46.9	50,188,332.0	36,518,820.0	3,018.0
<b>Science &amp; Innovation</b>	581.1	8.0	55.5	2,737.0	606.0	8.6	24,485,831.0	27,526,860.0	1,958.0
<b>Total</b>	<b>7,936.2</b>	<b>15,956.0</b>	<b>2,627.0</b>	<b>21,538.0</b>	<b>749.0</b>	<b>58.4</b>	<b>97,501,474.0</b>	<b>162,623,843.0</b>	<b>38,071.0</b>
<b>of which - urban</b>	4,652.7	9,584.8	1,459.2	12,892.6	514.0	52.2	76,013,035.9	126,783,027.1	25,742.1
<b>of which - rural</b>	3,283.5	6,371.2	1,167.8	8,645.4	235.1	6.2	21,488,438.1	35,840,815.9	12,328.9
<b>including disadvantaged</b>	571.1	1,404.4	181.3	1,429.9	16.8	9.9	4,410,146.7	7,355,734.9	2,526.3

# Equality & diversity

At a time of economic challenge, we recognise that a workforce with diverse skills is essential to ensure the region remains globally competitive and organisations are able to respond positively and rapidly in the up-turn. Attracting and retaining the best talent and nurturing the potential of staff whatever their background is as important for EEDA as it is for any business. EEDA's Achieving Excellence programme is aimed at driving the organisational changes needed to ensure we are in the best possible position to deliver on our current corporate plan and adapt to changes required for the next corporate plan period.

As part of our journey to achieve excellence, we have undertaken a number of activities to improve our performance. Those with particular relevance to equality include:

- a comprehensive review and impact assessment of our HR policies and practice.
- an independent accessibility review of our office locations at Histon to ensure a welcoming and inclusive environment for both staff and visitors. Priority areas for action identified in the review were implemented during the year.
- a programme of staff training covering four broad areas:
  - awareness-raising induction for all newly recruited staff, to ensure all staff attain a basic level of understanding of equality and diversity issues and the public sector duties.
  - disability confidence training for line managers to raise awareness of the key issues relating to disability and their responsibilities as manager both internal and external to EEDA.
  - Equality Masterclass for key staff building on knowledge and skills previously gained to improve the quality of equality impact assessments undertaken to inform investment and policy decisions, and to equip staff in supporting 3<sup>rd</sup> party organisations delivering on EEDA's behalf.
  - Dignity at work, tackling bullying and harassment in the workplace.

We have worked closely with business support organisations in the region, to extend their reach and deliver appropriate services to people traditionally under-represented in taking up mainstream business support services – e.g. people from minority ethnic backgrounds, women, disabled people and the 50+ age-group. EEDA has led the development of the Regional Business Support Information System (RBSIS), an integrated Customer Relations Management system which is shared with business support organisations in the region. The data available from RBSIS will assist in monitoring the effectiveness of business support and training provision in the region, identifying trends and any gaps requiring action.

As EEDA's Single Equality Scheme Action Plan approached the end of its first year, an internal audit was carried out to assess progress and provide assurance that the priorities in the Scheme's Action Plan have been implemented or remain on track to be achieved within the timeframes set out, identifying any areas for attention or improvement. Initial findings were presented to EEDA's external Equality Advisory Group in March 2010, and the final report and recommendations for action will be presented to EEDA's Audit Committee prior to being published on our website.

The East of England has one of the fastest growing ageing population and an increasing gap between the younger and older working age group. Sectors with an ageing workforce (particularly engineering, logistics, and agriculture) could face a disproportionate level of skills gaps in their labour force as their older workers retire. We continue to work with our public and private sector partners in the region to raise awareness, highlight good practice and promote the business case for the employment of older workers.

## Staff Profile – Ethnicity and Gender

Staff in post at 31 March 2010 by ethnic origin, gender and grade (where there are no employees attributed to certain ethnic groups these groups have been removed for the purposes of this report)

Grade	Students		Technical & Admin		Professional Managerial		Senior Managers		Board Members		Ethnic Origin Total	
	M	F	M	F	M	F	M	F	M	F	No.	% of all
Any Other		1									1	0.4%
Asian or Asian British			1		2						3	1.2%
Bangladeshi				1	1						2	0.8%
Chinese						1					1	0.4%
European				1		2					3	1.2%
Mixed – White & Asian							1				1	0.4%
Not Declared	1	1	1	3		7	3	1	3	2	22	8.8%
Other Black or Black British						1					1	0.4%
White – British	2		9	37	57	57	15	13	6	3	199	79.9%
White – Irish						1					1	0.4%
White - Other			1	2	4	4	2		2		15	6.0%
<b>Gender Total</b>	<b>3</b>	<b>2</b>	<b>12</b>	<b>44</b>	<b>64</b>	<b>73</b>	<b>21</b>	<b>14</b>	<b>11</b>	<b>5</b>	<b>249</b>	<b>100.0%</b>
<b>% TOTAL</b>	<b>1.2%</b>	<b>0.8%</b>	<b>4.8%</b>	<b>17.6%</b>	<b>25.7%</b>	<b>29.3%</b>	<b>8.4%</b>	<b>5.6%</b>	<b>4.4%</b>	<b>2.0%</b>	<b>249</b>	<b>100.0%</b>

Of the 249 employees, 138 were female (55.4%) and 111 were male (44.6%). The overall staff profile broadly reflects the region's demography. However, women at senior management and Board level are under-represented whilst they are over-represented at technical and admin level.

## Staff Profile - Age (including board members)

Age Range	No of Employees		Total	
	Male	Female	No.	%
20 or under	1	1	2	0.8%
21 to 30	11	25	36	14.5%
31 to 40	32	50	82	32.9%
41 to 50	30	33	63	25.3%
51 to 60	32	27	59	23.7%
Over 60	5	2	7	2.8%
<b>Total</b>	<b>111</b>	<b>138</b>	<b>249</b>	<b>100.0%</b>

**Disability** –1.2% of the workforce have declared they are disabled (compared to an estimated 15-18% nationally of working age overall). This figure is therefore not likely to be a true reflection of the actual situation at EEDA and we continue to raise awareness of disability within the organisation to develop staff confidence to self-declare where appropriate.



# Board member biographies

## **Richard Ellis – chair**

Richard was reappointed as chair of the East of England Development Agency for a further three years in December 2006, which has now been extended to March 2010. Richard will step down as Chair on 1<sup>st</sup> April 2010 to concentrate on his growing business interests. For a 6 month term from 1 April 2009, Richard took on the revolving chairmanship of the Regional Development Agency (RDA) network, Chair of Chairs, and lead negotiations with government on behalf of all the English RDAs.

Richard was chief executive of Kettle Foods until 2000 and is managing director of Norfolk Country Cottages. Richard is a chartered management accountant, a trustee of Norwich Theatre Royal, a member of the Regional Council of the Prince's Trust and a director of The Forum Trust.

Richard is the lead chair for the nine English RDAs on rural and sustainable development issues. In this role he represents RDAs and rural partners in work with the Department for Environment, Food and Rural Affairs (Defra).

## **Marco Cereste – deputy chair**

Marco is the chair of a group of private family businesses. The Italian government has awarded him three major honours - in 1990 he was awarded the rank of "Cavaliere" (Italian Knight) and in 2001 he was awarded the rank of "Cavaliere Ufficiale" (Officer Knight) both in the Order of Merit, more recently he was awarded one of Italy's highest honours La Stella Doro Della Soledarieta Italiana, First Class.

He has worked in the NHS for 24 years and is chair of Peterborough NHS. He is founder chair of the NHS Confederation, is a former member of the NHS Executive International Audit Development Group and the NHS Corporate Governance Advisory Panel. He is chair of Peterborough Health Partnership board.

Marco is deputy chair of the Greater Peterborough Partnership, chair of Peterborough Renewable Energy Limited and holds a number of non-executive directorships including Opportunity Peterborough.

Marco is Leader of Peterborough City Council, has held office as chair, treasurer and secretary of the local branch of the Conservative Party and has canvassed on behalf of the party. Marco is chair of EEDA's Resources Committee. He is also co chair of the Europe and International Affairs Panel.

## **Sheila Childerhouse**

Sheila has over 20 years' experience in the NHS, beginning in 1984, as a member of the former Norfolk Family Practitioners Committee.

She was a non-executive director of North West Anglia Health Authority until 1999 and briefly with King's Lynn and Wisbech Hospitals Trust before she became chair of the West Norfolk PCT in 2000. In 2005 Sheila moved across to become chair of the Queen Elizabeth Hospital NHS Trust in King's Lynn and in October 2006 became chair of the new NHS Norfolk.

Sheila was a high school teacher and a district councillor for over 24 years. She is a board member and deputy chair of EEDA. Sheila is chair of EEDA's Strategy Committee and is a member of EEDA's Remuneration and Selection Committee. Sheila is also chair of EEDA's migrant workers' steering group and EEDA's champion for the Economic Participation core product, a member of the EERA Social Inclusion Panel and the Community and Voluntary Forum Eastern Region (COVER). She has a wide breadth of experience within the voluntary and community sector, particularly in urban and rural regeneration, and sits on the board of governors at a local primary school.

Sheila is also a partner in a family farming business.

### **Professor William Pope (takes over as EEDA chair 01 April 2010)**

Will Pope is currently non-executive chairman of the health, safety and environmental businesses IEG Technologies UK Ltd, Cranfield, Bedfordshire, AAR Environmental Ltd, Watford, Hertfordshire, and CEO of Microbial Solutions, Oxford.

He also has his own business developing health, safety and environmental technologies and companies, advising those in the process of developing companies in these and other industrial sectors including communications, media, manufacturing, distribution and retail.

He won an Engineering Excellence Award from Ford Motor Company and an Innovation Award from BAE Systems in 2008, and was also Business Innovation Support Team Person of the year, 2008, for the SPARE Technology Network. In 2009 with Microbial Solutions, he was awarded the M+AW / Oxford Innovation Manufacturing Excellence prize and was a finalist in the Oxford bioscience network "best innovative start-up" class.

He was formerly chief executive officer of Bedford-based Casella Group Limited, a post which he held for ten years from 1995-2005, developing the company into a high level health, safety and environmental consulting company, and a high technology research and development, software and electronics manufacturing and laboratory business, operating with bases in the UK, USA and Europe.

For four consecutive years, between 1998 and 2002, he was a winner of the Deloitte & Touche NatWest "Technology Fast 50" award for the fastest growing business in the East of England. In 2003, Casella became the UK market leader in its field. Prior to Casella, he was executive director of environment worldwide at Inspectorate plc, Witham, Essex (1991-95).

Will was a founder director of The Society for the Environment, incorporated by Royal Charter, became the Society's first Chairman (2001-05), and remains a director today. He is vice president of the charity The Institution of Environmental Sciences, having been a council member and trustee and chairman (1999-2002). He is a former member of the board of the Science Council (2000-2003), and of the DEFRA/DTI Environmental Innovations Advisory Group (2003-2008). A member of SEEDA's MK Enterprise Hub board (2005-2008), he is also a SEEDA Merlin Mentor, and was chairman of the MSc ECSC at the University of the West of England (2004-2008). He has lectured in many countries around the world and has appeared as an expert witness in the High Court and at public enquiry.

Will was chair of EEDA's Audit Committee up to March 2010 and a member of its Remuneration and Selection Committee.

### **Professor Tim Wilson**

Tim Wilson PhD CCMI FRSA is vice chancellor and chief executive of the University of Hertfordshire.

Professor Wilson started his career in heavy industry. After this he pursued a career in academia, including posts at Leeds Metropolitan University, Cranfield University and De Montfort University as well as positions at French and German business schools. He has published widely in his own discipline of Operational Research, in addition to several works in the field of Higher Education Management.

He is a board member of the Higher Education Funding Council for England; he is chairman of UHHoldings Ltd and deputy chair of the CBI Innovation, Science and Technology Committee. He has contributed to many regional and national bodies formulating policy in teacher education, health research and university/business interaction. He is well known internationally as a champion of "business-facing universities" and has many connections with public and private higher education agencies in the Far East.

He was chair of EEDA's Audit Committee up to September 2009 and a member of East of England Science and Industry Council.

Tim retired from the board on 13 December 2009.

### **Peter McCarthy-Ward**

Peter is BT's regional director for the East of England. He is responsible for ensuring BT is alert and responsive to the regional agenda and for maintaining good relationships with key regional opinion formers.

Peter joined BT in 1983 as marketing and product manager for residential apparatus. His responsibilities covered market analysis, product management, development and procurement for BT's range of cordless telephones, answering machines and accessories.

During the 1990s Peter held a range of roles centered on the development of UK regulatory policy, including leading the BT teams responding to regulatory initiatives such as accounting separation, universal service and number portability. Peter was BT's project director for the 1996 retail price control review.

From October 2000 until 2004 Peter was strategy director for BT's retail line of business, where he was responsible for development and communication of the BT retail strategy and for retail pricing. From 2004 to 2008 Peter was BT's director, equivalence, responsible for BT's response to its regulators strategic review and for developing and implementing the undertakings which resulted. Peter retired from his full time role in BT in autumn 2008, but remains BT's Regional Director in the East of England. He also supplies consultancy services to clients including Royal Mail and the Australian Government's Department of Broadband, Communications and the Digital Economy. Peter lectures occasionally at University College, London.

Peter McCarthy-Ward is a member of the CBI Regional Council for the East of England, and also a member of EEDA's Audit Committee and of EEDA's digital partnership. Peter is a graduate of the INSEAD Senior Management Programme. He is married with two adult children.

### **Stuart Evans**

Stuart Evans has been an entrepreneurial business leader in Cambridge since 1983, having been founding CEO at Plastic Logic (2000-06) and Cotag International (1983-98).

In addition to EEDA, his current portfolio includes being a non-executive director of Huntingdon-based Pursuit Dynamics; Chairman of Novacem, a Cleantech spin-out from Imperial College, London; and Chair of Trustees at the Arthur Rank Hospice Charity in Cambridge. Stuart chairs EEDA's Remuneration and Selection Committee and is a member of its Resources Committee.

His professional life has been international from the beginning, with a Harvard MBA and early career with IBM and McKinsey & Co. He has a Cambridge BA/MA; is a Chartered Director of the Institute of Directors; and has been a Technology Pioneer at the World Economic Forum in Davos. Stuart takes a special interest in innovation, enterprise and entrepreneurship from a global perspective.

### **Shona Johnstone**

Shona has been a County Councillor for 17 years.

During that time she has held a wide range of roles in local government in Cambridgeshire, including lead member for environment and transport, the first lead member for children and young people and leader of the council. She led the development of the Cambridgeshire Guided Busway scheme which, when completed, will be the longest in the world. She has also been at the forefront of the campaign to upgrade the A14 in Cambridgeshire, persuading the Department of Transport to make the Cambridge-Huntingdon Multi Modal Study the first of the government's multi-modal studies.

Shona has been a member of the LGA's Regeneration and Transport Board since its inception and regularly contributes to the work of the Board, particularly on sustainable and public transport issues. Her expertise led to invitations to join both the National Cycling Strategy Board and the Board of the Low Carbon Vehicle Partnership. She was also invited to be part of the Quality of Life Commission, set up by David Cameron to develop Conservative policy on transport and climate change. She is also a member of the Commission for Integrated Transport. Shona was a Non Executive Director at Addenbrookes Hospital between 2002 and 2009.

Shona is a member of EEDA's Audit Committee and is EEDA's sustainable development and skills champion. Shona also represents EEDA on the newly formed Transport DIB.

### **Beverly Hurley**

Bev started out in social housing and regeneration in inner city London. Her career then took her to Canada, where she helped pioneer a major change management project for a global gold mine. On returning to the UK, Bev established three successful businesses prior to being appointed chief executive of YTKO, a business consultancy specialising in the commercialisation of innovation and business growth.

She founded the Norfolk Network and Norfolk First, a business angel group, to stimulate greater enterprise and innovation in the county, and leads 'Enterprising Women', now a national community measurably increasing the number, sustainability and growth of women-owned businesses.

Bev is an Enterprise Fellow at the University of East Anglia, a member of the European Centre for Women in Technology, and a Women's Enterprise ambassador. In 2010 she was honoured by the Queens Award for Enterprise Promotion. She sits on EEDA's Strategy Committee and the Science and Industry Council and is a board champion for innovation and enterprise.

## **Paul Burall**

Paul Burall was elected to King's Lynn and West Norfolk Borough Council in 1991 and was leader of the Liberal Democrat Group on the Council until 2005.

