

**South West of England Regional
Development Agency**

**Annual Report and Financial Statements
2008/09**

South West of England Regional Development Agency

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

Ordered by the House of Commons to be printed on 20th July 2009

HC 814

London: The Stationary Office

£13.50

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ISBN: 9780101959369

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Chair's Statement

As I prepare to hand over to my successor, it is humbling to reflect on just how great a privilege the past 6 ½ years have been. I could not have been asked to represent a more compelling and creative yet challenging region nor indeed, to work with a more committed Executive Team, a more dedicated Board and a more appreciative and courageous but demanding body of stakeholders. It is through working in a strong spirit of cooperation that I have come to realise that partnership is the hallmark of the South West and that it in turn delivers an undeniable culture of creativity, innovation and dogged persistence.

Jane Henderson, our Chief Executive, and I have worked together for almost all of my years in the Chair and we too have enjoyed a level of partnership that has always been determined to take and manage the risks necessary to make a real difference. Jane will describe some of the highlights of our year in her statement and our activities are further explored throughout this Annual Report. So, I should like to confine my comments to the three areas that have been the focus of my personal effort during the year....skills, tourism and innovation.

Skills

It is well known that I have a personal passion for developing the leadership and general management skills that recognise the potential return on a business's investment in the individual. Further, let us not forget that every young person entering the workforce must look forward to some 50 years of a working life. We have a responsibility, therefore, to ensure that they are at first employable and second, are mindful of the need for lifelong learning.

The South West's Regional Employment and Skills Partnership has come from a position of relative weakness a few years ago to recognition by both DIUS and BERR as a national exemplar. All of the organisations who address the employment and skills agenda are represented at the Partnership Board table by their regional principals and it has been a particular pleasure to me to have been asked to chair that Board and serve as its national ambassador. Tribute should also be paid to the RESP's Regional Director, Jim Nielson, and his team whose hard work at local, regional and national level has earned the Partnership its national reputation.

Tourism

The South West RDA takes the lead in forging relations with the Department of Culture Media and Sport on behalf of all nine of England's RDAs and this year The Partners for England network which we were instrumental in establishing two years ago has come of age and steered the birth of VisitEngland to stand alongside VisitLondon, VisitScotland and VisitWales. All is now set for improvement in the management and marketing of England's tourist industry and the harnessing of the contribution to be made by the Destination Management Organisations.

I have also been actively involved with four of Barbara Follett's Ministerial Advisory Groups... addressing Tourism, the Review and Implementation of the National

Tourism Skills Strategy, the roll-out of the Cultural Economy Programme and the Stonehenge Project Board... as well as with Gerry Sutcliffe's Sports Legacy Board.

Innovation

Perhaps the most significant success of the past year has been the development and implementation of the RAPIDE project, Regional Action Plans for Innovation Development and Enterprise. An EU-funded partnership of twelve regions from eleven countries, both new and established member states, are in the process of sharing their experience in order that all of RAPIDE'S participants may 'take innovation to market more quickly'. The network has highlighted three particular areas for investigation, namely the manner in which the most effective partnerships are forged, the provision and deployment of funds and the management of risk. Vital knowledge is already being exchanged and put into practice, the South West has gained invaluable practical advice and our businesses are beginning to see the benefit of our engagement. We can take the credit for having had the idea for the network, taken the lead in winning EU funding in competition with some 500 other applications and earning a genuine opportunity to shape future EU innovation policy as the Commission considers its approach post 2013.

The Future

My successor, Sir Harry Studholme, has been a great servant to both the RDA and the wider South West economy for many years and I know that I leave the Agency in excellent and most capable hands. South West England is certainly a very different place from the region I found in 2002. It appears more comfortable and more confident in itself and perhaps better prepared than most to take on the challenges of climate change, an economy in transition and a revolution in communications technology.

I shall certainly miss the cut and thrust of the RDA's day to day operations but know that I shall enjoy the many friendships I have made whatever the future holds.

Juliet Williams
Chairman

Chief Executive's statement

This has been a year of extraordinary events and exceptional challenges.

Our long period of sustained growth came to an abrupt end and we all now realise that the debt on which it was based was neither sustainable nor stable. With financial markets in turmoil and the economy in what looks set to be a prolonged recession, the RDA has had to adjust its work, its structures and its priorities to meet the new economic realities.

This adjustment has not been painless. I have had to preside over a significant reduction in our staff complement, a considerable reduction in our budget and - therefore - a corresponding reduction in our ability to invest in the region's economy, just at a time when our delivery matters most. During this period, there has been no let up in the pace of changes and developments expected by government, nor, indeed, in the level of scrutiny from our stakeholders.

Nevertheless, I am proud of what we continue to achieve in partnership with businesses and organisations right across this region. I am proud, too, that the Board and staff of the South West RDA continue to work so hard and passionately for the vision of what the region can become.

Despite distractions, the South West RDA has continued to deliver quality investments into quality projects that are helping to transform the economic fortunes of this region over the long-term. This time last year, we launched our Corporate Plan for 2008 – 2011. It was clear in its simple message that we had to focus our work and our investments on fewer but more important issues. I was heartened by how well this was received by partners and it has been the blueprint for our work ever since.

Many more examples of this leadership and investment at work are covered later in the report, but here are just a few highlights:

As we finalise our accounts, we have finally received the final tranche of government funding and necessary permissions to go ahead with the **Wave Hub**, which aims to create the world's first large scale wave energy farm by constructing an electrical 'socket' off the Cornish coast. Once operational, from summer 2010, the hub will not only generate up to 50MW of renewable energy, but offer a route to commercialisation for wave energy companies which we hope will prosper in the South West. This is project that we have been leading for a number of years; and we are excited that such a bold and innovative idea can be brought to fruition through our funding, energy and leadership.

On a broader front, since January of last year we have been working with a cross-Government team to explore the feasibility of a **tidal power scheme** in the Severn Estuary. This led to Ed Miliband, Secretary of State for Energy and Climate Change, launching a public consultation earlier in 2009 on the proposed shortlist of options, also announcing a new fund to support the development of embryonic tidal technologies – in which this RDA will invest £125,000.

We have worked hard since last summer to get the right support delivered to the region's businesses and people in an increasingly tough commercial environment. Vital to this has been a closer relationship with the main business organisations in the region, as well as practical work with all our delivery partners in the region to make sure that the help provided is as simple as possible to access. To single out one example from many, we collaborated with Business Link to deliver Recovery Road Shows that have reached over 2,000 companies across the region. We are also the first RDA to set up a **Business Loan fund** that is supported by EU money, to help good businesses affected by the recession who cannot obtain finance through the usual sources.