He was a member of the East of England Regional Assembly (EERA) from 2001 to 2004 and of the executive committee of the assembly and the Regional Planning Panel from 2003 to 2004. Paul chaired the Liberal Democrat party's Environmental Assessment Group from 1991 until 2006 and chaired the party working group that produced a policy paper on the natural environment that was approved at the Party's 2009 autumn conference. He is a policy council member and former vice chair of the Town and Country Planning Association.

Paul is a freelance writer and lecturer specialising in environmental, design and industrial and management issues. He was a visiting professor in the Faculty of Engineering at the University of Ulster - advising on environmental issues - from 1997 to 1999.

Paul is a member of EEDA's Resources Committee and chairs the Inspire East advisory board.

## **Karen Livingstone**

Karen Livingstone is director of strategic partnerships at the NHS east of England, the region's Strategic Health Authority and an unremunerated company director for Anglian GoWarm a community interest company.

Formerly, she was special advisor to the Secretary of State for Health, Patricia Hewitt and director of communications and marketing at the Chartered Society of Physiotherapy, director of campaigns at the Transport and General Workers' Union and has over 20 years' experience of communications and stakeholder management for trade unions and public sector bodies.

Karen becomes chair of EEDA's Audit Committee from 1<sup>st</sup> April 2010. She is also on the regional women's enterprise steering group and EEDA's equality advisory group.

## **Colin Riordan**

Colin joined the board on 14 December 2009. Colin was appointed Vice-Chancellor of the University of Essex in October 2007. He came to Essex from Newcastle University, where he had been Pro-Vice-Chancellor and Provost of the Faculty of Humanities and Social Sciences since August 2005. Before joining Newcastle University, he taught at the University of Wales, Swansea, and Julius-Maximilians Universität-Würzburg in Germany.

Professor Riordan is a Board member of the East of the Haven Gateway Partnership and of the Equality Challenge Unit. He is chair of the International and European Policy Committee of Universities UK. In 2009 he chaired the Higher Education Funding Council for England's enquiry into teaching quality. He has been Chair of the Board of University Campus Suffolk since February 2009.

A Germanist by academic background, Professor Riordan has published widely on post-war German literature and culture, including editing books on the writers Jurek Becker, Uwe Johnson and Peter Schneider. Other research interests include the history of environmental ideas in German culture.

Professor Riordan sits on EEDA's Audit Committee.

## **Robert Swann**

Robert Swann joined the EEDA board on 1 May 2009.

Robert has had varied roles within early stage technology companies. He is the Chairman of Green Parrot Pictures Ltd, a video processing company; a Non-executive director of Im-Sense Ltd, an image processing company; and Spiral Gateway Ltd, a semiconductor company; Director of N++, a software company; and a board member of Cambridge Angels.

Robert was a co-founder of innovative Cambridge semiconductor company Alphamosaic. Its multimedia products achieved sales of more than 25 million devices worldwide and can be found in mobile phones and media players. It was acquired by Broadcom Corporation and Robert became its senior director with worldwide marketing responsibility for mobile multimedia until 2007.

Robert graduated from Trinity College, Cambridge, in Electrical and Information Sciences and gained a PhD in video processing at Cambridge University Engineering Department. He has also published more than 15 patents. Robert lives in Cambridge.

## **Lord Edward Iveagh**

Edward Iveagh has been chairman of Elveden Farms Ltd since 1992 and has transformed the 22,500 acre Suffolk estate into a multi-faceted, diverse and profitable business.

He is a non-executive director of Burhill Estates, a leading operator of a members-only golfing and land management company that has developed the concept of exclusive pay and play golf courses across England.

Edward is Chairman of Iveagh Ltd a London-based wealth management business and is a founding partner of Capital I, an asset finance vehicle. He is chairman of the Brecks Tourism Partnership and has been involved in a broad range of charitable initiatives including chairman of Chadacre Agricultural Trust and trustee and chairman of the investment committee of East Anglian Air Ambulance.

Edward sits on EEDA's Strategy Committee, is EEDA's Olympic champion and rural lead and is a board member of East of England Tourism.

Between 1996 and 1999 he was an active crossbench member of the House of Lords.

## **Nitin Dahad**

Nitin holds a number of different roles in consulting, high-tech start-ups, publishers, and as a non-executive director/board member in private and public sector organisations.

His experience over the last 25 years spans across Europe, USA, and Asia, working with large semiconductor and electronics companies in the early part of his career and then as a commentator/journalist/publisher on various aspects of international business and entrepreneurship. He currently consults through his corporate marketing and business development firm TechSpark, which works with technology start-ups and high-growth companies in leading edge technologies around the world.

Previously, Nitin has spent time with global firms as well as start-ups, including National Semiconductor, GEC Plessey Semiconductor, Marconi Instruments, Dialog Semiconductor, Frontier Silicon and Jennic. Among the most significant achievements during his career was

that of taking a UK-based start-up, ARC International, first to Silicon Valley and subsequently through to an IPO (initial public offering) on the London Stock Exchange.

In the public sector, Nitin Dahad served on the Board of Governors at the University of Hertfordshire between 2003-2009, where he also sat on the Finance and General Purposes Committee, Scholarships Committee, and chaired the Disciplinary Appeals Panel. He is also involved with charitable and community organisations linked to the state of Rajasthan, India. Additionally, in 1995, he was instrumental in helping establishing a business network for ethnic minority businesses in conjunction with the Hertfordshire Training & Enterprise Council (TEC), now the Business Link.

Nitin is a graduate in electronic engineering from the City University in London, and is a member of the IET. Nitin's roles on the EEDA board include interests in regional innovation, international business and sector lead on the digital agenda for the region. Additional positions include sitting on the boards of Screen East and CIP Technologies.

### **Madeline Russell**

Madeline was first elected to Bedfordshire County Council in June 2001 to represent Biggleswade. Within a year, she had become Cabinet Member for Community Development and became Cabinet Member for Children's Services in December 2003 at a time when children's social care was in special measures. With Children's Services improving fast, she was elected Leader of the Council in May 2005 and led the Council to CPA three stars and improving strongly.

A trained linguist and member of the Chartered Management Institute, Madeline had a career in London working in management in SMEs, latterly in the legal world. She has been involved in a number of voluntary organisations and has been a school governor for 20 years, of which 10 years as Chairman. She has lived in Bedfordshire all her life.

Madeline sits on EEDA's Performance and Resources Committee and on the Regional Strategy Board.





# ACCOUNTS SECTION



## **DIRECTORS' REPORT**

The directors present their Annual Report and Accounts for the year ended 31 March 2010.

### **Principal Activities**

EEDA was established under the provisions of the Regional Development Agencies Act 1998 ('the Act'). It came into existence on 14 December 1998, following Parliamentary approval of the Act and the appointment of board members.

The Agency became fully operational on 1 April 1999 when it was launched with the name EEDA and took over the regional activities of English Partnerships, the Rural Development Commission and the SRB Challenge Fund, formerly administered by the Government Office for the East of England.

EEDA has the following purposes:

- a) to further economic development and regeneration;
- b) to promote business efficiency, investment and competitiveness;
- c) to promote employment;
- d) to enhance the development and application of skills relevant to employment;
- e) to contribute to the achievement of sustainable development in the United Kingdom.

The Agency is a Non Departmental Public Body (NDPB) sponsored by the Department for Business, Innovation and Skills (BIS). The Agency draws up a Corporate Plan every three years to cover a period that coincides with government public expenditure reviews. The current Corporate Plan covers the period 2008-11.

### **Non-Executive Directors (the Board)**

The board members appointed by the Secretary of State for Business, Innovation & Skills include local authority and private sector representatives. The terms of employment and remuneration are set out in the remuneration report. EEDA maintains a Register of Board Members' interests. Members declare their interests to the board in any transaction involving relevant organisations and do not participate in any debate or vote on related matters. The register of interests is available on request from the Executive Director, Communications at the address below.

Board members have corporate responsibility for ensuring that the Agency complies with any statutory or administrative requirements for the use of public funds. Other corporate responsibilities include ensuring provision of the overall strategic direction of the Agency and monitoring performance.

Like others who serve the public, board members are required to follow the seven principles of public life set out by the Nolan Committee. They are also required to follow all procedures set out in the Code of Practice and RDA policies (including Access to Information, Gifts and Hospitality) and not to misuse their position, or any information gained through their position on the Board, for personal gain or political purposes.

Board members during the year are set out on page 62, The Board itself met on 11 occasions during the year. The Board has four sub-committees, Audit, Resources, Strategy and Remuneration & Selection.

### **Executive directors**

The Board has appointed an executive team to manage the activities of the Agency. Individuals who served on the executive team during the year are shown in the Remuneration Report below.

### **Agency and accounting officer responsibilities**

Under Section 14 of the Regional Development Agencies Act 1998, EEDA is required to prepare a Statement of Account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury.

The accounts are prepared on an accruals basis and must give a true and fair view of EEDA's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts EEDA is required to:

- observe the accounts direction issued by the Secretary of State, including relevant accounting and disclosure requirements
- 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
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that EEDA will continue in operation.

The accounting officer for BIS has designated the chief executive as the accounting officer of EEDA. The accounting officer's responsibilities include the propriety and regularity of the public finances and the keeping of proper records, as set out in the NDPB's accounting officer's memorandum issued by HM Treasury.

The accounting officer is also responsible for ensuring that there are appropriate controls over any publication of the financial statements, including the publication of the National Audit Office audit report on the Agency's website and in other electronic forms.

The accounting officer is required to make a disclosure to the auditors such that as far as he/she is aware, there is no relevant audit information of which the Agency's auditors are unaware and that he/she has taken all the steps that ought to have been taken to make him/herself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

### **Management Statement and Financial Memorandum**

The Secretary of State issued EEDA with an Accountability and Financial Framework in October 2008. This sets out the financial guidelines under which EEDA should operate and with which EEDA has complied with in all material respects during the course of 2009/10.

### **Financial Results and Review**

Grant-In-Aid funding from BIS is treated as a financing reserves on the statement of financial position and not as income for the year. This is because the funding is regarded as contributions from a controlling party which gives rise to a financial interest in the residual assets of the agency. As a result, the Net Expenditure Account shows gross expenditure net of income from all other sources.

For 2009/10, net expenditure increased by £2m compared to last year principally due to one-off funding allocations provided as part of the government's fiscal stimulus initiative. Increasing activity in the European Regional Development Fund programme (£13.2m) accounted for the majority of the rise in both gross expenditure and income. In the statement of financial positions, disposal of all remaining investment properties meant non-current asset values fell. Net current assets fell by £12m over the year principally due to changes in timing of grant claims from partners which were accrued for rather than settled prior to 31 March. The value of reserves reflects that not all grant-in-aid claimable by EEDA was received in the year as cash is only drawn monthly on a needs basis.

### **Events after reporting period**

Following the general election on May 6th, the new coalition Government stated an intention to change how regional economic development will be delivered, including the creation of Local Enterprise Partnerships. The Chancellor's Budget Report of June 22nd confirmed that Regional Development Agencies (including EEDA) will be abolished as part of the Public Bodies Bill. A White Paper setting out the detailed proposals will be published later this summer. Although the timetable for abolition is uncertain, it is clear that most of EEDA's functions, though reducing in scale, will continue to be delivered over the following twelve months.

Both EEDA and the sponsor department are seeking to work closely with local government as well as regional business leaders to ensure an orderly transition to the new delivery mechanisms, whatever they may be. Therefore, these accounts have been prepared on a going-concern basis. Any wind-up costs as a result of abolition would need to be estimated at the relevant time in the future. The Board and Directors understand that all such costs would be met from EEDA's resources provided through the sponsor department.

### **Principal Risks and Uncertainties**

The Agency's key risks are set out in its Risk Management Strategy which is published on the website.

## **Special Purpose Entities**

The Agency has received Section 5 (2) consent from the BIS to participate in the following corporate bodies:

- Centre for Integrated Photonics Ltd (CIP Ltd)
- Bedfordshire Consortium Ltd
- Opportunity Peterborough Urban Regeneration Company Ltd
- Renaissance Southend Urban Regeneration Company Ltd
- 1<sup>st</sup> East Urban Regeneration Company Ltd
- Harlow Renaissance Ltd
- Luton Gateway Ltd

## **Pension Costs**

Pension Costs are set out in note 4 to the Financial Statements and the treatment of pension liabilities and the relevant pension scheme details are set out in the Remuneration Report on pages 61 to 68.

## **Employment, Health & Safety and Environment Policies**

### **Health and Safety**

EEDA's Health & Safety policy statement sets out how it will fulfil its health and safety responsibilities. It applies to staff, visitors, contractors and anyone who might be affected by activities related to offices, commercial and industrial properties and projects.

The Health & Safety Committee meets every three months to report on health and safety and to agree and share best practice. All staff can raise matters with their Joint Staff Council Representatives or directly with members of the Committee.

The Committee is chaired by an employee competent in health and safety. The members of the Committee have included representatives from each of the EEDA offices, our co-locating partners occupying EEDA's offices, the Estates Manager, the Senior Office Manager and a representative from EEDA's Joint Staff Council.

### **Employee Information and Consultation**

EEDA aims to be an equal opportunities employer. All job applicants are given full and fair consideration and are judged on the merit of their skills, qualifications and experience in relation to the particular demands of the post.

EEDA seeks to promote and maintain good relations with its staff and considerable emphasis is placed on frequent formal 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 matters of concern. Through this procedure, the management process and by the use of EEDA's intranet, all employees are advised on a regular basis of EEDA's performance.

### **Employment of disabled persons**

The Agency recognises that functional limitations arising from disabled people's impairments do not inevitably restrict their ability to perform effectively in a job. The Agency selects applicants for interview after giving full and fair consideration to their skills and abilities. The Agency will make reasonable adjustments to enable applicants with a disability to perform to the best of their ability throughout the recruitment process.

Should any employees become disabled while employed by the Agency, reasonable adjustments will be made and wherever possible appropriate training will be arranged with a view to continued employment.

### **Sickness absence data**

A total of 1,207 days were lost to sickness absence in the year 2009/10 (1,073 days in 2008/09). which equates to 5.2 days (4.5 days in 2008/09) for each member of staff

### **Green housekeeping**

EEDA has a statutory duty to contribute towards sustainable development. Ensuring that its own environmental performance is based on the principles of sustainability was recognised as a priority in the Regional Economic Strategy. The Agency has a green travel plan which limits CO2 emissions for its leased car fleet. All office power is procured on green tariffs and within the offices there are facilities to recycle a full range of materials including paper, cans and plastic.

### **Service First**

EEDA is committed to the principles of Service First, including those on service standards, customer service, information provision and value for money. The standards adopted by EEDA are based upon best practice and support the concept of continuous improvement of the organisation. Details of the Service First standard can be obtained from the website [www.eeda.org.uk](http://www.eeda.org.uk) or from the Executive Director, Communications at the following address:

East of England Development Agency  
Victory House  
Vision Park  
Chivers Way  
Histon  
Cambridge  
CB24 9ZR

### **Better payment practice code**

EEDA fully supports the Better Payment Practice Code and aims to pay all undisputed invoices within 30 days of receipt and overall to pay at least 90% of all invoices within these terms. In 2009/10, EEDA paid 96% (93% in 2008/09) of all invoices within 30 days of receipt.

In October 2008, the Prime Minister announced that government departments would aim for a 10 day payment target for invoices from small and medium sized enterprises. EEDA is committed to complying with this pledge and aims to pay undisputed SME suppliers' invoices within 10 working days of receipt. In 2009/10, EEDA paid 88 per cent of SME invoices within this target. (From the start of 2009, EEDA paid 87 per cent of SME invoices within this target).

### **Open Government**

EEDA is committed to the principles of Open Government and as part of this a model publication scheme can be found on the EEDA website alongside our compliance with the requirements of the Freedom of Information Act 2002. There were 29 complaints received under Service First criteria and, excluding requests for published information, EEDA received 86 written requests for information under the Freedom of Information Act 2002 during 2009/10 (2008/09 63), all of which were answered within the agreed period for responses.

### **Political and Charitable Donations**

No political or charitable donations were made during the year.

### **Committees**

#### **Performance and Resources Committee**

The committee consider and make recommendations to the Board on performance & resource policy/strategy issues and have some delegated powers to act. The committee's scope includes financial and output performance, best practice and nationally agreed standards, the Value for Money Plan, administrative budget and expenditure, data security and information management, health and safety, and EEDA's Improvement Plan.

The committee met five times during 2009/10 and was chaired by Marco Cereste.

Other members were:

Peter McCarthy-Ward (until February 2010)

Stuart Evans

Paul Burall

Madeline Russell

### **Strategy Committee**

The committee consider the revision of the Regional Economic Strategy and the Agency's Corporate Plan and makes recommendations to the Board and advises the EEDA Board on key issues such as Regional Strategies, Funding Allocations, Independent Performance Review and Improvement Planning, and stakeholder engagement.

The committee met four times during 2009/10 and was chaired by Sheila Childerhouse.

Other members were:

Earl of Iveagh Edward Guinness

Nitin Dahad

Richard Ellis

Bev Hurley (from July 2009)

### **Remuneration and Selection Committee**

The committee approves remuneration, terms and conditions and job description of the Chief Executive and Executive Directors, considers their performance targets and annual performance appraisals, approves their performance related pay recommendations and agrees arrangements for appointments panels to these posts. The committee also agree arrangements for appointments panels for Directorships of subsidiary companies owned by EEDA.

The committee met twice in 2009/10 and was chaired by Richard Ellis (until December 2009). Stuart Evans took over the chair from December 2009.

Other members were:

William Pope

Sheila Childerhouse

Madeline Russell (from August 2009)

### **Audit Committee**

The committee considers and reviews a wide range of assurance reports on behalf of the Board. The scope includes the risk management process, the annual audit plan, follow-up to all internal audit reports, review of EEDA's statement of internal control systems, the annual Management Letter from the Comptroller and Auditor General, the Code of Conduct, corporate governance requirements for the organisation, the procurement framework and practice and the complaints procedure.

The committee met four times during 2009/10 and was chaired by Tim Wilson until September 2009 and then by William Pope until March 2010.

Other members were:

Karen Livingstone (Chair from March 2010)

Shona Johnstone

Bev Hurley (until June 2009)

Robert Swann (from June 2009)

Colin Riordan (from January 2010)

Peter McCarthy-Ward (from March 2010)

Full terms of reference for all the committees are available on EEDA's website.

### **Audit Services**

The Comptroller and Auditor General is appointed by statute to audit the East of England Development Agency, and reports to Parliament on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The following costs have been incurred in relation to services provided by the Comptroller and Auditor General:

Statutory Audit Services (including IFRS restatement) £ 65K

Independent Supplementary Review £ 77K

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.

## REMUNERATION REPORT

This report, for the year ended 31 March 2010, deals with the remuneration of the chair, chief executive, board members and Executive Directors who have influence over the decision of the Agency as a whole.

### Remuneration Committee

The remuneration of Board Members is set by the Secretary of State and is reviewed every year by the BIS in line with the recommendations of the Senior Salaries Review Board.

The Remuneration Committee met during the course of the year to consider the remuneration of the chief executive officer (CEO) and to advise the CEO on directors' remuneration. The members of this Committee are shown on the previous page.

The responsibilities of the Committee include:

- approval to the remuneration, terms and conditions and job description of the chief executive and directors
- considering the performance targets and outcomes of the annual performance appraisal of the chief executive and directors
- sitting as a panel for the appointment of the chief executive
- agreeing arrangements for appropriate panels for director level jobs

### Remuneration Policy

The Remuneration Committee intends that the remuneration of the chief executive and executive directors, both in terms of base salary and total package, should be competitive taking into account the individual's performance, experience and the role fulfilled. This is designed to promote the Agency's short and long-term success by securing high calibre executives. For the chief executive, basic salary on recruitment is determined by national guidelines based on the Senior Salaries Review Board which recommend the chief executive's salary scale. The Committee will determine final levels of remuneration within this scale taking account of experience, responsibilities and achievement of agreed performance criteria. A pay award of 2.3% was agreed with effect from 1 April 2010 for RDA chief executives. Non-consolidated performance pay for the chief executive can be up to a maximum of 20 per cent of salary and is based on achievement of performance objectives agreed by the board and GO-East. Consolidated increases up the salary scale are also performance related.

For other staff, a total pay award package of 2.0% including basic pay revalorisation and incremental progression was agreed with effect from 1 July 2009. The Agency maintains a performance related bonus scheme. The Agency believes that this is a suitable way of promoting continued excellence by combining required targets with appropriate rewards. Performance related incentives are structured to offer a suitable level of remuneration for exceptional performance by an executive.

The level of bonus (up to 10 per cent of salary) is dictated by the extent to which a set of defined performance measures are met or surpassed, both by individuals and by the Agency as a whole. The performance measures for senior managers, excluding chief executive, for the year ending 31 March 2010 covered the following areas, identified as key to enhancing the performance of the Agency:

- overall score achieved against EEDA's Balanced Scorecard targets
- personal targets specific to the post-holder.

### Service Contracts

Board members have been appointed on fixed term contracts of three years and are contracted to carry out two days work per month (three days per week for chair and one day per week for Deputy Chair) on behalf of EEDA. They can be re-appointed on fixed term contracts up to a maximum of ten years. Board Members' appointments are made in accordance with the Commission of Public Appointments code by the Secretary of State.

There is no provision in place for the early termination of Board Member contracts.

## Audited part of the Remuneration Report

	Date of Appointment	Expiry of Tenure	Salary 2009/2010 £	Salary 2008/2009 £
Richard Ellis (chair)	14/12/2003	31/03/2010	81,718	80,510
Paul Burall	14/12/2004	13/12/2010	8,666	8,538
Stephen Castle	14/12/2002	13/12/2008	-	5,990
Marco Cereste (Deputy Chair)	14/12/2001	13/12/2010	17,332	14,081
Sheila Childerhouse (Deputy Chair)	14/12/2004	13/12/2010	17,332	14,081
Nitin Dahad	14/12/2008	13/12/2011	8,666	2,548
Stuart Evans	14/12/2007	13/12/2010	8,666	8,538
Earl of Iveagh Edward Guinness	19/03/2007	21/03/2010	8,666	8,538
Beverly Hurley	14/12/2007	13/12/2010	8,666	8,538
Shona Johnstone	14/12/2008	13/12/2011	8,666	2,548
George Kieffer	14/12/2002	13/12/2008	-	11,981
Karen Livingstone	14/12/2003	13/12/2010	8,666	8,538
Peter McCarthy-Ward	14/12/2006	13/12/2012	8,666	8,538
William Pope (Chair Designate from 01 February 2010)	14/12/2006	31/01/2013	20,841	8,538
Professor Colin Riordan	14/12/2009	13/12/2012	2,586	-
Bryony Rudkin	14/11/2002	13/12/2008	-	5,990
Madeline Russell	14/12/2008	13/12/2011	8,666	2,548
John Snyder	14/12/2003	13/12/2008	-	5,990
Robert Swann	01/05/2009	13/12/2011	7,944	-
Tim Wilson	14/12/2003	13/12/2009	6,080	8,538

Richard Ellis resigned as Chair with effect from 31 March 2010 to be succeeded by William Pope. William was a director of CIP Ltd throughout the financial year but resigned from this post in April 2010 on taking up his appointment as Chair of EEDA. Nitin Dahad has taken over from William as a director of CIP Ltd.

During the year, the Agency paid expenses of £2,485 to Ken Barnes as a co-opted member of the Audit Committee.

### Pension benefits of board members

With the approval of the BIS, pension schemes have been put in place for the present and former Chair with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which are funded directly by the Agency. The Agency is not permitted to pay these contributions to a personal pension scheme or other pension plan provider. On retirement, payment of the Chair's pension will be the responsibility of the Agency, underwritten by the BIS. No other Board Members are eligible for pension contributions, performance related pay or any other taxable benefit as a result of employment with the Agency.

Name	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/03/10 and related lump sum	CETV at 31/03/09	CETV at 31/03/10	Employee contributions and transfers in 2010	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000
Richard Ellis	1	7	100	132	3	24
	-	-				
William Pope	-	-	-	4	-	4

This by-analogy arrangement shadows the benefits provided under the premium option of the Principal Civil Service Pension Scheme. A full actuarial valuation was carried out as at 31 March 2010 by a qualified independent actuary. The major assumptions of the actuary were:



## By-Analogy Pension Scheme

	Value as at 31 March 2010	Value as at 31 March 2009	Value as at 31 March 2008	Value as at 31 March 2007
	£'000	£'000	£'000	£'000
<b>Present value of scheme liabilities</b>				
Liability in respect of:				
Active members	7	148	109	87
Current pensioners	238	47	-	-
<b>Total present value of scheme liabilities</b>	<b>245</b>	<b>195</b>	<b>109</b>	<b>87</b>

## Financial Assumptions

	31/03/2010	31/03/2009
The inflation assumptions	2.75%	2.75%
The rate of increase in salaries	4.29%	4.29%
The rate of increase for pensions in payment and deferred pensions	2.75%	2.75%
The rate used to discount scheme liabilities	6.04%	6.04%

## Analysis of movement in scheme liability

	Value as at 31 March 2010 £'000	Value as at 31 March 2009 £'000
Scheme liability at the beginning of year	195	109
Movements in the year:		
Current service cost (net of employee contribution)	31	23
Interest cost	13	6
Employee contributions	3	3
Actuarial loss/(gain)	6	57
Benefits paid	(3)	(3)
<b>Scheme liability at the end of year</b>	<b>245</b>	<b>195</b>

## Expenses to be recognised in profit or loss

	2009/10 £'000	2008/09 £'000
Current Service Cost (net of employee contributions)	31	23
Interest cost	13	6
<b>Total Expenses/(Income)</b>	<b>44</b>	<b>29</b>

## Actuarial gains/losses to be recognised in the Statement of net expenditure account

	Year Ending 31/03/2010	Year Ending 31/03/2009
Experience loss/(gain) arising on the scheme liabilities	(36)	54
Changes in assumptions underlying the present value of the scheme liabilities	42	3
<b>Total actuarial loss/(gain)</b>	<b>6</b>	<b>57</b>

Cumulative total actuarial loss/(gains)

- -

<b>History of experience gains and losses</b>	<b>Value as at 31 March 2010</b>	<b>Value as at 31 March 2009</b>	<b>Value as at 31 March 2008</b>	<b>Value as at 31 March 2007</b>
Experience loss/(gain) arising on the scheme liabilities				
Amount £'000	(36)	54	1	-
Percentage of scheme liabilities at the end of year	(14.6%)	27.50%	0.9%	-
Estimate of contributions expected to be paid into the scheme over the year 1 April 2010 to 31 March 2011				
Employer contribution	23			
Employee contribution	3			

## Emoluments of Chief Executive and Directors

### Remuneration details

	Salary £'000	Bonus/ PRP £'000	Other Benefits £'000	Pension Contribution £'000	Total 2009-2010 £'000	Total 2008-2009 £'000
Deborah Cadman <i>chief executive</i>	141	14	3	34	192	131
Peter Watson <i>executive director, corporate services and deputy chief executive (until 31 October 2009)</i>	51	6	3	12	72	139
David Hipple <i>executive director, corporate services (from 1 September 2009)</i>	59	-	1	14	74	-
Rachel Bosworth <i>executive director, communications &amp; external relations (and deputy chief executive from 1 November 2009)</i>	86	5	2	19	112	128
Steve Cox <i>executive director, spatial economy</i>	97	5	9	22	133	129
Alison Webster <i>executive director, enterprise and skills</i>	94	4	1	21	120	111
Jamie Merrick <i>executive director, strategy and Intelligence</i>	81	5	3	19	108	52
Paul May <i>executive director, innovation</i>	101	0	2	25	128	21
David Marlow <i>chief executive (until 16 July 2008) and advisor (until 31 October 2008)</i>	-	-	-	-	-	129

Deborah Cadman and Jamie Merrick took up their posts during 2008/09 which is therefore reflected in their remuneration for that year.

The Business Interests of the chief executive and executive directors are included in note 23 Related Party Transactions on page 102.

The chief executive and other senior level staff are appointed on permanent contracts of employment which can be terminated by giving 3 months written notice to EEDA.

For the chief executive and senior management team, early termination, other than for misconduct or on the grounds of capability, will be under the terms of the PCSPS. The terms of the scheme come under the terms of the Civil Service Compensation Scheme. All are members of the Principal Civil Service Pension Scheme.

### Benefits in kind

Additional benefits include the use of company cars and the payment of an essential car user allowance.

### Non-cash remuneration

There were no forms of non cash remuneration made in the year except for the benefits in kind of senior managers disclosed above.

### Compensation paid, significant awards to former senior managers

There were no significant awards or compensation paid to former senior managers in the agency in this financial year. The subsidiary made a compensation payment for early retirement to one director (see note 4).

### Amounts payable to third party for services as a senior manager

The position of Executive Director, Corporate Services was covered on an interim basis for the period to 31 July 2009 at a cost of £56,197.

### Details of fixed term contracts

Apart from the board members detailed earlier, there are no senior managers appointed on fixed term contracts.

### Pension entitlement details

Name	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/03/10 and related lump sum	CETV at 31/03/09	CETV at 31/03/10	Employee contributions and transfers in 2010	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000
Deborah Cadman	3 -	6 -	25 -	62 -	4 -	31 -
Peter Watson (see note below)	3 -	66 -	1,098 -	1,199 -	2 -	52 -
David Hipple	1 -	1 -	- -	18 -	2 -	16 -
Rachel Bosworth	2 5	14 41	186 -	224 -	1 -	26 -
Steve Cox	1 4	26 79	353 -	395 -	1 -	17 -
Alison Webster	3 3	29 72	442 -	523 -	3 -	48 -
Jamie Merrick	2 5	11 33	104 -	130 -	1 -	18 -
Paul May	2 -	3 -	5 -	34 -	4 -	25 -

Note: Peter Watson's figure in the column CETV at 31/3/10 is actually the value at his date of departure being 31 October 2009.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

The columns "CETV at 31/03/09" and "CETV at 31/03/10" of the above table show the member's cash equivalent transfer value accrued at the beginning and the end of the reporting period. The final column reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and 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. The factors used to calculate the CETV were revised on 1 April 2005 on the advice of the scheme actuary.

## Pension schemes

EEDA employees are members of one of the following schemes

### Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but EEDA is unable to identify its share of the underlying assets and liabilities. It is therefore not possible to apply the requirements of IAS19 in these circumstances. A full actuarial valuation was carried out 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 2009/10, employers' contributions of £1.8 million were payable to the PCSPS (2008/09 £1.6 million) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. Rates will reduce from April 2009 to within the range 16.7% to 24.3%. Employer contributions are to be reviewed every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 30 July 2007, civil servants may be in one of four statutory based final salary defined benefit scheme (classic, premium, classic plus and nuvos). The scheme they are in is dependant on the date they joined EEDA. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality money purchase stakeholder based arrangement with a significant employer contribution (Partnership Pension Account).

#### **Classic Scheme**

Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

#### **Premium Scheme**

Benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80<sup>ths</sup> of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8<sup>ths</sup> of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

#### **Classic Plus Scheme**

This is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

#### **Nuvos**

On 30 July 2007 the government introduced a new pension scheme called nuvos for new entrants to the Civil Service. Under this scheme benefits accrue at the rate of 2.3% of pensionable earnings for each year of service with the amount increasing by RPI every April. Members will pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 37.5% of the member's pension to date. Children's pension are payable to members' children and any other dependent children up to the age of 18 or up to the age of 23 if they are in full time education. On death in service the scheme pays a lump sum benefit of twice pensionable earnings.

#### **Partnership Pension Account**

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the

employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

### **Homes and Communities Agency Pension Scheme**

The Homes and Communities Agency Pension Scheme is a multi-employer defined benefit scheme but EEDA is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and more details can be found in the separate scheme statement of the Homes and Communities Agency Pension Scheme. For 2009/10, normal employer contributions of £5,361 were payable to Homes and Communities Agency Pension Scheme (2008/09 £11,510) at the rate of 23.4% of pensionable pay. It has been agreed that contributions will be reviewed on an annual basis, although the Actuary conducts a full review of the fund every three years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

### **CIP Ltd Pension Scheme**

The CIP pension scheme is a group personal pension arrangement. The charges are based on stakeholder pension charges where the provider's own funds are used. The scheme has not imposed the recent increases allowed to stakeholder pensions by the government. There is access to external fund managers. The employer contribution is 3% and this is matched by an employee contribution of 3%, of basic salary. Employees may make additional voluntary contributions within HMRC limits, either as regular monthly or single contributions. Joining the pension scheme is on three months service.

Signed: 08 July 2010

William Pope Chair

Signed: 08 July 2010

Deborah Cadman Chief Executive and Accounting Officer

## **STATEMENT ON INTERNAL CONTROL 2009/10**

### **Scope of responsibility**

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

I also share responsibility with the Board for ensuring that EEDA continues to operate within the framework specified by the Secretary of State and set out in EEDA's Accountability and Financial Framework.