We were able to play our own small part in opening a new chapter in the history of aerospace manufacture in the South West in January with the official opening of **GKN Aerospace - Filton** at Bristol. The RDA worked closely with Airbus and GKN to facilitate a deal and secure the future of wing component and assemblies manufacturing at the Filton site. In addition, we will invest £8m in the Airbus-led Next Generation Composite Wing project.

Our role as Managing Agent for the European Regional Development Fund (ERDF) in the region has been a major feature of 2008/09, following the launch in the previous year – in addition to our role managing the significant European rural development funds coming into the region.

One of many examples of European ambition coupled with local partners' hard work and dedication is the **Pool Innovation Centre**, one of seven "transformational projects" being supported in the Camborne, Pool and Redruth regeneration area in West Cornwall. Almost **£12 million** of ERDF (European Regional Development Fund) Convergence and South West RDA investment was approved in December for this project, providing high quality workspace and business support to start-up businesses with potential for growth, and forecast to create 130 jobs by 2015.

Finally, we place great store by the new relationships we have started to build with the recently formed local authority Strategic Leaders' Board. We look forward to a lasting and productive relationship serving the interests of the South West region.

As always, many thanks to our partners in the region for their firm support and robust challenge through the year; and to the continuing dedication and hard work of our board members –and especially our outgoing chairman, Juliet Williams – and all my colleagues on the Agency's staff.

Jane Henderson
Chief Executive

South West RDA Annual Performance Report 2008/09

Executive Summary

This report sets out the progress the South West RDA has made in 2008/09 on the delivery of its corporate plan (2008-11), and should be read in conjunction with the rest of the annual report and accounts. The main challenge has been to manage an increasingly volatile operating environment. We have sought to proactively manage the risks and to maximise the opportunities that have been presented by significant changes in the economic and political landscape. Our current corporate plan has a strategy which emphasises:

- creating the conditions for productivity led growth
- developing a low carbon economy
- creating success places (some places were identified as priorities for intervention)

The table below sets out the aims that contribute to the delivery of the strategy and the rating shows the progress we have made in the past year. A fuller version of the table listing the individual outcomes is summarised on the next page. The ratings are:

- red – progress has been limited and issues of concern need to be addressed
- amber – some good progress has been made but there are continuing issues that need to be addressed
- green – strong/positive progress, no significant issues

corporate plan aims	overall rating
• providing vision, direction and leadership on the region's economy	green/amber
• supporting business and encouraging enterprise	green
• enabling the development of a low-carbon, resource efficient economy	green
• encouraging science and innovation	green
• helping people acquire the skills the economy needs	green/amber
• planning for growth and creating successful places	amber
• enabling the development of the region's communication infrastructure	amber
• a more efficient and effective RDA	green/amber

Some of our key achievements this year have included:

- Launching a £10m loan fund to help businesses cope with the recession. 100,000 businesses have used Business Link, with 4,700 receiving healthchecks as part of efforts on the economic crisis.
- Establishing 8 area action forces who are working with over 200 businesses to help them deal with redundancies and closures as part of our crisis response.
- Creating 333 new jobs and safeguarding 375 through the Grant for Business Investment.
- Developing and commissioning the new Solutions for Business portfolio; 21 products are available and the remaining 9 products will be available by March 2010.

- Enabling partners to use EU funding to commission the provision of next generation broadband and user services in Cornwall and the Isles of Scilly.
- Commenting on 69 major planning applications in our role as a statutory consultee.
- The development of the region's first multi-area agreement (MAA) in Bournemouth, Dorset and Poole.

Summary of outcomes

Corporate plan aims and outcomes	status
<p>Providing vision, direction and leadership on the region's economy</p> <ul style="list-style-type: none"> • Strategy and delivery are more closely aligned, so that we and our partners are pursuing consistent strategies for South West England • Smooth transition and implementation of the Review of Sub National Economic Development and Regeneration • Increased profile, reputation and influence for South West England with decision makers in the UK and beyond • Stronger relationship with key delivery partners and bodies including local authorities 	<p>green</p> <p>green/amber</p> <p>amber</p> <p>green/amber</p>
<p>Supporting business and encouraging enterprise</p> <ul style="list-style-type: none"> • Better understanding of business needs • Business provided with access to a set of business support products that address their needs 	<p>green</p> <p>green</p>
<p>Enabling the development of a low-carbon, resource efficient economy</p> <ul style="list-style-type: none"> • South West England established as a leading international region for achieving economic growth within environmental limits, and in the development and commercial application of technologies • Increased investment in measures that support the transition to a low-carbon economy • Annual net zero-carbon investment portfolio by 2013 	<p>green</p> <p>green</p> <p>green</p>
<p>Encouraging science and innovation</p> <ul style="list-style-type: none"> • Increased understanding of the productivity benefits that innovation and creativity can bring • Increased use of knowledge, creativity, science and technology by business 	<p>green</p> <p>green</p>
<p>Helping people acquire the skills the economy needs</p> <ul style="list-style-type: none"> • More people gaining economically viable skills and more businesses with the access to the skills they require • Greater clarity and direction to regional education and skills activity • More people participating in the economic life of the region 	<p>green</p> <p>green</p> <p>amber</p>
<p>Planning for growth and creating successful places</p> <ul style="list-style-type: none"> • Successful and sustainable priority places 	<p>Amber</p>
<p>Enabling the development of the region's communication infrastructure</p> <ul style="list-style-type: none"> • Improved connectivity to key national and international markets • Faster delivery of sustainable transport improvements in our priority places 	<p>amber</p> <p>amber</p>
<p>A more efficient and effective RDA</p> <ul style="list-style-type: none"> • Staff equipped to adapt to meet the challenges and opportunities facing the RDA in its outward-facing and broader strategic roles • Greater understanding of the impact of our investment decisions and 'what works' • European Regional Development Fund and European Rural Development Programme (England) managed and deliver successfully • Equality of opportunity and elimination of discrimination 	<p>green/amber</p> <p>green</p> <p>green /amber</p> <p>amber</p>

Introduction

1. This report sets out the progress the South West RDA has made in 2008/09 on the delivery of its corporate plan (2008-11), and should be read in conjunction with the rest of our annual report and accounts. It provides a concise snapshot of the progress we have made towards the outcomes originally identified. The main challenge has been to manage an increasingly volatile operating environment. We have sought to proactively manage the risks and to maximise the opportunities that have been presented by significant changes in the economic and political landscape. This has meant that we have had to change both our internal structures and ways of operating, as well as making and communicating decisions about the re-prioritisation of individual programmes and projects. Developing new work has become a more iterative process as we have needed to constantly reassess our approach. We have had to become more focussed and targeted and have scaled down some of our ideas in order to adapt to our tighter financial budgets. This has involved a thorough review of both new and existing projects and as a result we believe that we now have a more streamlined portfolio of work that will allow us to support the economic recovery, but also continue to make the long term interventions that will make that recovery sustainable.