### **The purpose of the system of internal control**

EEDA's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve EEDA's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. EEDA's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of EEDA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in EEDA for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

As the region's RDA, I recognise that EEDA is in a unique position in our relationship with private enterprise and public accountability. Calculated risk taking to achieve our desired outcomes is fundamental to our way of working. At the same time we are a public body, accountable to Parliament and our regional stakeholders, and operating in a governance framework set and monitored by the Treasury and our sponsoring Department. This requires us to comply with high standards in legal and financial matters, and to be able to account for all our decisions and actions.

### **Leadership**

The Agency has a Risk Management Strategy which sets out my overall responsibilities and a recommended approach to risk management. This document also sets out the roles of Executive Directors, Heads of Service and Managers for managing risk on a day to day basis.

At an Executive level, the Chief Executive's Team has the responsibility for ensuring that the risk management framework is effective and operating in practice. The Chief Executive's Team is responsible for assigning a risk owner at the level of Executive Director for each corporate risk and for keeping the risk profile of the Agency under review. Oversight of the risk management process is provided by the Audit Committee through the review of EEDA's Risk Management Strategy and periodic review of the Agency's risk management arrangements to ensure they are effective.

To achieve a robust framework, the Agency has integrated risk management processes into our core Programme and project management processes. By providing guidance, training and equipping our staff to deal effectively and efficiently with their every day duties, the key risks we face as an Agency can be effectively managed.

### **Training and development**

Heads of Service and Managers have access to the Risk Management Strategy and receive guidance and support on risk management from the Governance Team.

Staff also receive training during the year on the core areas of management and control for which they are responsible to ensure that they are equipped to manage risk. For example, project appraisal and management training ensures that staff are fully aware of the Agency's processes and risk management arrangements regarding the award of grant funding. Training has also been provided during the year on information security and this forms part of the induction process for all new members of staff.

### **Engagement with stakeholders**

A significant amount of the work of the Agency is delivered through partnership arrangements or by third party organisations. We also worked with a number of Local Delivery Vehicles and Local Authorities for the delivery of

sub-regional activity. All such arrangements are underpinned by formal contractual agreements, which set out respective roles and responsibilities as well as conditions of funding.

Teams across the Agency are kept informed of the risks facing key partners through attendance at meetings with partners and regular review of finance and performance reports. Where necessary we also support our partners in the development of their systems, controls, processes and assurance frameworks.

### **The risk and control framework**

EEDA's consideration of risk is embedded in policymaking, planning and delivery by evaluation of risk by the Executive in establishing strategy and in managing operational activities.

The Audit Committee and EEDA Board contribute to the risk management process using their wide experience of many types of organisations. The aim is to exploit their experience and to build on good practice. Decisions on significant projects and activities are made either by the Chief Executive's Team or the EEDA Board, depending on the scale and nature of the project or activity. The risk appetite of the Agency is to be risk aware rather than risk averse and this is factored into decision making processes. In particular our decision as to whether to tolerate a residual risk score or apply further control is driven by the Agency's risk appetite. The make-up of the Board and the Chief Executive's Team allows for the varying views on the level of associated risks to be identified and considered.

### **Corporate level arrangements**

EEDA undertakes an annual risk management review in which Board members and the Chief Executive's Team play a key role. As part of the review a corporate risk register is produced to document identified risks. Each risk is evaluated and prioritised based on the impact and the likelihood of the risk occurring. A risk owner is assigned to each risk, who is responsible for developing the underlying risk management plan and carrying out periodic review of the risk profile to ensure that key mitigating controls and actions continue to be in place. The corporate risk registers and top tier risk management plans are approved by the Chief Executive's Team and formally reviewed 6 monthly.

Risk management plans are required to include the mitigating controls already in place to manage risks as well as the actions to be taken to further reduce risks, as far as possible, to the desired level.

Risk management plans identify the residual risk status of each risk, the review arrangements and require sources of assurance to be identified to evidence the residual risk. Sources of assurance are available to demonstrate that the Agency's key risks have been effectively managed throughout the year, although it has been recognised that sources of assurance are not always explicitly recorded on risk management plans and therefore any gaps in assurance may not be highlighted as part of the review process.

### **Directorate level arrangements**

The process for documenting and reviewing Programme and project level risks varies across Directorates to reflect different structures and activities, although in most cases more detailed risk registers are maintained to record local risks. Those risks which are not identified in corporate risk registers are documented in Programme or Directorate Service Plans and specific project risks are documented as part of the project's business case. It has been recognised that the Programme Boards and the Major Projects Group could play a more formal role in reviewing Programme and project risk registers.

The key risks for the Agency in 2009/10 included:

- Funding restrictions and uncertainty impact upon the ability of EEDA to meet its objectives;
- EEDA is unable to achieve a 'Strong' performance rating in the Independent Supplementary Review (ISR);  
and
- Increased scrutiny or investigation, which may impact adversely on EEDA's reputation.

These risks have been monitored throughout the year using the mechanisms described above, and effectively controlled by the processes detailed below.



## **Control of Risks**

There are a number of key business processes in place which support the framework of internal control. The Agency's key business processes include:

- Financial Planning – Budgets are set at the beginning of the financial year based on funding availability and objectives. Budgets are approved by the CET and the Board. Budgets are reviewed on a monthly basis, including explanations for significant variances. Budgets are also reforecast during the year to reallocate resources where appropriate.
- Financial Control – Robust arrangements are in place to ensure compliance with the Accountability and Financial Framework. All expenditure must be approved within agreed delegated authorities and arrangements are in place to ensure a segregation of duties between staff processing transactions and staff approving or reviewing transactions.
- Project Appraisal and Monitoring – Standardised project management arrangements are in place to ensure that all projects are appraised and monitored in accordance with guidance provided by BIS (GRADE), the Rural Payments Agency or the European Commission. All projects are appraised against a consistent set of criteria and must be approved in line with agreed delegated authorities. There is a clear segregation between each stage of the project management process. For example, a staff member appraising a project is not involved in contract development.
- Impact Evaluation - The Agency has an IEF+ compliant evaluation schedule for the period 2008-11 and lessons learned inform, programme and project design and delivery, and the strategic allocation of investment.
- Procurement – Non-grant funded activities are subject to the Agency's procurement arrangements and formal processes are in place which all staff must follow. There are clearly defined thresholds above which quotes are obtained or providers invited to formally tender to ensure that value for money can be properly considered. Consistent methodologies are also in place for the assessment of tenders and decisions are required to be clearly documented and approved within agreed delegated authorities.
- External Communications – There is a clearly documented framework for dealing with the release of external communications, such as Freedom of Information Act requests, press responses and website updates, all of which must be approved within agreed delegated authorities.
- Scenario Planning – Many of our risks relate the impact of changes in government policy and in order to effectively manage the effect on the Agency we undertake detailed scenario planning to consider the impact of various outcomes. This gives us an insight into the Agency's preparedness for reacting to policy or budget changes.

Underpinning all of these business processes are documented policies, procedures, protocols and delegated authorities made available to all staff via the intranet.

## **Information Security**

EEDA has recognised the need for robust Information management systems and security over the data held on the Agency's IT systems. The consideration of information risks is an integral part of the EEDA's risk management framework.

An Executive Director has been assigned as the Agency's Senior Information Risk Owner (SIRO), Information Asset Owners have been identified and have carried out information risk assessments, and an Information Security Leaders Group has been established. As part of its response to information risk, the Agency now has the Information Security Management Standard ISO27001 accreditation. A Business Continuity Plan is in place incorporating the critical areas of the business.

The Senior Information Risk Owner has confirmed that an Annual Assessment of Information Risk has been completed satisfactorily and that the Statement of Internal Control can be approved.

## **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the views of the Audit Committee, the work of the Internal Auditors, the assurances from Executive Directors who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports.

## **Assurance mechanisms**

The Agency has an Audit Committee which has met regularly throughout 2009/10 and considered reports from Internal and External Audit on the system of internal control, risk management and governance. Executive Directors and Heads of Service are challenged by the Committee where internal control issues are identified and progress on the implementation of recommendations is reported at each meeting. The Audit Committee has not raised any specific internal control issues.

In line with best practice, the Audit Committee has completed a self-assessment of its effectiveness during 2009/10, which confirmed that the Committee is fulfilling its duties in relation to the oversight of internal control, governance and risk management.

The Agency has a Governance Team, who provides assurance to me over the governance and risk management arrangements and on compliance with internal controls. The Governance Team agrees an Internal Audit Plan at the beginning of the year and reports the findings of individual reviews to relevant Executive Directors and the Audit Committee. The Governance Team complies with Government Internal Audit Standards (GIAS) and produces an Annual Report which summarises the Internal Audit work completed during the year and provides an overall opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes. For 2009/10 the opinion provided by the Head of Internal Audit was that: *The Agency's internal control framework is generally adequate to enable EEDA to meet its key business objectives, identify and correct most significant issues identified and generally manage its significant risks effectively.*

The National Audit Office (NAO), as our external auditors, provide an opinion on our annual financial statements and report to us any significant control issues in their Management Letter. The NAO has not raised any significant internal control issues during 2009/10.

Each of EEDA's Executive Directors has assessed the control environment operating with their Directorate and produced their own statement of assurance which set out the risk management arrangements that have operated throughout the year, confirm that these arrangements have been operating effectively and identify any areas for improvements and control issues in their area.

There are a number of other assurances mechanisms in place which inform me of how well the Agency is managing risk, these include:

- A Balanced Scorecard that is updated daily and reported quarterly to the Board and Performance and Resources Committee. This monitors performance in relation to regional economic outcomes, spend, outputs, Strategic Added Value and other key metrics.
- Review of management accounts on a monthly basis, with escalation monthly to the Chief Executives Team and quarterly to the Performance & Resources Committee.
- Stakeholder feedback.
- Impact Evaluation.
- Customer satisfaction surveys.
- Internal communication surveys.
- Periodic external audits and inspections (e.g. Independent Supplementary Review).

The outcome of these assurances has demonstrated that in general EEDA has maintained a sound system of internal control, although the following area for development was identified:

- Risk management process – Although risk management is embedded within the culture of the Agency and all corporate risks are documented and regularly challenged and reviewed, I recognise that arrangements need to be continually improved to ensure that we can demonstrate accountability and transparency. During 2010/11 risk management arrangements will be further developed to ensure that sources of assurance (including the results of these assurances) are documented on risk management plans. This will ensure that any gaps in assurance or gaps in control are flagged as part of the review process. There will also be clearer lines of reporting for Programme and project risks to the Programme Boards and Major Projects Group.
- Achieving excellence programme - I recognise that improved systems, processes and changes to our organisational culture are required to drive further improvement in our performance and outcomes. The existing achieving excellence programme will be used to drive forward further improvements in these areas.

### **Significant Internal Control Issues**

I have not been made aware of any significant internal control issues via any of the assurance mechanisms detailed above. Notwithstanding the area for development that we have recognised, as Accounting Officer I am satisfied with EEDA's internal control, risk management and governance arrangements.

Deborah Cadman  
Chief Executive and Accounting Officer  
East of England Development Agency

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE EAST OF ENGLAND DEVELOPMENT AGENCY**

I certify that I have audited the financial statements of the East of England Development Agency for the year ended 31 March 2010 under the Regional Development Agencies Act 1998. These comprise the group Net Expenditure Account, the parent and group Statement of Financial Position, the parent and group Statement of Cash Flows, the parent and group 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 Chief Executive/Accounting Officer and auditor**

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive as 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 the financial statements in accordance with applicable law and 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 East of England Development Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the East of England Development Agency; and the overall presentation of the financial statements.

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

### **Opinion on Regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the East of England's Development Agency's affairs as at 31 March 2010 and of its group net expenditure, parent and group changes in taxpayers' equity and parent and group cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions issued thereunder by the Secretary of State.

### **Emphasis of Matter – Going Concern**

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 22 to the financial statements concerning the application of the going concern principle. This is in light of the Government's announcement in the June 2010 budget that it intends to abolish the Regional Development Agencies through the Public Bodies Bill, and that it will issue a White Paper in summer 2010 setting out details of these proposals. These circumstances indicate the existence of a material uncertainty which may cast doubt upon the ability of the East of England Development Agency to continue as a going concern. The financial statements do not include the adjustments that would result if the East of England Development Agency was unable to continue as a going concern.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions issued by the Secretary of State under the Regional Development Agencies Act 1998; and
- the information given in the Director's Report for the financial year 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP*

*Date*

## Net Expenditure Account

For the year ended 31 March 2010

	Notes	2009-2010 £'000	2008-2009 £'000
<b>Expenditure</b>			
Programme expenditure	3	(136,680)	(114,730)
Staff Costs	4	(15,727)	(14,868)
Depreciation	7/8	(1,388)	(1,287)
Book value of Investment sold	9	(2,315)	-
Other expenditure	5	(5,887)	(13,367)
		<u>(161,997)</u>	<u>(144,252)</u>
<b>Income</b>			
European funding	6	17,673	2,069
Self-generated income	6	7,420	9,730
Other Income	6	3,502	1,216
<b>Total income</b>		<u>28,595</u>	<u>13,015</u>
<b>Net Expenditure</b>		<b>(133,402)</b>	<b>(131,237)</b>
Cost of Capital		241	(181)
Interest receivable	6	82	824
<b>Net expenditure after cost of Capital Charge and Interest</b>		<b>(133,079)</b>	<b>(130,594)</b>
Taxation		(32)	234
<b>Net expenditure after tax</b>		<u>(133,111)</u>	<u>(130,360)</u>
Reversal of notional cost of capital		(241)	181
<b>Net expenditure taken to reserve</b>		<u>(133,352)</u>	<u>(130,179)</u>

All activities are from continuing operations

Net expenditure is financed by Grant-in Aid as explained in the accounting policy note

The notes on pages 81 to 104 form part of these accounts.

## Consolidated Statement of Financial Position

As at 31 March 2010

	Note	Group 31/03/2010	Group 31/03/2009	Group 01/04/2008
<b>Non-current assets</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intangible Asset	7	991	1,003	2,391
Property, Plant and Equipment	8	3,046	2,976	2,534
Other financial asset	9	223	221	248
Investment Asset		-	-	-
Assets classified as held for sale		-	2,315	2,490
<b>Total non-current assets</b>		<b>4,260</b>	<b>6,515</b>	<b>7,663</b>
<b>Current assets:</b>				
Inventories	11	11,889	11,769	20,346
Trade and other receivables	12	19,540	4,272	5,853
Cash and cash equivalents	13	19,212	18,361	20,422
<b>Total current assets</b>		<b>50,641</b>	<b>34,402</b>	<b>46,621</b>
<b>Total Assets</b>		<b>54,901</b>	<b>40,917</b>	<b>54,284</b>
<b>Current liabilities</b>				
Trade and other payables	14	67,139	38,728	41,681
<b>Total current liabilities</b>		<b>67,139</b>	<b>38,728</b>	<b>41,681</b>
<b>Non-current assets plus/less net Current assets liabilities</b>		<b>(12,238)</b>	<b>2,189</b>	<b>12,603</b>
<b>Non-current liabilities</b>				
Provisions	15	2,112	2,743	3,031
<b>Total non-current liabilities</b>		<b>2,112</b>	<b>2,743</b>	<b>3,031</b>
<b>Assets less liabilities</b>		<b>(14,350)</b>	<b>(554)</b>	<b>9,572</b>
<b>Reserves</b>				
Grant-in-Aid Reserve		(14,950)	(2,427)	(906)
Revaluation Reserve		1,507	2,105	9,593
General Reserve		(907)	(232)	885
		<b>(14,350)</b>	<b>(554)</b>	<b>9,572</b>

Approved by the Board on

Deborah Cadman  
Chief Executive and Accounting Officer

William Pope  
Chair

# Agency Statement of Financial Position

as at 31 March 2010

	Note	Agency 31/03/2010	Agency 31/03/2009	Agency 01/04/2008
<b>Non-current assets</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intangible Asset	7	991	1,003	1,187
Property, Plant and Equipment	8	1,225	934	780
Other financial asset	9	223	221	248
Investment Asset		-	-	-
Assets classified as held for sale		-	2,315	2,490
Investment in Subsidiary	21	(662)	(444)	587
<b>Total non-current assets</b>		<b>1,777</b>	<b>4,029</b>	<b>5,292</b>
<b>Current assets:</b>				
Inventories	11	11,315	11,219	19,765
Trade and other receivables	12	20,852	5,059	5,468
Cash and cash equivalents	13	19,112	18,356	20,172
<b>Total current assets</b>		<b>51,279</b>	<b>34,634</b>	<b>45,405</b>
<b>Total Assets</b>		<b>53,056</b>	<b>38,663</b>	<b>50,697</b>
<b>Current liabilities</b>				
Trade and other payables	14	66,320	38,314	40,583
<b>Total current liabilities</b>		<b>66,320</b>	<b>38,314</b>	<b>40,583</b>
<b>Non-current assets plus/less net Current assets liabilities</b>		<b>(13,264)</b>	<b>349</b>	<b>10,114</b>
<b>Non-current liabilities</b>				
Provisions	15	1,086	903	542
<b>Total non-current liabilities</b>		<b>1,086</b>	<b>903</b>	<b>542</b>
<b>Assets less liabilities</b>		<b>(14,350)</b>	<b>(554)</b>	<b>9,572</b>
<b>Reserves</b>				
Grant-in-Aid Reserve		(14,950)	(2,427)	(906)
Revaluation Reserve		1,507	2,105	9,593
General Reserve		(907)	(232)	885
		<b>(14,350)</b>	<b>(554)</b>	<b>9,572</b>

Approved by the Board on

..... Deborah Cadman  
 Chief Executive and Accounting Officer  
 ..... William Pope  
 Chair

The notes on pages 81 to 104 form part of these accounts



**Statement of Cash Flows**  
for the year ended 31 March 2010

	Note	Group 2009-2010 £'000	Group 2008-2009 £'000	Agency 2009-2010 £'000	Agency 2008-2009 £'000
<b>Cash flows from operating activities</b>					
Net deficit after cost of capital and interest		(133,079)	(130,594)	(132,595)	(130,178)
Adjustments for cost of capital charge		(241)	181	(241)	181
(Increase)/Decrease in trade and other receivables		(16,318)	1,581	(15,793)	409
less movements in receivables relating to items not passing through the Net Expenditure account		248	247	-	248
(Increase)/Decrease non current assets		156	1,610	(63)	385
(Increase)/Decrease in stock		(120)	8,577	(96)	8,546
Increase/(Decrease) in trade payables		28,411	(2,954)	28,006	(2,269)
less movements in payables relating to items not passing through the Net Expenditure account		1,901	(7,016)	2,592	(6,609)
Use of Provision	15	(822)	(1,303)	(19)	(380)
Repayment of bad debt		(3)	-	-	(3)
less intercompany balances		-	-	(2,563)	(1,383)
<b>Net cash outflow from operating activities</b>		<b>(119,869)</b>	<b>(129,671)</b>	<b>(120,772)</b>	<b>(131,053)</b>
<b>Cash flows from Investing activities</b>					
Purchase of property, plant and equipment	8	(816)	(1,785)	(704)	(1,196)
Purchase of intangible assets	7	(655)	(611)	(655)	(17)
Purchase of Development assets		7	(53)	7	(53)
Proceeds of disposal of property, plant and equipment		-	-	-	-
		(36)	-	-	-
Proceeds of disposal of investments	9	2,275	-	2,275	-
Proceeds of disposal of inventory		-	1,139	-	1,138
Loans to other bodies		(57)	(845)	(57)	(844)
(Repayments) from other bodies	26	-	1,265	-	1,265
<b>Net cash outflow from investing activities</b>		<b>718</b>	<b>(890)</b>	<b>866</b>	<b>293</b>
<b>TOTAL NET CASH OUTFLOW</b>		<b>(119,149)</b>	<b>(130,561)</b>	<b>(119,906)</b>	<b>(130,760)</b>
<b>Cash flows from financing activities</b>					
Grants from parent department		120,000	128,500	120,000	128,500
Reserves		-	-	662	444
<b>Net financing</b>		<b>120,000</b>	<b>128,500</b>	<b>120,662</b>	<b>128,944</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>851</b>	<b>(2,061)</b>	<b>756</b>	<b>(1,816)</b>
<b>Cash and cash equivalents at the beginning of period</b>		18,361	20,422	18,356	20,172
<b>Cash and cash equivalents at the end of the period</b>		19,212	18,361	19,112	18,356

**Statement of Changes in Taxpayers Equity (Group and Agency)**  
for the year ended 31 March 2010

	Grant in Aid Reserve £'000	Revaluation Reserve £'000	General Reserves £'000	Total Reserves £'000
Balance at 31 March 2008	(717)	9,593	885	9,761
Change in accounting policy (Holiday Accruals)	(189)			(189)
<b>Balance at 1 April 2008</b>	<b>(906)</b>	<b>9,593</b>	<b>885</b>	<b>9,572</b>
<b>Changes in Reserves 2008/2009</b>				
Net gain/(loss) on revaluation of Inventories	-	(3,531)	-	(3,531)
Inventories asset - write back of downward revaluation in prior years	-	(3,782)	-	(3,782)
Net gain/(loss) on revaluation of Investment asset held for resale	-	(175)	-	(175)
Net gain/(loss) on Subsidiary	-	-	(152)	(152)
Balance in relation to Subsidiary	73			73
Transfers between reserves	87	-	(87)	-
Retained Surplus/Deficit	-	-	-	-
Retained Deficit for 2008/2009	(129,911)			(129,911)
<b>Changes in Reserves 2008/2009</b>	<b>(130,657)</b>	<b>2,105</b>	<b>646</b>	<b>(127,906)</b>
Grant-in-Aid received	128,500	-	-	128,500
<b>Balance at 31 March 2009</b>	<b>(2,157)</b>	<b>2,105</b>	<b>646</b>	<b>594</b>
IFRS restatement	(270)	-	-	(270)
Subsidiary Restated accounts	-	-	(775)	(775)
Subsidiary IFRS restatement	-	-	(103)	(103)
<b>Restated balance at 1 April 2009</b>	<b>(2,427)</b>	<b>2,105</b>	<b>(232)</b>	<b>(554)</b>
<b>Changes in taxpayers' equity for 2009/2010</b>				
Net gain/(loss) on revaluation of Investments	-	-	(408)	(408)
Net gain/(loss) on revaluation of Inventories	-	(710)	-	(710)
Net gain/(loss) on revaluation of Investment asset held for resale	-	112	-	112
Balance in relation to Subsidiary	-	-	(218)	(218)
Transfers between reserves	49	-	(49)	0
Retained Deficit for 2009/2010	(132,572)	-	-	(132,572)
<b>Total recognised income and expense for 2009/2010</b>	<b>(134,950)</b>	<b>1,507</b>	<b>(907)</b>	<b>(134,350)</b>
Grant-in-Aid received	120,000	-	-	120,000
<b>Balance at 31 March 2010</b>	<b>(14,950)</b>	<b>1,507</b>	<b>(907)</b>	<b>(14,350)</b>

## Notes to the Financial Statements for the Year Ended 31 March 2010

### 1a: Accounting policies for the group

#### i: Basis of accounting

The financial statements of EEDA have been prepared in a form directed by the Secretary of State for the Department for Business Innovation and Skills (BIS) with the approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998. Without limiting the information given, the financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom & the Financial Reporting Manual (FRoM) and meet the accounting and disclosure requirements of the Companies Act 2006. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of EEDA for the purpose of giving a true and fair view has been selected. The particular policies adopted by EEDA for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are prepared on the historical cost basis modified by the inclusion of land and property and intangible assets at current values. The Agency was issued with an Accounts Direction on 17 March 2010.

#### ii: Basis of consolidation

These accounts take advantage of the exemption provided by Section 230 of the Companies Act 2006 and a separate Net Expenditure Account for the Agency is not presented. The consolidated accounts incorporate the accounts of the Agency and its subsidiary, the Centre for Integrated Photonics (CIP) Ltd, which was incorporated on 19 September 2003.

#### iii: Operating Segments

The Agency has adopted IFRS 8 which requires disclosure of information about the EEDA's operating segments. Adoption of this Standard does not have any effect on the financial position or performance of EEDA.

#### iv: Joint ventures – Limited liability partnership

EEDA had a 50% interest in Adit East LLP (Limited liability partnership), a company now struck-off. The nature of the business was the provision of access to broadband internet services to the public sector.

#### v: Joint ventures – Companies limited by shares

EEDA has an interest of 50% in Bedfordshire Consortium Ltd. The nature of the business is the facilitation and management of the joint investment of funds into a major project delivery company NIRAH Holdings Ltd.

During 2005/06 the Agency gained Section 5(2)(c) consents from the Department for Business Innovation & Skills to form the above company and make it a loan. A further loan was advanced during 2006/07, the repayment of which is considered doubtful. This was fully provided against during the same year.

#### vi: Joint ventures – Companies limited by guarantee

These companies have been established primarily to facilitate joint strategies and project delivery in their respective areas. The majority of the activities are administrative in nature and, as such, the assets and liabilities of the companies at the year end are not considered material and therefore not consolidated.

The undertakings are:

#### **Name of undertaking Interest Nature of business**

Opportunity Peterborough URC Ltd	33.3%	Regeneration of the Peterborough area
Renaissance Southend URC Ltd	33.3%	Regeneration of Southend
1 <sup>st</sup> East URC Ltd	50%	Regeneration of Lowestoft & Great Yarmouth
Harlow Renaissance Ltd	25%	Regeneration of Harlow
Luton Gateway Ltd	20%	Regeneration of Luton and South Bedfordshire

#### vii: Non current assets- property, plant & equipment

Land and buildings held as industrial or commercial investment properties are shown under this heading in the Statement of financial position at open market value. In accordance with IAS 16, no depreciation is provided in respect of investment properties. Acquisitions and disposals of land and buildings are accounted for on the date of legal completion.

Under IAS 39, Partnership Workspace (property owned and managed by local authorities but where EEDA holds an interest through entitlement to share of disposal proceeds or annual profits) is classified as a non-current asset.

Non current assets are valued at depreciated historic costs. Software licences and specified website costs are capitalised as intangible assets at their cost of acquisition. The agency applies the following threshold for capitalisation:

IT Hardware £ 500  
IT Software £ 300  
Workstations £ 350  
Other Furniture & Equipment £ 750

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

Equipment 5 years  
IT hardware & software 3 years

**viii: Leased assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term. The Agency holds no finance leases. However, for the subsidiary CIP see note 1bxxi.

**ix: Computer Software**

Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised and amortised on a straight line basis over their useful economic lives of three years

**x: Intangible Assets**

Intangible assets include acquired software, software licences and website costs which fall under IAS 38 recognition criteria. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over 3 years as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition they are subject to impairment testing.

**xi: Impairment**

The Agency reviews the inventory by ways of independent valuation of the whole portfolio on an annual basis. Any impairment charge is recognised in the net expenditure account in the year in which it occurs.

Intangible Assets are reviewed on an annual basis.

**xii: Inventories**

Development assets, consisting of land and buildings, are shown at open market value which is the lower of current replacement cost and net realisable value. In accordance with IAS 2, the Agency treats valuations of development assets individually with increases in value being credited to the Revaluation Reserve and reductions in value being charged to the Net Expenditure Account (to the extent that there is no credit on the Revaluation Reserve against which such a reduction can be charged). Acquisitions and disposals of development assets are accounted for on the date of legal completion.

**xiii: Investments and loans**

Investments and loans are shown net of provision for amounts considered doubtful and net of write-offs for amounts considered irrecoverable. Provision has been made for all loans where recovery appears doubtful. No loan is written off until the impossibility of recovery is beyond doubt. Approval from the Department for Business Innovation & Skills is obtained for any write-off in excess of £250,000.

**xiv: Employee Benefits**

Under IAS 19, EEDA includes an accrual for holiday pay which is inclusive of employer's national insurance and pension contributions. This was included as part of the first time adoption of IFRS and is reviewed and amended annually.

**xv: Pension costs**

Certain of the employees of EEDA participate in the Principal Civil Service Pension Scheme (PCSPS) or the Homes and Communities Agency Pension Scheme. These pension schemes are defined benefit schemes. The PCSPS is a non-contributory scheme for employees. The Board Members are not members of these or any other pension scheme of EEDA. The Chair has a pension arrangement that is analogous to PCSPS. CIP Ltd has operated a pension scheme on behalf of its employees.

**xvi: Government grants**

EEDA's activities are funded primarily by Grant-in-Aid provided by the Department for Business Innovation & Skills for specified types of expenditure. Grants in Aid are used to finance activities and expenditure which supports the statutory and other objectives of the agency. Grants in Aid are treated as financing and are credited to the Grant-in-Aid reserve as they are regarded as contributions from a controlling party.

**xvii: European Grants**

The agency's activities are funded in part by European funding for specified types of expenditure. European funding grants receivables of a revenue nature are credited to the net expenditure account in the year to which they relate. European funding grants in respect of capital expenditure are credited to the general reserve and released to the net expenditure account either over the expected useful life of the asset for assets that are depreciated or upon disposal or loss of value, for assets that are not depreciated.

**xviii: Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the financial position date.

**xix: Cost of capital**

When calculating the surplus or deficit for the year, EEDA is required to include, as expenditure, a notional cost of capital, to the extent that there is no real charge for this. It is calculated at a rate specified by Treasury which for 2009-10 was 3.5% (2008-09 3.5%) of the average of total assets less total liabilities. After the surplus or deficit for the year there is an entry reversing this amount.

**xx: Financial instruments**

EEDA has no borrowings and relies primarily on departmental Grant-in-Aid and is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. Transactions entered into which result in trade receivables due after more than one year have a low credit risk.

**xxi: Leases**

Operation lease rentals are charged to the net expenditure account over the period of the lease.

There are no finance leases.

**xxii: Operating Income**

Revenue consists of grants, proceeds from sale of development assets and other income. Grant revenue is recognised based on the terms of the relevant agreement. Proceeds from the sale of development assets are recognised upon completion. Other income is recognised on an accruals base in accordance with the substance of the relevant agreement.

***1 b Items relating specifically to CIP Ltd***

**xxiii. Revenue**

Revenue is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

In the case of long-term contracts, turnover reflects the contract activity during the period and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

The company receives funding for certain projects on a "matched cost" basis under European Framework 6 Research and Development and Department for Business Innovation & Skills programmes. This funding is recorded as turnover to the extent that the costs for which the funding is available have been incurred. The funding rates vary between 40% and 100%.

Grant income is received from the parent undertaking (EEDA) to enable the company to provide open access to its facilities to small and medium sized entities and other research partners and also to enable the company to

carry out fundamental research. The grant is recognised as turnover on a straight line basis over the period to which it relates.

**xxiv. Research and development**

Research and development expenditure is written off in the year in which it is incurred.

Previously, development costs incurred on specific projects were capitalised when recoverability could be assessed with reasonable certainty and were amortised in line with the expected sale. All other development costs were written off in the year of expenditure. Development costs are now written off in the year that it was incurred. This constitutes a change in accounting policy and has therefore resulted in a prior year adjustment which relates to previously capitalised amounts net of matching capital grants.

**xxv. Negative goodwill**

Negative goodwill is released to the profit and loss account over the period in which the non-monetary assets are acquired giving rise to the negative goodwill consumed.

**xxvi. Inventory**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**xxvii. Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**xxviii. Finance Leases / Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under Property Plant and Equipment at their fair value. The capital element of the future payment is treated as a liability and the interest is charged to the Net Expenditure Account on a straight line basis.

**xxix. Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

**xxx. Long-term contracts**

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in inventory to the extent that they cannot be matched with contract work accounted for as revenue. Long-term contract balances included in inventory are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for loss on all contracts in the year in which the loss is first foreseen.

**xxxi. Grants**

Grants in respect of capital expenditure are credited to a deferred income account and are released to the net expenditure account by equal annual instalments over the expected useful lives of the relevant assets.

Grants of a revenue nature are credited to the net expenditure account in the same period as the related expenditure.

**xxxii. Provisions for liabilities and charges**

The terms of CIP Ltd's occupation of the leasehold premises require that the building is reinstated at the end of the period of occupation. Provision is made for the costs that will arise from decommissioning the equipment currently operational in the building.

## 2: First-time adoption of IFRS

	GIA Reserve £'000	General Fund £'000	Revaluation Reserve £'000
<b>Reserves at 31 March 2009 under UK GAAP</b>	(2,158)	647	2,105
<b>Adjustment for:</b>			
IAS 16 -Reclassification of non current asset	(259)	-	-
IAS 19 -Holiday Accruals (IAS 19)	(14)	-	-
Corporation Tax	3	-	-
Subsidiary - Restated account	-	(776)	-
Subsidiary IFRS restatement	-	(103)	-
<b>Reserves at 1 April 2009 under IFRS</b>	<b>(2,428)</b>	<b>(232)</b>	<b>2,105</b>

## 3: Analysis of Programme expenditure by segments

Programme Expenditure as shown in Net Expenditure Account

	2009-2010 £'000	2008-2009 £'000
Grants paid for programme expenditure - public sector	36,330	30,802
Grants paid for programme expenditure - private sector	73,329	69,619
European funding expenditure	13,168	171
Non-grant programme expenditure	13,853	14,138
	<u>136,680</u>	<u>114,730</u>

The table presents Expenditure and Income information regarding EEDA's operating segments for 2009-10.