Context

2. In April 2008 the credit crunch had already begun to affect the economy as we saw the collapse of Northern Rock and the markets were jittery. At this point we were expecting the South West economy to slow down, and from the mid-year onwards we saw increasing weaknesses. This deepened in September as the extent of the issues in the US and elsewhere became known and the fall in confidence began to affect the South West directly. It quickly became clear that whilst South West businesses were not necessarily in a bad position to survive the recession there was a greater exposure in this region in terms of household and personal debt. We usually expect a drag before the South West is affected by a downturn, but this was not the case with this recession. We have seen key sectors, such as manufacturing and financial services, hit hard in the north and east of the region and this has gradually extended south as the recession has continued. We have seen big rises in the jobseekers allowance claimant count, although it should be noted we were started from a relatively high base (79%¹). Some areas, such as high-tech, pharmaceutical, energy, tourism and some land based sectors, are still performing relatively well, but we do not expect to see a significant improvement in the economy, particularly for employment, until 2010. Working with partners, our strategy to address the crisis has focussed on preserving the capacity of our businesses, building the skills of our workforce, and continuing the development of competitive products and technologies.

¹ The employment rate according to the ONS Labour Force Survey.

3. In policy terms there have been significant shifts in government thinking that have affected our prioritisation and delivery over the past year. The most notable were an increasing emphasis on the new localism and low carbon (industrial activism) agendas. We have also seen significant structural change across the region which has effected the existing arrangements for partnership working. Key issues have included the transition from the Regional Assembly to the South West Regional Leaders' Group, local authority changes (e.g. development of the unitary authority in Cornwall), and policy led developments (e.g. the emergence of local employment and skills boards).

4. Like all publicly funded bodies we continued to face significant pressures on our budgets during 2008/09. As part of the 2007 Comprehensive Spending Review efficiency savings commitment we have made the 5% year-on-year reductions required. We have also responded to national calls on our budget to support the recession related work and have seen a significant decline in the receipts from our asset base with the collapse in the property/development markets. Securing match funding for the region's EU programmes has been a challenge, especially as Cornwall and Scilly have England's only Convergence programme that attracts a higher level of funding.

Core strategy

5. Our current corporate plan has a strategy which emphasises:

- creating the conditions for productivity led growth
- developing a low carbon economy
- creating success places (some places were identified as priorities for intervention)

6. In delivering these aims we have focused on:

- providing vision, direction and leadership on the region's economy
- support business and encouraging enterprise
- enabling the development of a low carbon, resource efficient economy
- encouraging science and innovation
- helping people acquire the skills the economy needs
- planning for growth and creating successful places
- enabling the development of the region's communications infrastructure
- a more efficient and effective RDA

7. The main issues we have addressed in 2008/09 are summarised below.

Creating the conditions for productivity led growth

8. It has obviously been challenging to create the conditions for growth in 2008/09 in the context of the economic recession. We have focused on a survive and thrive message by encouraging businesses to review their current and future potential to see where productivity improvements could help save their business, or

inform future growth. We have been working closely with the banks, and businesses, particularly the regional intermediary organisations, to ensure that we have been responsive to business needs at this critical time.

9. Our work with specific sectors has been in transition during the last year. Our focus has been on aligning our sector activities with the Solutions for Business (S4B) products and aligning this approach with the technology strategy board products (collaborative R&D) and the nationally funded knowledge transfer networks. We are taking a targeted, proactive approach to innovation, making sure that we promote the benefits to business effectively and ensure they are signposted to appropriate provision. We have also encouraged businesses to take advantage of the relative weakness of the pound by increasing our support for trade activities – encouraging businesses to export and increase their markets.

10. In terms of ensuring there is a skilled workforce the focus has been on addressing structural weaknesses, such as the increasing need for workers with skills in science, engineering, technology and maths (STEM). We have also been developing new projects to address the specific needs related to the crisis.

11. The picture on the physical infrastructure that supports businesses has been mixed, as the downturn has had some affect on our ability to progress projects. We have seen the completion of the Yeovil innovation centre, and work has commenced on the centre at Pool. However we have evidence that some innovation centres are filling more slowly and there have been delays to the physical build of Spark (in Bristol).

Developing a low carbon economy

12. This issue was already a priority for us as we have committed to making our overall annual interventions zero carbon by 2013. The issue has continued to rise up the policy agenda during the last twelve months so we have placed an increased focus on our activities in this area.

We have been emphasising to business that improvement in their resource efficiency can have direct business benefits and positive environmental outcomes. With increasing concerns being voiced at all levels about climate change and energy security we have increased efforts to develop the renewable energy sector.

Creating successful places

13. Our work in priority places have been significantly hit by the downturn and the change in market conditions, particularly on capital regeneration projects. Many projects have either slowed or stalled as we, and partners, have re-negotiated with private sector developers. However, there have been positive developments on other physical projects, planning and transport, and we have developed a positive relationship with the new Homes and Communities Agency (HCA).

14. The rest of this report sets out the progress we have made on each of the activity areas identified above against the outcomes we originally specified. We have used a simple red/amber/green system to show the extent to which progress was made against the objectives and where there are issues or concerns.

- red – progress has been limited and issues of concern need to be addressed
- amber – some good progress has been made but there are continuing issues that need to be addressed
- green – strong/positive progress, no significant issues.

corporate plan aim	corporate plan outcome	commentary	status
<p>Provision vision, direction and leadership on the region's economy.</p>	<p>Strategy and delivery are more closely aligned, so that we and our partners are pursuing consistent strategies for South West England.</p>	<p>Positive progress on was made in 2008/09. Key highlights include:</p> <ul style="list-style-type: none"> • Regional Spatial Strategy – The penultimate draft was issued in July 2008 and an unprecedented number of individuals and organisations (35,000) registered objections. The revised draft will be published shortly. We have continued to work with all partners to ensure effective alignment with the Regional Economic Strategy and were broadly content with the outcomes (e.g. the housing numbers were increased). • Regional Funding Allocations II exercise – We worked with partners to develop the RFA advice for the Treasury setting out the region's priorities for transport, housing, economic development and skills. Central government was complimentary about the quality of our process and the outcomes. A joint Department for Transport (DfT)/regional group has been set up to monitor the use of RFA funds for transport to ensure delivery supports regional priorities. • Scrutiny: We have had two positive reviews during 2008/09 on business engagement and migrant workers. As a result of our influence the process has been broadened to include the work of other partners so that the shared recommendations lead to the better integration of strategy and delivery and better regional decision making. The regional select committee been established and recently held its first hearing on the economy. • We have continued to inform national policy development, for example making a submission to the BIS (formerly BERR) select committee inquiry into the role and effectiveness of RDAs. • Working jointly with South West Tourism (SWT) we have developed a more sustainable business model for them, evolving their role as a strategic body, and by allowing the Destination Management Organisations to work directly with the trade and generate commercial opportunities. We have also developed a joint regional delivery plan which combines the work of SWT, the tourism skills network and the regional element of the Welcome to Britain strategy. 	<p>green</p>
	<p>Smooth transition and implementation of the sub-national review of economic development and regeneration.</p>	<ul style="list-style-type: none"> • We have been working closely with partners over the past year, contributing to key consultation exercises, and developing effective transition arrangements with South West Councils and the Regional Assembly by putting a change management programme in place. 	<p>green/ amber</p>

	<p>Increased profile, reputation and influence for South West England with decisions makers in the UK and beyond.</p>	<p>Positive progress has been made in 2008/09, but more remains to be done. Key highlights include:</p> <ul style="list-style-type: none"> • Our proactive management of the lead role for the Department of Culture, Media and Sport. <ul style="list-style-type: none"> – The tourism national lead group has met the Tourism minister 3 times during the last year and business support, local authority support for the tourism agenda, and scenario planning in light of the recession. – We also took the lead on a DCMS review of 2012 delivery in the nations and regions and the development of the pre-games training camp protocol. • We continued promoting the region to business and visitor audiences as part of the South West England campaign. Increasing the appreciation of the range of businesses here, and improving perception of our infrastructure generated well over £20 for the regional economy from every £1 spent on attracting visitors. • We won the National Compact Excellence Award for collaborative working with the voluntary and community sector at a regional level. 	amber
	<p>Stronger relationships with key delivery partners and bodies including local authorities.</p>	<p>Positive progress has been made in 2008/09, but more needs to be done. Key highlights include:</p> <ul style="list-style-type: none"> • Stakeholder survey - We had some good messages from our latest stakeholder survey. There was a significant increase in terms of stakeholders satisfaction with their RDA relationship – +65%, against +38% in 2004. We have also markedly improved in terms of our communications reach to non-business stakeholders. However, there is more work to be done in terms of business audiences. New stakeholder management plans are being prepared for our key client groups. • Relationships with local authorities have been further developed through work on the sub-national review, RFA (see above), and on local and multi area agreements (LAAs/MAAs). 	green/amber
<p>Supporting business and encouraging enterprise</p>	<p>Better understanding of business needs.</p> <p>and</p> <p>Businesses provided with access to a set of business support products that address their need</p>	<p>Strong progress was made on this agenda in 2008/09. Highlights included:</p> <ul style="list-style-type: none"> • Economic crisis response <ul style="list-style-type: none"> – Positive work with national partners on the roll out of the 'Real Help for Business' campaign. Our regional roadshows have advised 500 businesses and over 4,700 businesses have had healthchecks through Business Link. – We have launched our £10m loan fund. We were the first region to be able to utilise EU funding to improve businesses access to finance. – We have convened 8 area action forces that are working with businesses dealing with redundancies and closures. The forces bring all the public sector partners together to provide a tailored package of support that can include training, and redundancy support. Over 200 businesses were being supported by April 2009. 	green

		<ul style="list-style-type: none"> • Solutions for Business portfolio - The portfolio of 21 new products are already available to businesses in the region, with commissioning underway for the remaining 9 products during the transition period to March 2010. Our transition arrangements were rated green through the development and implementation process. • Management of the Business Link (BL) service <ul style="list-style-type: none"> - Over 100,000 businesses used the service in 2008/09. - Nearly 7,000 received an intensive diagnostic to determine a detailed action plan specific to the business. - Over 250 business support events were run throughout the year. <p>Evaluation - Our recent evaluation showed that every £1 investment in BL services resulted in £11.30 cumulative GVA. This is an encouraging result early in the project lifecycle.</p> • Grant for business investment (GBI) – 14 businesses were awarded grants in 2008/09 totalling £7.7m. 333 jobs were created and 375 safeguarded during the year. • Relationship management – we have established a Regional Business Forum with the main business representative organisations, chaired by a member of the RDA Board. This group supported our work on the economic crisis. • 2012: Over 4,000 businesses are registered on the Compete4 website and 42 have won contracts for the 2012 Olympic games. Meet the buyer business events were held in conjunction with the Olympic Development Authority. • Data and intelligence – we have established a dedicated team to work directly with the region’s strategically important companies. This has enabled us to generate a better understanding of their needs. 	
<p>Enabling the development of a low carbon, resource efficient economy.</p>	<p>South West England established as a leading international region for achieving economic growth within environmental limit, and in the development and commercial application of technologies.</p>	<p>We have continued to emphasise our leadership role on this key agenda in 2008/09. Positive progress has been made on:</p> <ul style="list-style-type: none"> • Wave Hub – The funding has been secured and 2 device developers are committed. We expect installation to be complete by the Spring/summer of 2010. • Peninsula Research Institute for Marine Renewable Energy (PRIMarE). This programme connects with the Wave hub work and has already succeeding in attracting additional funding for its research activities including an ESPRC Grant to funding a research collaboration with engineering company Arup. ERDF is enhancing its technology transfer activities. • Green recovery – As part of our work on the economic crisis we have led on the development of a green recovery programme for the South West. 	<p>green</p>