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
<b>EEDA Programme</b>			
Business Support	47,326	(3,542)	43,784
Science, Innovation & High Level Skills	22,371	(565)	21,806
Economic Participation	26,108	(1,018)	25,090
Regional Infrastructure	19,670	(992)	18,678
Sustainable Economy	5,370	(1,634)	3,736
Partnerships, advocacy and communications	1,576	(5)	1,571
Strategy & Intelligence	1,091	(1)	1,090
<b>EEDA Programme Total</b>	<u>123,512</u>	<u>(7,757)</u>	<u>115,755</u>
ERDF Programme	13,168	(13,168)	-
<b>Agency Total</b>	<u>136,680</u>	<u>(20,925)</u>	<u>115,755</u>

Expenditure and Income information on EEDA's operating segments for 2008-09.

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Business Support	36,168	(1,585)	34,583
Science, Innovation & High Level Skills	27,327	(1,192)	26,135
Economic Participation	26,622	(414)	26,208
Regional Infrastructure	17,175	(1,469)	15,706
Sustainable Economy	3,297	(11)	3,286
Partnerships, advocacy and communications	2,353	(65)	2,288
Strategy & Intelligence	1,788	(37)	1,751
<b>Agency Total</b>	<u>114,730</u>	<u>(4,773)</u>	<u>109,957</u>

## Segment information

For management purposes, EEDA has five delivery programmes, two foundation programmes and a European Regional Development Fund. Management monitors the operating results of its programmes for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating net expenditure. EEDA does not include Assets or Liabilities into the segment information as they are managed on a group basis and are not allocated to operating segments.

### 4: Staff numbers and related costs

	Group 2009-2010			2008-2009		
	Permanently employed staff £'000	Others £'000	Total £'000	Permanently employed staff £'000	Others £'000	Total £'000
<b>Board Members</b>						
Board Members fees	379	-	379	369	-	369
Pension costs	33	-	33	24	-	24
Social security costs	17	-	17	17	-	17
Compensation for loss of office	100	-	100	-	-	-
<b>Staff</b>						
Wages and Salaries	9,425	-	9,425	9,026	-	9,026
Pension costs	1,777	-	1,777	1,975	-	1,975
Social Security costs	933	-	933	765	-	765
<b>Other</b>						
Temporary Staff costs	-	1,140	1,140	-	1,684	1,684
Other staff costs	-	253	253	-	173	173
Secondment Staff	-	458	458	-	274	274
Redundancy cost	-	1,422	1,422	-	598	598
<b>Sub-Total</b>	<b>12,664</b>	<b>3,273</b>	<b>15,937</b>	<b>12,176</b>	<b>2,729</b>	<b>14,905</b>
Less recovery in respect of outward secondment	-	(210)	(210)	-	(37)	(37)
<b>Total net costs</b>	<b>12,664</b>	<b>3,063</b>	<b>15,727</b>	<b>12,176</b>	<b>2,692</b>	<b>14,868</b>

During the year ended 31 March 2010, an amount was paid to a director of the subsidiary undertaking to compensate for early termination of his service contract and for loss of employment.



**Agency  
2009-2010**

**2008-2009**

	<b>Permanently employed staff £'000</b>	<b>Others £'000</b>	<b>Total £'000</b>	<b>Permanently employed staff £'000</b>	<b>Others £'000</b>	<b>Total £'000</b>
<b>Board Members</b>						
Board Members fees	232	-	232	215	-	215
Pension costs	20	-	20	21	-	21
Social security costs	17	-	17	17	-	17
<b>Staff</b>						
Wages and Salaries	7,966	-	7,966	7,435	-	7,435
Pension costs	1,762	-	1,762	1,783	-	1,783
Social Security costs	767	-	767	730	-	730
<b>Other</b>						
Temporary Staff costs	-	1,140	1,140	-	1,684	1,684
Other staff costs	-	254	254	-	173	173
Secondment Staff	-	458	458	-	274	274
Redundancy cost	-	1,422	1,422	-	598	598
<b>Sub-Total</b>	<b>10,764</b>	<b>3,274</b>	<b>14,038</b>	<b>10,201</b>	<b>2,729</b>	<b>12,930</b>
Less recovery in respect of outward secondment	-	(210)	(210)	-	(37)	(37)
<b>Total net costs</b>	<b>10,764</b>	<b>3,064</b>	<b>13,828</b>	<b>10,201</b>	<b>2,692</b>	<b>12,893</b>

Included within the figure for Wages and Salaries is an accrual of £80,000 relating to holiday entitlement not yet taken by employees.

The pension details are laid out in the remuneration report.

## Average staff numbers of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	<b>Group</b>					
	<b>2009-2010</b>			<b>2008-2009</b>		
	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>
Senior Managers	14	-	14	12	-	12
Staff	253	-	253	249	-	249
Secondees	-	10	10	-	8	8
Temporary Staff	-	19	19	-	27	27
<b>Total</b>	<b>267</b>	<b>29</b>	<b>296</b>	<b>261</b>	<b>35</b>	<b>296</b>

	<b>Agency</b>					
	<b>2009-2010</b>			<b>2008-2009</b>		
	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>
Senior Managers	7	-	7	7	-	7
Staff	213	-	213	203	-	203
Secondees	-	10	10	-	8	8
Temporary Staff	-	19	19	-	27	27
<b>Total</b>	<b>220</b>	<b>29</b>	<b>249</b>	<b>210</b>	<b>35</b>	<b>245</b>

## Seconded Staff

Staff seconded from the following organisations during the account period:

<b>Name of organisation</b>	<b>No of staff</b>
Government Offices for the East of England	2
London Borough of Barking and Dagenham	1
Cambridgeshire County Council	1
UK Border Agency	1
Social Enterprise People	1
Grant Instruments Ltd	1
Waveney District Council	1
Essex County Council	1
Highways Agency	1

## Loans to employees

There were no loans outstanding to employees at 31 March 2010 (2008-09, £513 relating to 1 employee)

## 5 Other Expenditure

	Note	Group 2009-2010 £'000	Group 2008-2009 £'000	Agency 2009-2010 £'000	Agency 2008-2009 £'000
Book Value of Development Assets sold		-	1,122	-	1,122
Travel and subsistence		685	714	615	662
Other Staff Costs		264	445	249	422
Office Costs		2,038	1,990	1,555	1,521
Estate management		245	166	245	166
Marketing and PR		238	264	201	218
Professional costs		1,025	1,364	901	1,229
IT and communication		119	512	77	464
Irrecoverable VAT		668	866	668	866
Cost of Sales		789	960	-	-
Book Value of Development Assets w/o		10	3,946	10	3,946
Financial asset w/o	9	(2)	28	(2)	28
Profit on disposal of non current asset		(6)	-	-	-
Bad and Doubtful debts movement		(186)	990	(189)	987
<b>Total</b>		<b>5,887</b>	<b>13,367</b>	<b>4,330</b>	<b>11,631</b>
<b>Auditors' remuneration</b>					
Statutory Accounts	EEDA	59	54		
	CIP Ltd	14	14		
IFRS restatement	EEDA	6	5		
Independent Supplementary Review	EEDA	77	-		
<b>Operating lease rentals</b>					
Plant and machinery		1,493	1316		
Other		207	221		

Included in the office costs are those in respect of EEDA's accommodation. These are a head office at Histon near Cambridge and a sub-regional office at Thetford. Office costs in respect of CIP Ltd are the premises at Adastral Park, Martlesham Heath near Ipswich.

## 6. Income

	Group	Group	Agency	Agency
	2009-2010	2008-2009	2009-2010	2008-2009
	£'000	£'000	£'000	£'000
<b>Proceeds from Disposal of Assets</b>				
Disposal Inventory	-	1,138	-	1,138
Disposal Investment Asset	2,275	-	2,275	-
Release from General Reserve	408	-	408	-
Release from Revaluation Reserve	710	3,782	710	3,782
	<b>3,393</b>	<b>4,920</b>	<b>3,393</b>	<b>4,920</b>
<b>Rental Income</b>	610	1,476	994	1,619
Subsidiary Turnover	3,417	3,334	-	-
<b>Self generated Income</b>	<b>7,420</b>	<b>9,730</b>	<b>4,387</b>	<b>6,539</b>
European Union	17,673	2,069	17,673	2,069
Other Grants	2,951	600	2,951	600
Other Income	551	616	301	616
<b>Other Income</b>	<b>21,175</b>	<b>3,285</b>	<b>20,925</b>	<b>3,285</b>
<b>Total Income</b>	<b>28,595</b>	<b>13,015</b>	<b>25,313</b>	<b>9,824</b>
<b>Interest receivable</b>				
Bank Deposit	23	362	23	361
Other	59	462	59	462
	<b>82</b>	<b>824</b>	<b>82</b>	<b>823</b>

## 7. Intangible Asset

	<b>Group Total £'000</b>	<b>Agency Total £'000</b>
<b>Cost of valuation</b>		
At 1 April 2009	2,682	2,682
Additions	655	655
Disposals	-	-
<b>At 31 March 2010</b>	<b><u>3,337</u></b>	<b><u>3,337</u></b>
<b>Amortisation</b>		
At 1 April 2009	1,679	1,679
Charged in year	667	667
<b>At 31 March 2010</b>	<b><u>2,346</u></b>	<b><u>2,346</u></b>
<b>Net book value at 31 March 2009</b>	<b>1,003</b>	<b>1,003</b>
<b>Net book value at 31 March 2010</b>	<b>991</b>	<b>991</b>
<b>Asset financing</b>		
Owned	991	991
Finance leased	-	-
<b>Net book value at 31 March 2010</b>	<b><u>991</u></b>	<b><u>991</u></b>

Intangible assets comprise software licences, computer software and website costs, the latter only to the extent where they will deliver future service potential.

	<b>Group Total £'000</b>	<b>Agency Total £'000</b>
<b>Cost of valuation</b>		
At 1 April 2008	3,841	2,604
Additions	611	17
Reclassification	61	61
Restatement of Accounts	(1,831)	-
<b>At 31 March 2009</b>	<b><u>2,682</u></b>	<b><u>2,682</u></b>
<b>Amortisation</b>		
At 1 April 2008	1,450	1,417
Charged in year	67	57
Impairment	277	-
Reclassification	205	205
Restated Accounts	(320)	-
<b>At 31 March 2009</b>	<b><u>1,679</u></b>	<b><u>1,679</u></b>
<b>Net book value at 31 March 2008</b>	<b>2,391</b>	<b>1,187</b>
<b>Net book value at 31 March 2009</b>	<b>1,003</b>	<b>1,003</b>
<b>Asset financing</b>		
Owned	1,003	1,003
Finance leased	-	-
<b>Net book value at 31 March 2009</b>	<b><u>1,003</u></b>	<b><u>1,003</u></b>

## 8. Property, plant and equipment Group

Group	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
<b>Cost of valuation</b>				
<b>At 1 April 2009</b>	<b>1,125</b>	<b>2,775</b>	<b>1,370</b>	<b>5,270</b>
Additions	614	113	89	816
Disposals	-	(28)	-	(28)
<b>At 31 March 2010</b>	<b>1,739</b>	<b>2,860</b>	<b>1,459</b>	<b>6,058</b>
<b>Depreciation</b>				
<b>At 1 April 2009</b>	<b>513</b>	<b>733</b>	<b>1,048</b>	<b>2,294</b>
Charged in year	288	308	125	721
Disposals	-	(3)	-	(3)
<b>At 31 March 2010</b>	<b>801</b>	<b>1,038</b>	<b>1,173</b>	<b>3,012</b>
<b>Net book value at 31 March 2009</b>	<b>612</b>	<b>2,042</b>	<b>322</b>	<b>2,976</b>
<b>Net book value at 31 March 2010</b>	<b>938</b>	<b>1,822</b>	<b>286</b>	<b>3,046</b>
<b>Asset financing</b>				
Owned	938	1,822	286	3,046
<b>Net book value at 31 March 2010</b>	<b>938</b>	<b>1,822</b>	<b>286</b>	<b>3,046</b>

Group	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
<b>Cost of valuation</b>				
<b>At 1 April 2008</b>	<b>1,920</b>	<b>2,185</b>	<b>1,234</b>	<b>5,339</b>
Additions	1,060	590	136	1,786
Disposals	(1,161)	-	-	(1,161)
Reclassification	(694)	-	-	(694)
<b>At 31 March 2009</b>	<b>1,125</b>	<b>2,775</b>	<b>1,370</b>	<b>5,270</b>
<b>Depreciation</b>				
<b>At 1 April 2008</b>	<b>1,416</b>	<b>431</b>	<b>958</b>	<b>2,805</b>
Charged in year	838	302	90	1,230
Disposals	(1,161)	-	-	(1,161)
Reclassification	(580)	-	-	(580)
<b>At 31 March 2009</b>	<b>513</b>	<b>733</b>	<b>1,048</b>	<b>2,294</b>
<b>Net book value at 31 March 2008</b>	<b>504</b>	<b>1,754</b>	<b>276</b>	<b>2,534</b>
<b>Net book value at 31 March 2009</b>	<b>612</b>	<b>2,042</b>	<b>322</b>	<b>2,976</b>
<b>Asset financing</b>				
Owned	612	2,042	322	2,976
<b>Net book value at 31 March 2009</b>	<b>612</b>	<b>2,042</b>	<b>322</b>	<b>2,976</b>

<b>Agency</b>	<b>Information Technology £'000</b>	<b>Furniture &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost of valuation</b>			
<b>At 1 April 2009</b>	<b>1,125</b>	<b>1,370</b>	<b>2,495</b>
Additions	614	90	704
Disposals	-	-	-
<b>At 31 March 2010</b>	<b>1,739</b>	<b>1,460</b>	<b>3,199</b>
<b>Depreciation</b>			
<b>At 1 April 2009</b>	<b>513</b>	<b>1,048</b>	<b>1,561</b>
Charged in year	288	125	413
Disposals	-	-	-
<b>At 31 March 2010</b>	<b>801</b>	<b>1,173</b>	<b>1,974</b>
<b>Net book value at 31 March 2009</b>	<b>612</b>	<b>322</b>	<b>934</b>
<b>Net book value at 31 March 2010</b>	<b>938</b>	<b>287</b>	<b>1,225</b>
<b>Asset financing</b>			
Owned	938	287	1,225
<b>Net book value at 31 March 2010</b>	<b>938</b>	<b>287</b>	<b>1,225</b>

<b>Agency</b>	<b>Information Technology £'000</b>	<b>Furniture &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost of valuation</b>			
<b>At 1 April 2008</b>	<b>1,920</b>	<b>1,234</b>	<b>3,154</b>
Additions	1,060	136	1,196
Disposals	(1,161)	-	(1,161)
Reclassification	(694)	-	(694)
<b>At 31 March 2009</b>	<b>1,125</b>	<b>1,370</b>	<b>2,495</b>
<b>Depreciation</b>			
<b>At 1 April 2008</b>	<b>1,416</b>	<b>958</b>	<b>2,374</b>
Charged in year	838	90	928
Disposals	(1,161)	-	(1,161)
Reclassification	(580)	-	(580)
Disposals	-	-	-
<b>At 31 March 2009</b>	<b>513</b>	<b>1,048</b>	<b>1,561</b>
<b>Net book value at 31 March 2008</b>	<b>504</b>	<b>276</b>	<b>780</b>
<b>Net book value at 31 March 2009</b>	<b>612</b>	<b>322</b>	<b>934</b>
<b>Asset financing</b>			
Owned	612	322	934
<b>Net book value owned at 31 March 2009</b>	<b>612</b>	<b>322</b>	<b>934</b>

Included within the net book value of the Group figures is £Nil (2008-09 £NIL) relating to CIP Ltd assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £NIL (2008-09 £852).

Computer software costs and website costs have been reclassified under IAS 38 and transferred to intangible assets.

## 9. Investment Asset/Financial Asset

	<b>Investment Asset 2009-2010 £'000</b>	<b>Partnership workspace 2009-2010 £'000</b>
<b>Cost or valuation</b>		
At 1 April 2009	2,315	221
Revaluation		2
	<u>2,315</u>	<u>223</u>
<b>Disposals</b>		
Proceeds on disposal of assets	(2,275)	-
Loss on disposal of asset	(40)	-
	<u>-</u>	<u>223</u>
<b>Valuation as at 31 March 2010</b>	<u>-</u>	<u>223</u>

In 2008/09 the investment asset was held in held for sale in non current asset for £2,315,000.

## 10. Impairment

The impairment losses recognised in the 2009-10 net expenditure account in respect of inventories (development assets only) was £10,101 (2008-09 £3,946,000).

## 11. Inventories

	<b>Group 31/03/2010 £'000</b>	<b>Group 31/03/2009 £'000</b>	<b>Group 01/04/2008 £'000</b>
Raw materials	138	110	181
Work in progress	54	113	115
Finished goods	382	327	285
Development Assets	11,315	11,219	19,765
Total Inventories	<u>11,889</u>	<u>11,769</u>	<u>20,346</u>

<b>Development Assets</b>	<b>Agency 31/03/2010 £'000</b>	<b>Agency 31/03/2009 £'000</b>	<b>Agency 01/04/2008 £'000</b>
At 1 April	11,219	19,765	27,501
Additions in period	(7)	53	426
Transfer from investment asset			135
Revaluation	113		
Disposal	-	(1,122)	(10,812)
Write down to Net Expenditure		(3,946)	
Write down in period	(10)	(3,531)	2,515
	<u>11,315</u>	<u>11,219</u>	<u>19,765</u>

### Development Assets

An independent valuation of the whole portfolio of development assets was carried out as at 31 March 2010 by Roche Chartered Surveyors. Valuations are carried out annually in accordance with the Practice Statements contained in the Appraisal and Valuation Standards Fifth Edition published by the Royal Institute of Chartered Surveyors and the Agency's accounting policy.

EEDA did not sell any development properties during 2009/10.



## 12. Trade receivables and other current assets due within one year

	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>31/03/2010</b>	<b>31/03/2009</b>	<b>01/04/2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,841	2,146	2,269
Prepayments	400	565	651
EC and other grants	16,024	801	1,581
Accrued Income	593	148	1,115
Other trade receivables	85	97	84
Value added tax	217	197	24
Interest receivable	2	7	87
Corporation tax	378	311	42
<b>Trade receivables – Analysis of balances</b>	<b><u>19,540</u></b>	<b><u>4,272</u></b>	<b><u>5,853</u></b>

	<b>2009-2010</b>
	<b>£'000</b>
Balances with other central government bodies	18,314
Balances with local authorities	138
Sub total – intra government balances	<u>18,452</u>
Balances with bodies external to government	1,088
	<b><u>19,540</u></b>

	<b>Agency</b>	<b>Agency</b>	<b>Agency</b>
	<b>31/03/2010</b>	<b>31/03/2009</b>	<b>01/04/2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	728	1,132	1,381
Prepayments	320	513	597
EC and other grants	16,024	801	1,581
Accrued Income	593	148	1,115
Other trade receivables	2,648	1,870	707
Value added tax	165	215	-
Interest receivable	2	7	87
Corporation tax	372	373	-
<b>Trade receivables – Analysis of balances</b>	<b><u>20,852</u></b>	<b><u>5,059</u></b>	<b><u>5,468</u></b>

### 13. Cash and cash equivalents

	<b>Group</b> <b>2009-2010</b> <b>£'000</b>	<b>Agency</b> <b>2009-2010</b> <b>£'000</b>
<b>Balance at 01 April</b>	18,361	18,356
Net changes in cash and cash equivalent balances	851	756
Balance at 31 March	<u>19,212</u>	<u>19,112</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	19,212	19,112
<b>Balance at 31 March</b>	<u>19,212</u>	<u>19,112</u>

### 14. Trade payables and other current liabilities due within one year

	<b>Group</b> <b>31/03/2010</b> <b>£'000</b>	<b>Group</b> <b>31/03/2009</b> <b>£'000</b>	<b>Group</b> <b>01/04/2008</b> <b>£'000</b>
Bank loans and overdrafts	17	115	-
Payments received on account	399	271	71
Trade payables	9,972	11,366	11,418
Accruals	42,526	21,654	28,947
Other payables	74	-	-
Tax and social security	573	1,080	1,245
ERDF Grant Advance	13,578	4,242	-
	<u>67,139</u>	<u>38,728</u>	<u>41,681</u>

#### *Trade payables – Analysis of balances*

	<b>2009/10</b> <b>£'000</b>
Balances with other central government bodies	13,854
Balances with local authorities	1,813
Sub total - intra-government balances	<u>15,667</u>
Balances with bodies external to government	51,472
	<u>67,139</u>

	<b>Agency</b> <b>31/03/2010</b> <b>£'000</b>	<b>Agency</b> <b>31/03/2009</b> <b>£'000</b>	<b>Agency</b> <b>01/04/2008</b> <b>£'000</b>
Bank loans and overdrafts	-	-	-
Payments received on account	207	235	39
Trade payables	9,751	10,712	11,164
Accruals	42,329	22,208	28,193
Other payables	-	-	-
Tax and social security	455	917	1,187
ERDF Grant Advance	13,578	4,242	-
	<u>66,320</u>	<u>38,314</u>	<u>40,583</u>

## 15.Provision for liabilities and charges

	Group 31/03/2010 £'000	Group 31/03/2009 £'000	Group 01/04/2008 £'000
Balance at 1 April	2,743	3,031	1,700
Provided in the year	201	1,015	1,432
Provisions utilised in the year	(832)	(567)	(542)
Restatement of Accounts	-	(736)	441
<b>Balance at 31 March</b>	<b>2,112</b>	<b>2,743</b>	<b>3,031</b>
	Group 31/03/2010 £'000	Group 31/03/2009 £'000	Group 01/04/2008 £'000
<b>Deferred taxation</b>			
At 1 April UK GAAP	(14)	(90)	(47)
IFRS Restatement	-	73	(42)
At 1 April UK IFRS	(14)	(17)	(90)
Provision for the year	35	3	-
<b>At 31 March</b>	<b>21</b>	<b>(14)</b>	<b>(90)</b>
<b>Early retirement / redundancy</b>			
At 1 April	723	189	295
Provision for the year	145	577	151
Released in year	(19)	(43)	(257)
<b>At 31 March</b>	<b>849</b>	<b>723</b>	<b>189</b>
<b>By Analogy Pension Provision</b>			
At 1 April	195	109	-
Provision for the year	50	86	109
<b>At 31 March</b>	<b>245</b>	<b>195</b>	<b>109</b>
<b>Decommissioning cost (see note below)</b>			
At 1 April	700	700	700
Released in year	(643)	-	-
<b>At 31 March</b>	<b>57</b>	<b>700</b>	<b>700</b>
<b>Business Link</b>			
At 1 April	-	337	-
Provision for the year	-	-	337
Released in year	-	(337)	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>337</b>
<b>Capital grants</b>			
At 1 April	1,139	1,786	795
Prior Year Restatement	-	(736)	441
Provision for the year	-	276	835
Released in year	(199)	(187)	(285)
<b>At 31 March</b>	<b>940</b>	<b>1,139</b>	<b>1,786</b>
<b>Total provisions</b>	<b>2,112</b>	<b>2,743</b>	<b>3,031</b>

	<b>Agency</b> <b>31/03/2010</b> <b>£'000</b>	<b>31/03/2009</b> <b>£'000</b>	<b>01/04/2008</b> <b>£'000</b>
Balance at 1 April	903	542	248
Provided in the year	203	741	551
Provisions utilised in the year	(20)	(380)	(257)
<b>Balance at 31 March</b>	<b><u>1,086</u></b>	<b><u>903</u></b>	<b><u>542</u></b>

	<b>Agency</b> <b>31/03/2010</b> <b>£'000</b>	<b>31/03/2009</b> <b>£'000</b>	<b>01/04/2008</b> <b>£'000</b>
<b>Deferred taxation</b>			
At 1 April UK GAAP	(15)	(93)	(47)
IFRS Restatement	-	73	-
At 1 April UK IFRS	<u>(15)</u>	<u>(20)</u>	<u>(47)</u>
Provision for the year	6	5	(46)
<b>At 31 March</b>	<b><u>(9)</u></b>	<b><u>(15)</u></b>	<b><u>(93)</u></b>

<b>Early retirement / redundancy</b>			
At 1 April	723	189	295
Provision for the year	146	577	151
Released in year	(20)	(43)	(257)
<b>At 31 March</b>	<b><u>849</u></b>	<b><u>723</u></b>	<b><u>189</u></b>

<b>Business Link</b>			
At 1 April	-	337	-
Provision for the year			337
Released in year	-	(337)	
<b>At 31 March</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>337</u></b>

<b>By Analogy Pension Provision</b>			
At 1 April	195	109	-
Provision for the year	51	86	109
Released in year	-	-	-
<b>At 31 March</b>	<b><u>246</u></b>	<b><u>195</u></b>	<b><u>109</u></b>

<b>Total provisions</b>	<b><u>1,086</u></b>	<b><u>903</u></b>	<b><u>542</u></b>
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#### **Deferred taxation**

Provision for deferred taxation is in respect of accelerated capital allowances which are fully provided for at a corporation tax rate of 21% (2008-09 21%).

#### **Early retirement/Redundancy**

Provision has been made for expected retirement/redundancy costs relating to specific staff identified as at risk following organisation review.

#### **By Analogy Pension**

With the approval of the Department for Business Innovation & Skills, pension schemes have been put in place for the present and former Chair with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which are funded directly by the Agency. On retirement, payment of the Chair's pension will be the responsibility of the Agency,

#### **Decommissioning cost**

The directors of CIP Ltd estimated the decommissioning cost provision on the basis of the estimates in a report by Martello Partners on 14 February 2003 and the actual experience of decommissioning the plant before it was acquired by EEDA from Corning Ltd. On the basis of a further review by the directors at 31 March 2010, this provision has been reduced from £700,000 to £57,000 in anticipation of revised terms of the building lease.

#### **Capital grants**

Capital grants in respect of capital expenditures are credited to a deferred income account and are released to the net expenditure account by equal annual instalments over the expected useful lives of the relevant assets.

**16: General reserve**

	<b>31/03/2010</b>	<b>31/03/2009</b>	<b>01/04/2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>ERDF Funding</b>			
Balance as at 1 April	407	407	407
Additions	-	-	-
Disposals	( 407)	-	-
<b>Balance at 31 March</b>	<b>-</b>	<b>407</b>	<b>407</b>
<b>Activities in relation to subsidiary</b>			
Balance as at 1 April	(444)	587	453
Restated account		(776)	
Movement in relation to consolidation	(218)	(255)	134
<b>Balance as at 1 April</b>	<b>(662)</b>	<b>(444)</b>	<b>587</b>
<b>Pension</b>			
Balance as at 1 April	(195)	(109)	(109)
Additions to reserve in period	(50)	(86)	
<b>Balance as at 31 March</b>	<b>(245)</b>	<b>(195)</b>	<b>(109)</b>
<b>Total Balance as at 31 March</b>	<b>(907)</b>	<b>(232)</b>	<b>885</b>

**17. Commitment under leases**

As at 31 March 2010 EEDA had annual commitments under operating leases as follows:

	<b>2009-2010</b>	<b>2009-2010</b>
	<b>Buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>
<i>Leases Expiring:-</i>		
- within one year	-	118
- between one and five years	934	90
- over 5 years	559	-
	<b>1,493</b>	<b>208</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.

## 18. Other financial commitments

	<b>2009-10</b>	<b>2008-2009</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure authorised by the Board and contracted at 31 March amounted to:		
Let contracts	11,794	19,141
Grant Offers	117,727	-
Financial Commitments	<u>129,521</u>	<u>19,141</u>

A figure for grants offered as at 31<sup>st</sup> March 2009 is not available as this is the first time disclosure.

## 19 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31 March 2010.

## 20. Financial Instruments

EEDA has no borrowings and draws down cash monthly from BIS to meet its requirement and is therefore not exposed to liquidity risks. It has no material deposits and all material liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## 21. Interest in subsidiaries and joint ventures

### *Subsidiary – Company limited by guarantee*

<i>Name of undertaking</i>	<i>Interest</i>	<i>Year end</i>	<i>Nature of business</i>
Centre for Integrated Photonics Ltd (CIP Ltd)	100%	31 <sup>st</sup> March	Promotion, research, development and exploitation in the fields of photonics, nanotechnology and optics.

The accounts of CIP Ltd have been consolidated with those of the Agency.

### Key financial results

	<b>Group</b>	<b>2008/09</b>	<b>Agency Share</b>	<b>2008/09</b>
	<b>2009/10</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross operating income	3,283	3,191	3,283	3,191
Gross operating expenditure	(3,766)	(3,608)	(3,766)	(3,608)
Taxation	<u>(28)</u>	<u>(58)</u>	<u>(28)</u>	<u>(58)</u>
Profit/(Loss) for the year after taxation	<b>(511)</b>	<b>(475)</b>	<b>(511)</b>	<b>(475)</b>
Consolidation adjustments	<u>(151)</u>	<u>(86)</u>	<u>(151)</u>	<u>(86)</u>
Consolidated (loss)/profit for the year	<u><b>(662)</b></u>	<u><b>(561)</b></u>	<u><b>(662)</b></u>	<u><b>(561)</b></u>
Net assets at 31 March	<u><b>(662)</b></u>	<u><b>(444)</b></u>	<u><b>(662)</b></u>	<u><b>(444)</b></u>

CIP Ltd currently has outstanding liabilities to EEDA of £2.563m. The repayment of the liabilities is not expected within the next 12 months.

### *Joint ventures – Company limited by shares*

<b>Name of undertaking</b>	<b>Interest</b>	<b>Year end</b>	<b>Nature of business</b>
Bedfordshire Consortium Ltd	50%	30 <sup>th</sup> April	Facilitation and management of the joint investment of funds into a major project delivery company, NIRAH Holdings Ltd.

During 2005-06, the Agency gained Section 5(2)(c) consents from the Department for Business Innovation & Skills to form the above company and make it a loan. Total loans of £1,951,049 were advanced in 2005-06 and 2006-07, the repayment of which was, and still is, considered doubtful. These were fully provided against during 2006-07. Since then, interest of £509,566 has accrued on the loan, including £57,334 in 2009-10 (£114,118 in 2008-09), which is also fully provided against on an annual basis. The total outstanding loan at 31 March 2010 was £2,463,254 (£2,405,920 at 31 March 2009).

#### **Joint ventures – Companies limited by guarantee**

##### **Name of undertaking Interest Nature of business**

<b>Name of undertaking</b>	<b>Interest</b>	<b>Nature of business</b>
Opportunity Peterborough UR C Ltd	33.3%	Regeneration of the Peterborough area
Renaissance Southend URC Ltd	33.3%	Regeneration of Southend
1 <sup>st</sup> East URC Ltd	50%	Regeneration of Lowestoft & Great Yarmouth
Harlow Renaissance Ltd	25%	Regeneration of Harlow
Luton Gateway Limited	20%	Regeneration of Luton and South Bedfordshire

These companies have been established primarily to facilitate joint strategies and project delivery in their respective areas. The majority of their activities are administrative in nature and, as such, the assets and liabilities of the companies at the year end are not considered material and therefore not consolidated.

#### **22: Events after the Reporting Period**

Following the general election on 6 May 2010, the new coalition Government outlined a series of proposed changes to how local economic development will be delivered, including the creation of Local Enterprise Partnerships to replace Regional Development Agencies. The June 2010 budget confirmed that the Government intends to abolish Regional Development Agencies through the Public Bodies Bill, and that it will issue a White Paper in summer 2010, which will set out details of these proposals. In light of this event management have reviewed the appropriateness of the preparation of the financial statements on a 'going concern' basis.

The Agency notes that Parliament will need to enact the legislation necessary to abolish Regional Development Agencies, and that the timing and eventual decision of Parliament on this matter is currently uncertain. Management have concluded that due to the uncertainty surrounding the timing and eventual decision of Parliament on this matter, there exists a material uncertainty that casts doubt upon the Agency's ability to continue as a going concern.

Nevertheless, after making enquiries and discussing the situation with the sponsor Department, management are satisfied that sufficient funding is in place to enable the Agency to continue in operation and meet its obligations as they fall due. Ministers have confirmed that there will be an orderly transition to any new arrangements, and there is no reason to believe that funding will not be forthcoming to meet the agency's obligations as they fall due. For these reasons, management continue to adopt the going concern basis in preparing the annual report and financial statements.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that East of England Development Agency provides to employees.

The authorised date for issue is 16 July 2010.