	Increased investment in measures that support the transition to a low carbon economy.	<p>Positive progress has been made:</p> <ul style="list-style-type: none"> • In Cornwall where Business Link has established a team of resource efficiency advisors to work with businesses and broker them to specialist support. Similar provision is currently being commissioned for the rest of the region, and it is intended to partly fund this with ERDF. • We lobbied Defra for £3m which we have used to fund a capital grants programme for organisations who want to use biomass as a way of generating heat (32 megawatts will be generated over the course of the programme, reducing the reliance on fossil fuels). • Evaluation - a longitudinal evaluation of TUC Green Workplaces project has also started, which will look at how Trade Unions have worked to raise awareness of environmental issues in businesses, delivered training and built closer links between environmental support bodies and businesses. 	green
	Annual net zero-carbon investment portfolio by 2013.	<ul style="list-style-type: none"> • In order to develop a zero-carbon investment portfolio we need to have a robust carbon accounting methodology. We have established a panel of experts, chaired by Jonathon Parrett, to help us develop the methodology. We have made good progress on establishing the underlying operating principles and are now testing a framework on a range of projects before rolling out full implementation in April 2010. 	green
Encouraging science and innovation.	Increased understanding of the productivity benefits that innovation and creativity can bring.	<p>Good progress has been made. Highlights included:</p> <ul style="list-style-type: none"> • BL has established a team of Innovation Advisors in Cornwall to work with businesses and broker them on to appropriate innovation support. (Partly supported by ERDF). • Grant for R&D – We have doubled the Grant for R&D (to £8m with ERDF funding). 13 businesses have been supported in 2008/09 with £1.1m committed in grants. <ul style="list-style-type: none"> – Apitope were given a grant of £75k to spin out their company from Bristol University. They also participated in the UKTI passport to export scheme and we funded them to attend a key US trade show (Bio 2007). Following the contacts they made at the conference with a leading pharmaceutical company they have recently announced a Euro 154m licensing agreement for a new drug for multiple sclerosis (MS). They are now actively recruiting scientists in Bristol. • Business technology centres – We are supporting the development of BTCs (partly with ERDF) to help small businesses commercialise new technologies. It is hoped that ERDF will support other innovation products – e.g. Inets. 	green

	<p>Increased use of knowledge, creativity, science and technology by business</p>	<ul style="list-style-type: none"> • 80 businesses have received support through the national Designing Demand programme to increase creativity in industry. • 30 businesses are undertaking knowledge transfer partnerships with higher education institutions. (Supported by ERDF). • We are encouraging further education partners to build on the funding DIUS has provided for Knowledge Transfer Pathfinders. The pathfinders will help businesses access the knowledge base in further education colleges. 	<p>green</p>
<p>Helping people acquire the skills the economy needs.</p>	<p>More people gaining economically valuable skills and more businesses with the access to the skills they require.</p>	<p>Good progress was made in 2008/09 with the crisis response, but further work needs to be done. Highlights included:</p> <ul style="list-style-type: none"> • Economic crisis - We have been working with regional partners to help employers and people cope with the consequences of the economic crisis by ensuring there is a well coordinated public sector and supply side response on employment and skills issues. We have convened a group of all the relevant partners which feeds into the Regional Economic Task Group chaired by the Regional Minister, and which reports also to the Regional Employment and Skills Partnership (RESP). Our focus has been on joining up the existing and new offers effectively, communicating the messages about the support that is available, and interrogating the data and intelligence to inform policy and delivery decision making. As mentioned earlier the area action forces are working directly with those firms affected by closures and redundancies. There was good joint working on the development of a regional economic recovery plan and a variety of policy announcements, including the Future Jobs Fund. <p>As part of this work we have extended Learning works for all which funds Union training reps to encourage workplace training. We have given them an additional £450k, some of which will be used to support businesses on redundancy issues. The recent evaluation of the existing project demonstrated that it was a well run project generating a wide range of useful outcomes. Some new work has been taken forward in order to respond to the particular needs of business. We have developed a talent retention proposal that will help aerospace and advanced engineering businesses to retain their key people during the downturn. This will receive approval shortly.</p> <ul style="list-style-type: none"> • STEM - We have commissioned research which sets out the pipeline showing where STEM skills are lost as people progress from GCSE to A level to higher education and employment. This will inform the design of future STEM interventions. In a related development, working with the University of Exeter and the MET office we have acquired the land for Exeter Science park which is expected to generate 3,000 high value jobs in the science and research sector. 	<p>green</p>

		<ul style="list-style-type: none"> • Skills academies – Positive progress has been made on the Flybe training academy, which will be used by local and regional employees, college students, school students and school leavers, and other national and international employers with training needs. We are also working with partners on the development of a national skills academy for nuclear training in the SW – this will support the decommissioning of existing power stations and new builds in Somerset and Gloucestershire. Plans for other academies have been scaled back due to funding constraints. 	
	Greater clarity and direction to regional education and skills activity.	<ul style="list-style-type: none"> • Regional employment and skills partnership (RESP) – The RESP has played a key role in supporting the collaborative efforts on the crisis set out above. They held a conference for local partners and local employment and skills boards (LESBs) to brief them on the crisis work and to share best practice around LESB development. They have also been developing relationships with the new National Apprenticeship Service and continued to monitor the implementation of the European Social Fund (ESF) programme. The RESP also developed the skills framework for the RDPE programme (see below). 	green
	More people participating in the economic life of the region.	<p>Whilst some good work has been taken forward in the context of the crisis there is a decreasing focus on the economic inclusion agenda nationally and regionally, and in a tighter funding environment this work is becoming a lower priority.</p> <ul style="list-style-type: none"> • Gloucester City Employment and Skills programme – This LSC, ESF, and RDA funded programme began in October 2008 and is an example of an integrated employment and skills model that provides support both to individuals furthest from the labour market and employers (who provide continuing workforce development). Gloucester has been particularly hard hit by the recession and so demand for the programme has been increasing. So far 400 learners are engaged with the programme and 214 have already accessed training. • West@Work – This is an important programme providing skills support for people furthest from the labour market in Bristol. As part of the recent redevelopment of Cabot Circus an initiative was set up to ensure local people benefited from the new job opportunities. A recent evaluation of the project has demonstrated that over 50% of the jobs created were filled by local people; 65% who were previously unemployed, 26% from an ethnic minority background, and 75% aged between 16 and 25. • Social enterprise - specialist business support has been provided to 838 social enterprises, who have registered a 94% satisfaction rating with the BL service. This work is seen as a national exemplar by the Office of the Third Sector. We have also provided continuing support for RISE which is the body promoting social enterprise in the region. • Solutions for Business – ERDF is supporting enterprise coaching and intensive start up support in the Convergence and Competitiveness areas to encourage under-represented groups to start up new businesses. 	amber

		<ul style="list-style-type: none"> • Enterprise for all – 469 Enterprise Week events were held across the region, generating extensive press coverage. The BBC became an established partner in the initiative in 2008/09. Our support for the Princes Trust business programme has also generated good outputs in terms of business creation and young people assisted with their skills development. However, more limited progress has been made in some areas due to the financial constraints – for example on women’s enterprise and other elements of the BIS (FORMERLY BERR) enterprise strategy. • 2012: Activity has included the development of the educational pilot programme in schools (Be the Best), and the volunteering programme (Personal Best and Train of Events). • We have provided continuation funding for South West Forum (the regional infrastructure body for the voluntary and community sector) and by matching funding ESF have enabled them to deliver a substantial technical assistance programme for the sector. 	
Planning for growth and creating successful places.	Successful and sustainable priority places.	<p>Positive progress has been made on planning and transport issues, but capital regeneration projects have been hampered by the market conditions. Many projects have been slowed, or stalled, as private sector engagement/contracts have been re-negotiated.</p> <ul style="list-style-type: none"> • Planning – As part of our statutory consultee role on planning we have commented on 69 major applications including; a proposal for GCHQ Cheltenham which will generate 6,500 new jobs, the proposal for Phase 3 of the Combined Universities Cornwall project, the development of Hanham Hall in South Gloucestershire which is an HCA led eco development (sustainable living challenge), and Trevenson Gateway which is a key regeneration site in Redruth (Cornwall). In addition there has been on-going engagement to support the emergence of local development frameworks in our priority places. • Bournemouth/Dorset and Poole MAA – As part of the implementation of the MAA a sub-regional workspace strategy has been completed and the commissioning of an asset backed development vehicle is due to start shortly. £8.9m RIF approval has also been given for the Twin Sails Bridge in Poole which will help maintain the momentum of a key regeneration project • Bristol – Substantial progress has been made on the development of the Bristol MAA, but significant further work needs to be done to create the structures that will deliver the growth in the 2 urban extensions. 	amber

		<ul style="list-style-type: none"> • Urban regeneration companies – The Swindon URC has completed 2 major development agreements for the town centre schemes and the masterplanning for the eastern development areas has been completed. A fiscal stimulus package has been developed to release £3m capital funding for 2009-10. The Plymouth city development company has been established and has published its first work plan outlining the key regeneration priorities it will take forward. We have completed an asset-based funding scheme to support the work of the Torbay Development Agency which is responsible for delivery of economic development in that area. In Gloucester the Quays development, a key URC project, has been completed. • 2012: The Weymouth and Portland sailing academy opened in December, and was the first Olympic venue to be completed in the country. 	
Enabling the development of the region's communications infrastructure.	Improved connectivity to key national and international markets.	<p>Some positive progress has been made. Highlights include:</p> <ul style="list-style-type: none"> • Major scheme business cases have been submitted to the DfT for the Bristol bus rapid transit and Weston package. Submissions on the South Bristol link (key to the urban expansion) will follow shortly. • Broadband – we are helping partners commission the provision of next generation broadband and user services in Cornwall and the Isles of Scilly, supported by ERDF. There is a clear market failure due to low population density and geographic disparity. This investment will facilitate business competitiveness, flexible working, and the low carbon agenda. 	amber
	Faster delivery of sustainable transport improvements in our priority places.	<ul style="list-style-type: none"> • Regional Infrastructure Fund (RIF) – The RIF has completed its first year of operation. Early work has included agreeing an investment that will be used to expedite the delivery of a new rail station to the east of Exeter to serve the new community and strategic employment site. • We have successfully lobbied with partners for the re-duelling of the Swindon to Kemble section of the Swindon/Gloucester rail line. This will improve access to key markets including London and the West Midlands and will provide a diversionary route when national services are disrupted. • As part of our work on the Bournemouth/Dorset/Poole MAA we have supported the South East Dorset multi modal transport study which has modelled the most sustainable ways of accommodating the proposed growth in the sub-region. • Along with the RFA efforts mentioned earlier we are working with DfT to ensure regional priorities are reflected in longer term transport planning and investment through the "Delivering a Sustainable Transport System" (DaSTS) programme. 	amber

<p>A more efficient and effective RDA</p>	<p>Staff equipped to adapt to meet the challenges and opportunities facing the RDA in its outward facing and broader strategic roles.</p>	<ul style="list-style-type: none"> ● Staff re-structure – We successfully completed an organisational re-structuring programme in 2008/09 to deliver the savings required by the Comprehensive Spending Review 2007 and to meet our key strategic drivers. ● We have provided 125 training courses, delivering learning to 1029 attendees on a wide range of subjects including diversity, customer service, presentation skills and time management. Particular highlights have included: <ul style="list-style-type: none"> – the delivery of a senior leadership development programme – continuing investment in our Essential Management Programme – delivery of stakeholder manager/relationship management training for business facing staff ● We have also developed a stronger approach to identifying development needs and managing individual performance through the implementation of a new competency framework and a personal performance and development review system. ● We have piloted a new and stronger approach to evaluating the impact of our learning and development interventions with lessons learnt informing development of new learning packages. ● We have undertaken a staff survey - there was a strong 88% response rate, significantly higher than other similar organisations. Of the 110 questions within the 2009 survey that can be directly compared to the previous survey, 55 have improved, 10 have declined and 45 have remained the same. An action plan is being developed to address the issues identified. 	<p>green/amber</p>
	<p>Greater understanding of the impact of our investment decisions and 'what works'.</p>	<ul style="list-style-type: none"> ● RDA Impact evaluation report – We carried out 30 strategy and impact evaluations to inform the impact report. The overall finding was that the South West RDA had delivered good value for money and compared well against the national average. ● Evaluation strategy – Our evaluation strategy has been refreshed in the light of the impact report and a review of the requirements for our 2008-11 evaluation programme completed. The EU Convergence and Competitiveness evaluation strategy and plan for 2009-2015 has also been developed, and aligns to our single pot evaluation programme. ● Methodology development - We have undertaken a Cost Benefit Analysis thinkpiece and have assessed how this technique could be used alongside impact evaluation. We have also started to work up a methodology to help assess our Net Zero Carbon Corporate Plan aspirations; this has predominantly focused at the appraisal stage, and work is underway to develop the subsequent monitoring and evaluation methodologies. 	<p>green</p>

		<ul style="list-style-type: none"> • Corporate plan monitoring - We monitor the corporate plan by measuring GVA per hour, greenhouse gas emissions and the ranking of the region's cities in the European cities and regions future index (FDI). GVA and emissions data is not yet available for 20008/09, so we have not commented on it in this report. 	
	European Regional Development Fund (ERDF) and European Rural Development Programme (RDPE England) managed and delivered successfully.	<p>Good progress has been made on the commissioning and delivery of the ERDF programmes, but progress has been slower on RDPE. Examples are given throughout the text of where ERDF is supporting our work. We have, or will be using, ERDF to enhance the delivery of 21 of the Solutions for Business products (some still subject to approval).</p> <ul style="list-style-type: none"> • ERDF Convergence. To date £68.2m has been contracted and we have commissioned an additional £315m. We are on target to meet N+2 in 2009. • ERDF Competitiveness – good progress was made after the initial start up phase. To date £21.5m has been contracted and commissioned an additional £61m. We are on target to meet N+2 in 2009. <p>The RDPE Regional Implementation plan was updated in June 2008. £7.7m has been approved for the commissioned themes and £68.3m allocated. £2.4m has been contracted for business led projects.</p> <p>Highlights included:</p> <ul style="list-style-type: none"> • Expanding the South West rural enterprise gateway which provides specialist business support for the land based sector and the launch of a vocational training scheme in each county. • 15 community led partnerships were awarded £33m funding for local action to support sustainable communities. 	ERDF green RDPE amber
	Equality of opportunity and elimination of discrimination.	<p>Substantial progress has been made in the last year, but there is still significant work to do both in terms of culture and processes. Highlights have included:</p> <ul style="list-style-type: none"> • Positive feedback from the Equality and Human Rights Commission on the quality of our disability scheme. We have also reviewed our race scheme. • The establishment of a robust equality impact assessment process as part of changes to our appraisal system. • Focussed delivery on the actions in our gender, race and disability schemes. This has included reviewing HR recruitment processes, working with Business Link to embed equality and diversity in their work, developing accessible communications and venues guidance. • Continuing support for Equality South West (the regional strategic body for equality and diversity) who are providing additional capacity to help us deliver on our commitments. 	amber