### 23. Chief executive and executive director's business interests

<b>Name</b>	<b>Business Interests</b>	<b>Position</b>
Deborah Cadman	Suffolk Foundation	Trustee
Steve Cox	Bedfordshire Consortium Ltd Cambridgeshire Horizons Ltd Harlow Renaissance Ltd Luton Gateway Ltd	Director Non-Executive Director Non-Executive Director Non-Executive Director
Paul May	Ocuity Axonica	Chairman Director
Jamie Merrick	Renaissance Southend (until 26 February 2010)	Director

### 24. Related party transactions

EEDA is an executive NDPB of Department for Business Innovation & Skills. During the year, EEDA had significant transactions with this department and with other entities for which the Department for Business Innovation & Skills is regarded as the parent and in particular with other RDAs. EEDA has also had a number of transactions with other Government departments and other Central Government bodies, including the Homes & Communities Agency and the Department for Communities and Local Government. In addition, the Agency was involved in the following related party transactions and proposals during the period which are considered material:



**Board members related party transactions**

Related party	Name	Position in party	Payments 2009-2010 £	Receipts 2009-2010 £	Nature of payment /receipt
British Telecom PLC	Peter McCarthy-Ward	Director, East of England	18,371.00		Services
Cambridgeshire County Council	Shona Johnstone	Councillor	895,313.00		Grants
			208.00	7,182.00	Services
Cambridge University Hospital	Shona Johnstone	Non-executive Director	3,767.00		Grants
Cambridge Temperature Concepts	Dr Robert Swann	Investor	65,000.00		Grants
East of England Tourist Board	The Earl of Iveagh Arthur Edward Rory	Non-executive Director	1,020,000.00		Grants
			92,807.00		Services
East of England International	Stuart McLellan Evans	Non-executive Director	5,000.00		Services
	Nitin Dahad	Non-executive Director	1,996,558.00		Grants
Food Angels Ltd	Dr Robert Swann	Investor	29,848.00		Grants
The Forum Trust Ltd	Richard Ellis	Director	1,200.00		Services
Hertfordshire Prosperity Ltd	Tim Wilson	Shareholder	82,256.00		Grants
Hycagen Ltd	Dr Robert Swann	Investor	49,413.00		Grants
Kings Lynn & West Norfolk BC	Paul Richard Burrall	Councillor	44,386.00		Grants
The National Trust	Shona Johnstone	Member	60,130.00		Grants
Norwich Heritage Economic Regeneration Trust	Richard Ellis	Director			
		Director	5,000.00		Services
Opportunity Peterborough	Marco Cereste	Director	330,000.00		Grants
			3,348.00		Services
Peterborough City Council	Marco Cereste	Member	2,113,171.00		Grants
			122,000.00		Services
Peterborough URC	Marco Cereste	Director	10,000.00		Grants
Royal Mail	Peter McCarthy-Ward	Consultant	5,361.00		Services
Royal Norfolk Agricultural Association	Richard Ellis	Member			
	Sheila Jean Childerhouse	Member	1,185.00		Services
UK Trade & Investment	Nitin Dahad	Consultant		96,000.00	Services
University of Hertfordshire	Tim Wilson	Vice-Chancellor and Chief Executive	222,000.00		Grants
			30,438.00	750.00	Services
University of Essex	Professor Colin Bryan Riordan	Vice Chancellor	38,500.00		Grants
			7,883.00		Services
University Campus Suffolk	Professor Colin Bryan Riordan	Chair	1,143,873.00		Grants
YTKO	Beverly Jane Hurley	Chief Executive Officer	380,877.00		Grants

## 25. Losses and special payments

In accordance with the provisions of the Accounts Direction, the Agency must summarise all losses and special payments made during the year. These are set out in the table below:

<b>2009-10</b>	Losses under £1,000	Special payments under £25,000
Number of instances	4	0
<b>2008-09</b>	Losses under £1,000	Special payments under £25,000
Number of instances	1	1

## 26. Long term loans

	Group			Agency		
	31/03/2010	31/03/2009	01/04/2008	31/03/2010	31/03/2009	01/04/2008
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	2,795	3,225	3,216	2,795	3,225	3,216
Additions (Interest)	57	844	9	57	844	9
Less amounts paid in prior year	-	(25)	-	-	(25)	-
Less amounts paid in the year	(389)	(1,249)	-	(389)	(1,249)	-
	<u>2,463</u>	<u>2,795</u>	<u>3,225</u>	<u>2,463</u>	<u>2,795</u>	<u>3,225</u>
Less provision for doubtful debts	(2,463)	(2,795)	(3,225)	(2,463)	(2,795)	(3,225)
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **Appendix: Code of Best Practice**

### **Introduction**

1. This document sets out a Code of Best Practice for board members of the East of England Development Agency (EEDA).

### **Board Constitution and Membership**

2. The EEDA Board shall consist of not less than eight and no more than 15 members appointed by the Secretary of State. A quorum of the Board shall be 50% (half) of Board Members plus one.
3. Before appointing a person to be a member of EEDA, the Secretary of State shall consult: -
  - (a) such persons as appear to him to represent local authorities whose areas fall to any extent within the Agency's area;
  - (b) such persons as appear to him to represent employers in the Agency's area;
  - (c) such persons as appear to him to represent employees in the Agency's area;
  - (d) such persons as appear to him to represent the interests of those who live, work or carry on business in rural parts of the Agency's area;
  - (e) such other persons as he considers appropriate.

### **Public Service Values**

4. The Board of EEDA will at all times:-
  - observe the highest standards of propriety, impartiality, integrity and objectivity in relation to stewardship of public funds and management of EEDA's affairs;
  - in accordance with government policy on openness, comply fully with the principles of "Service First - The New Charter Programme", EEDA's Code of Access and the Code of Practice on Access to Government Information;
  - be accountable to Parliament and users of services for EEDA's activities, its stewardship of public funds and the extent to which key performance targets and objectives have been met;
  - maximise value for money through ensuring that services are delivered in the most efficient, effective and economical way, within available resources, and with independent validation of performance achieved wherever practicable.

### **Relationship with central government**

5. The nominated Minister of the sponsoring department is answerable to Parliament for the policies and performance of EEDA, including its use of resources and the policy framework within which it operates. As and when directed EEDA will also be responsive to requests for information from and attendance at House of Commons Select Committees.

### **Role of the chair**

6. Communications between the board of EEDA and the Minister will normally be through the Chair, except where the Board has agreed that an individual member should act on its behalf. Nevertheless, an individual Board Member has the right of access to Ministers on any matter that he or she believes raises important issues relating to his or her duties as a member of the Board. In such cases the agreement of the rest of the Board would normally be sought.
7. The main point of contact between EEDA and the sponsoring department on day-to-day matters will normally be the chief executive or another member of staff who is authorised to act on behalf of EEDA.

8. The Chair will ensure that all members of the board, when taking up office, are fully briefed on the terms of their appointment, and on their duties and responsibilities. They will be given a copy of this Code of Best Practice; the Management Statement and Financial Regulations; the latest Corporate Plan; "The Responsibilities of a NDPB Accounting Officer", the Treasury handbook "Regularity and Propriety", notes describing EEDA's organisational structure and the statutory basis of operation and the rules and procedures of the Board. Each board member will attend an induction course on the duties of Board Members of public bodies and other suitable training related to their new responsibilities.
9. The Chair has particular responsibility for providing effective strategic leadership on matters such as:
  - formulating the board's strategy, in conjunction with the chief executive, for discharging its statutory duties;
  - representing the views of the board to the general public;
  - ensuring the board, in reaching decisions, takes proper account of guidance provided by the nominated Minister of the sponsoring department;
  - encouraging high standards of propriety, promoting efficient and effective use of staff and other resources throughout the organisation; and
  - providing an assessment of performance of individual board members, on request, when they are being considered for re-appointment to the Board or appointment to the Board of some other public body.
10. The chair will ensure that the board meets on a regular basis, which it has agreed should be monthly. The meetings shall be held in all parts of the East of England and the minutes of the meetings shall accurately record decisions taken and, where appropriate, the views of individual board members.

#### **Corporate responsibilities of board members**

11. Members of the board have corporate responsibility for ensuring that EEDA complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of board members include:-
  - establishing the overall strategic direction of EEDA within the policy and resources framework agreed with the Minister;
  - formulating a strategy for implementing the Code of Practice on Access to Government Information, including prompt response to public requests for information;
  - ensuring that the board operates sound environmental policies and practices in accordance with government policy and other relevant guidance;
  - ensuring that high standards of corporate governance are observed at all times;
  - overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
  - ensuring that, in reaching decisions, the board has taken into account any guidance issued by the sponsoring department;
  - ensuring that the board operates within the limits of its statutory authority; within the limits of the Board's delegated authority agreed with the sponsoring department; and in accordance with any other conditions relating to the use of public funds; and
  - ensuring that the Agency is fully committed to equal opportunities, including workforce balance, our relationships with partners and the organisations which the Agency funds.
12. The board of EEDA is established under statute and has corporate responsibility for all actions taken by board members, including any wrongful ones. This means that, if judgement is made against the board, any financial settlement will normally (except for such cases set out in paragraph 13) be met out of EEDA's resources rather than from the personal assets of individual board members.

## **Responsibilities of Individual board members**

13. Individual board members have wider responsibilities as members of the board. These include the duty to comply at all times with this Code of Best Practice (or any agreed modification of it) and with rules relating to the use of public funds; and to act in good faith and in the best interests of EEDA. At all times they will follow the “Seven Principles of Public Life” set out by the Committee on standards in public life (the Nolan Committee). They will not use information gained in the course of their public service for personal gain or for political purposes; nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations. All Board Members will comply with the board's rules on the acceptance of gifts and hospitality.
14. Except for local councillors and Peers in relation to their conduct in the House of Lords, no board member should occupy a paid party political post or hold particularly sensitive or high profile unpaid roles in a political party. Board members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise proper discretion, particularly in regard to the work of the board. On matters directly affecting that work, they will not make political speeches or engage in other political activities.
15. Although any legal proceedings initiated by a third party are likely to be brought against the board, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the chair or other individual board members. For example, a board member may be personally liable if he or she makes a fraudulent or negligent statement that results in loss to a third party. A board member who misuses information gained by virtue of his or her position may be liable for breach of confidence under common law or under insider dealing legislation.
16. An individual board member who has acted honestly, reasonably, in good faith and without negligence will not be required to meet out of his or her personal resources any personal civil liability that is incurred in execution or purported execution of his or her board function, except where that Board Member has acted recklessly. Board members who need further advice should consult the board's legal advisers.
17. The arrangements for appointing individual board members make it possible to remove him or her from office if he or she fails to perform the duties required of a Board Member to the standards expected of persons who hold public office.

## **Handling Conflicts of Interest**

18. The chair and other board members will declare any personal or business interests that may conflict with their responsibilities as Board Members. The board has drawn up codes of conduct for board members that ensure that such conflicts are identified at an early stage and that appropriate action can be taken to resolve them. This includes a register of interests of board members that is open for public inspection. The register will list direct or indirect pecuniary interests which members of the public might reasonably think could influence judgement. It will also include non-pecuniary interests of members that relate closely to EEDA's activities and interests of close family members and persons living in the same household as the board member. Indirect pecuniary interests arise from connections with bodies that have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest. Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.
19. EEDA will make the register of interests open to the public. Details of how access can be obtained will be available widely and included in Annual Reports. The register will be published annually. Board members are required to update their entry in the register as changes occur.
20. The rules of conduct for board members include the following:-
  - i. Board members will not participate in the discussion or determination of matters in which they have a direct pecuniary interest. Should a member become aware of a conflict during the course of a meeting, this should be declared at once, for inclusion in the minutes and they should withdraw from the meeting.
  - ii. When an interest is not of a direct pecuniary kind, Board members will consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This is interpreted in the sense that board members might unfairly regard with favour, or disfavour, the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, board members will assess whether they, a close family member, a person living in the same household as the board member, or a firm, business or other organisation with which the board member

is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a board member was connected was significantly better placed than others to win it.

- iii. In instances covered by 20i and 20ii, where board members do not participate in the discussion or determination of a matter, they will normally withdraw from the meeting, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other board members present.
- iv. Whether or not board members are able, in the light of the considerations above, to participate in the discussion or determination of a matter, they will declare when practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They will also disclose any interests in it, of which they are aware, on the part of close family members and persons living in the same household as the board member. In addition, board members will consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the board member's judgement.

### **Delegation**

21. Board Members serve on a part-time basis. To the extent permitted by the originating legislation or other provisions under which the Agency is established, responsibility for day-to-day management matters is delegated so far as is practicable, within a clearly understood framework of strategic control.

A member may not act in relation to any matter delegated to them if they are in any way directly or indirectly interested in that matter.

22. The board will over time issue internal guidance covering those matters delegated to staff and those reserved for decision by the board. The latter will include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues including key appointments and standards of conduct. Board sub-committees have been created to address audit, resources and remuneration issues.

### **Strategic Planning and Control**

23. One of the main tasks of the board is oversight of the production of a Corporate Plan. The process of preparing such a document provides an opportunity for agreeing, with the responsible Minister, or officials on his or her behalf, the policy and resources framework within which EEDA will discharge its duties; and for determining its key strategic objectives and targets. Such targets cover areas such as EEDA's financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides.

### **Openness and Responsiveness**

24. Members of the board are responsible for providing Parliament (including its Select Committees) and the public with as full information as may be requested concerning their policy decisions and actions. They will ensure they can demonstrate that they are using resources to good effect, with probity, and without grounds for criticism that public funds are being used for private, partisan or party political purposes. Board members and their staff will conduct all their dealings with the public in an open and responsible way, and ensure full compliance with the principles of "Service First - The New Charter Programme" and the Code of Practice on Access to Government Information.
25. The board will act consistently with the nature of the Agency's business and the possible need for confidentiality on commercial or other grounds, always subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. The Board has established internal procedures to deal with complaints, including those on failure to provide information.

### **Accountability for Public Funds**

26. Members of the board have a duty to ensure that public funds and assets which have been publicly funded are properly safeguarded; and that, at all times, EEDA conducts its operations as economically, efficiently and effectively as possible, with full regard to the relevant statutory provisions and to relevant guidance on government accounting.
27. Members of the board are responsible for ensuring that EEDA does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. They are advised on these matters by the chief executive and EEDA's legal advisers.

## **Annual Report and Accounts**

28. As part of its responsibilities for the stewardship of public funds, the board will include a full statement of the use of such resources in its Annual Report and Accounts. Such accounts are prepared in accordance with the accounts direction issued by the responsible Minister and such other guidance as may be issued, from time to time, by the sponsoring department and the Treasury.
29. The Annual Report will provide a full description of the Board's activities; state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of the current members of the Board and senior staff, and provide details of remuneration of Board Members and senior staff within the range of prescribed salary bands.

## **The Role of the chief executive**

30. The chief executive has responsibility, under the board, for the overall organisation, management and staffing of EEDA and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Nolan Committee's "Seven Principles of Public Life". Board members support the chief executive in undertaking this responsibility.
31. The chief executive is designated as the accounting officer for EEDA and is responsible to Parliament and the Accounting Officer of the sponsoring department for the resources under his control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in his charge. The Accounting Officer has a responsibility to see that appropriate advice is tendered to the board on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the chief executive.

## **Audit**

32. EEDA has established an Audit Committee as a sub-committee of the board. The Audit Committee is drawn from members of the board who are not members of the Resources Committee.

## **The Board as Employer**

33. The board will ensure that it complies with all relevant employment legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of staff employed by public bodies. All staff will be familiar with the Agency's corporate strategy, including its main aims and objectives, and the internal management and control systems that relate to their work. In filling senior staff appointments, the Board will satisfy itself that an adequate field of qualified candidates is considered, and will always consider the merits of full open competition, which will normally be used for recruitment of external candidates.
34. The board will ensure that its members, and EEDA staff, have access to expert advice and suitable training opportunities that they may require in order to exercise their responsibilities effectively.
35. The board will ensure that EEDA's rules for the recruitment and management of employees provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff, and that EEDA adopts rules of conduct for its employees which reflect the public service values set out in paragraph 2 above and management practices which will use resources in the most efficient and economical manner.
36. The board has a responsibility to monitor the performance of the chief executive and senior staff. Where the terms and conditions of employment of the chief executive, and other members of staff, include an entitlement to be considered for performance-related pay, and where board members assess such payments, the Board will ensure that they have access to the information and advice required to make the necessary judgements.
37. The board will adopt the Cabinet Office's (Office of Public Service) code of conduct for its staff. The code covers arrangements enabling members of staff to raise concerns about propriety with a nominated official or board member of EEDA in the first instance and subsequently, if necessary, with a nominated official in the sponsoring department. There are safeguards to prevent conflicts of interests when staff leaves.

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