Management commentary

The South West of England Regional Development Agency (South West RDA) was created in April 1999; our work is driven by the government's desire to improve economic performance in the English regions and reduce the disparities between them. We achieve this by working with our partners to develop an economic strategy for the South West; our Corporate Plan sets out what we will do to contribute to the delivery of the strategy. Our shared vision for the region is "The South West of England will have an economy where the aspirations and skills of our people combine with the high quality of our physical and cultural environment to provide a high quality of life and sustainable prosperity for everyone."

Business activities

The 2006-15 Regional Economic Strategy (RES) has three strategic objectives:

1. Successful and competitive businesses;
2. Strong and inclusive communities; and
3. An effective and confident region.

Following on from this, our own Corporate Plan 2008-2011 published last year - and currently being refreshed – gives the Agency its own core strategy to help meet the overall regional objectives, namely:

- **Creating the conditions for productivity-led growth**
Measure - gradual improvement in South West productivity as measured by Gross Added Value (GVA)/ hour relative to UK average.
- **Developing a low carbon economy**
Measure - reduction in the region's contribution of greenhouse gas emissions (GHG) relative to GVA as measured by tonnes of GHG per £'000 of GVA
- **Creating successful places**
Measure - improved rankings of priority places as measured by the fDi's magazine European Cities and Regions of the future index (as well as other useful measures)

During the year it has become critically important to balance our ongoing activities in these areas with a strategic – as well as a specific - focus on helping businesses during the recession. We want to build the skills of our workforce, preserve the capacity of our businesses and continue developing competitive products and technologies.

We have taken an active role in the Regional Economic Task Group, chaired by Minister for the South West, Ben Bradshaw, which was set up in November 2008 to help Government and the region understand the impact of the economic downturn, drive regional activity through a co-ordinated response, and inform and shape national policy.

The Group has included representation from the Government Office, Jobcentre Plus, the Learning & Skills Council, the Homes & Communities Agency, local authorities and NHS South West, along with representatives from business, trade unions and the voluntary sector.

In October 2008, we established a Regional Business Forum to formalise regular dialogue with key business representative organisations in the region. It has acted as a valuable sounding board for new plans and initiatives and gives business a voice directly into the RDA.

Our specific support for business during the year includes:

- Preparing and launching in March 2009 a £10 million Business Loan Fund, co-funded by ERDF. The fund provides up to £250k for businesses with viable business plans but which are unable to get support from commercial banks and private investors. It will invest throughout the region on commercial terms.
- Supporting, through Business Link, a number of regional workshops to help businesses survive and thrive through the economic crisis. This allowed 500 businesses to access comprehensive support face-to-face.
- The RDA-funded South West Manufacturing Advisory Service offering a business review to provide advice and help on productivity and cashflow issues, in addition to its usual services. A further £2.4m investment from the European Regional Development Fund, managed by the RDA, supported this service.

We also worked hard to prepare and develop a number of activities where the main impact will be seen in 2009/10, not losing sight of the need to continue to innovate and invest during the recession:

- Doubling our funding for the Grant for R&D scheme from April 2009, with support from the European Regional Development Fund (ERDF), with some £8m to be invested over the next three years. Business can apply directly to the RDA for funding.
- Doubling the number of Knowledge Transfer Partnerships from April 2009 at a cost of £8.3m. These build links between business and Further and Higher Education, and help businesses access and benefit from the knowledge on their doorstep.
- From mid-2009 a new £1.2m Innovation Advisory service will be launched via Business Link to help businesses understand the support and advice available.
- Investing an additional £450K in Learning Works for All, which is run by the South West TUC. It promotes training in businesses and provides support in a redundancy situation.

Other activities in 08/09

As well as responding to the impact of recession, we have been involved in a wide range of activity during 2008/09, much of it having impact across the whole region and some tackling particular sub-regional and local economic issues. Here are some of the highlights:

RES progress report 2007/08

In November, the RDA published a second annual report on the region's progress to deliver the priorities and actions set out in the Regional Economic Strategy (RES). The enhanced service offered by Business Link, the first investments from the Regional Infrastructure Fund, and the establishment of PRIMaRE to promote innovation in the marine sector were just a few of the highlights. The report helps meet

a commitment made by the Agency to keep partners up to date on the RES in between formal reviews.

The process also helps strengthen our strategic relationship with delivery bodies in the region, which will be increasingly important with the transition to a new Single Regional Strategy.

Solutions for Business

We implemented, on behalf of the Department for Business, a new streamlined system of publicly-funded support to help businesses start, grow and succeed. Solutions for Business has rationalised a suite of 3,000 schemes down to around 30 headline products.

The South West RDA, working in partnership with Business Link, the business community, local authorities and other organisations, is leading the development of the Solutions for Business framework in the region.

Solutions for Business will make it easier for companies to find the right products to help them with common business issues such as getting started, growing, finance, export, skills, innovation and the environment - all of which are important to help businesses succeed.

As part of this and the drive for economic recovery, we launched the £10m South West Loans Fund for growth-oriented business with viable business plans (as referred to in the previous section of this report). Of this £5m is available in Cornwall and the Isles of Scilly and £5m for the rest of the region.

Sub-National Review (SNR) and Regional Funding Allocations Advice (2)

We have been working closely with local authority leaders to develop the region's approach to SNR implementation, including new regional governance arrangements and proposals for developing and delivering a Single Regional Strategy.

The RDA has held regular meetings with key representatives from the Regional Assembly, GOSW and Local Authorities to discuss the practicalities of emerging SNR policy and RFA 2 priorities in relation to a developing a new Single Regional Strategy.

Government RFA guidance was published at the end of July. The RDA worked with the Regional Assembly, Local Authorities and other partners to confirm funding priorities for the region at the end of February 2009.

The RDA has been leading the process, engaging key regional partners (including two RFA stakeholder events in October and January and various meetings held with key sector groups including Business, Transport, Housing and Skills during the period September 08 – January 09) in order to help draft the region's response.

The Road to 2020 – An Analysis of Renewable Energy

This was published in September and concludes that meeting a 15% or 20% target is possible within the region, but only with big and rapid changes to national policy and greater local support for renewable energy.

The RDA worked with RegenSW on the analysis and EU Energy Commissioner Andris Piebalgs commented on the report when he visited the region early in October to say: "This is the first regional analysis of the EU renewables target, and I recommend it to anyone who wants to understand the challenges and opportunities of delivering renewable energy on the ground. It highlights the vital role that regions can play in helping member states achieve their targets."

Climate Change Action Plan

South West England launched its first Climate Change Action Plan, setting out how regional organisations and their sub-regional partners – such as district and county councils – can contribute to combating climate change.

The Action Plan focuses on actions needed between 2008 -2010, including reducing carbon emissions in the region by increasing the levels of energy efficiency in existing housing and other buildings, supporting 'low carbon' technology development and renewable energy.

A regional partnership made up of the RDA, the Regional Assembly, Government Office, Environment Agency and Natural England, has thus demonstrated its very serious intent to making the changes in direction and activity to help the region meet the challenge of climate change.

2012 Legacy in Action Launched

In December, Team South West launched a report about South West England's success in using the London 2012 Games as a catalyst for innovative and creative activity.

"Legacy in Action" provides a summary of some of the achievements across South West England over the last two and half years: businesses are now securing contracts; regional athletes who have been inspired in Beijing are now training for the next step towards the London 2012 Games; and world class events have been attracted to the region.

International teams that could base in the South West have been targeted, South West England has been promoted on the world stage and the South West is participating in the Cultural Olympiad with events and activities happening across the region.

RAPIDE (Regional Action Plans for Innovation Development and Enterprise)

A new European project was launched in December to help South West businesses get innovative ideas off the drawing board and onto the shop shelves much quicker.

The project brings together strategic leaders and innovation experts to share best practice on how to speed up the process of bringing innovative products and services to the marketplace.

The RDA has played a leading role in getting the project off the ground. The South West is the only English region involved in the project and will work alongside 11 other European regions.

Regional Compact Award

In November, the South West regional compact partners won the National Compact Excellence Award for collaborative working at a regional level.

The Compact has influenced action and encouraged the public sector and the Voluntary and Community Sector to work together to improve and enhance the services they offer to the public. The RDA helped set up the core group and was a key partner involved in drafting the Compact in 2004.

Aerospace industry

In September a landmark investment was made to enable the transfer of manufacturing assets between Airbus UK at Filton, Bristol, and British company GKN.

GKN has pledged to invest a further £125m into the site during the next five years. The investment has significant implications for the regional economy as well as the wider aerospace sector. The RDA has worked closely with Airbus and GKN to facilitate this deal and secure the future of manufacturing in Bristol.

Knowle West Media Centre

Knowle West Media Centre is a social enterprise and charity based in Knowle West, a deprived area of south Bristol. It is devoted to developing the creative, educational and social potential of people within the surrounding community and the city by involving them in media projects.

By 2007 it had outgrown its original accommodation in an old health centre and work began to build the organisation its own new environmentally friendly, state-of-the-art premises. The RDA was the main financial backer for the new building – which shares the name Knowle West Media Centre with the organisation based there – making an investment of £1.38 million in the project. The new building was officially opened in April 2008.

The project's other backers were the European Regional Development Fund, Objective 2 Bristol, Urban 2, SRB Regeneration, KW Neighbourhood Renewal, Bristol City Council, and Arts Council England.

Young people from the local community were involved in the design of the new building, which includes media production suites, sound studios, a digital darkroom, mini-cinema, exhibition space, training rooms and managed workspaces for creative businesses and business start-ups.

The centre will offer some of the best media training facilities in the country and will be a great base from which the partnership will be able to deliver its enterprising work with the community, helping to make a brighter future for Knowle West.

Hengrove Park

Hengrove Park is a 188 acre (76 hectare) regeneration project on a brownfield site in south Bristol. It will include a new community hospital, a leisure centre, a skills academy and premises for both large and small firms. The site is owned and the project is being led by Bristol City Council. Work on the first phase began in September 2008.

We have invested £9.7 million infrastructure to support this first phase of development, including road improvements, installation of utility supplies and drainage off-site, and construction of roads and landscaping on-site.

Hengrove Park will ultimately deliver 75,000 sq m of employment space and up to 2,500 jobs.

South Bristol offers a place where the need for major regeneration sits alongside the potential to create something astonishing and visionary. It can be a showcase for innovation and fresh thinking and, as such, will inspire other developments throughout the region.

Cabot Circus

In September 2008 Bristol's new city centre shopping centre Cabot Circus opened, creating an estimated 4,000 new jobs.

We worked with public sector organisations including local authorities, education and training providers, the South West Trade Union Congress and the GOSW through the West at Work partnership. The objective was to ensure local people benefited from jobs created during both the construction of and after the opening of Cabot Circus.

West at Work and Bristol Alliance, the private sector developer and owner of Cabot Circus, jointly funded an initiative called Cabot Circus Jobs. This included the creation of a website through which local people could find out more about and register for jobs created at the centre, a Cabot Circus Jobs bus which toured various areas of the city encouraging people to apply for jobs, and a series of free specialist training courses.

We also invested in public realm improvements to the existing Broadmead shopping district immediately next to the new shopping centre, to help integrate the rest of the city centre with Cabot Circus.

Yeovil Innovation Centre

Yeovil Innovation Centre is a purpose built incubation centre for new businesses in Somerset. Completed in October 2008, it was designed to support the hi-tech sector and enable the development of knowledge-based industries in south Somerset, helping to create high value jobs in the area.

It includes on-site business support, mentoring and advice, as well as meeting rooms, 'hot desks' and canteen facilities to provide businesses occupying the centre with the perfect environment to grow and develop until they are in a position to move onto larger premises.

We were the main financial backer of the project and invested £2.91 million, working with South Somerset District Council which invested £1.2 million and Somerset County Council, which invested £750,000.

Gloucester Works

Gloucester Works was established in October 2008 to make sure people in Gloucester benefit from jobs created by the city's regeneration programme over the next few years.

It is a £6 million project to improve the skills and employability of people who live or work in the city, to benefit both workers and employers. Its main funders are the Learning and Skills Council (through the European Social Fund) and ourselves.

One element of the project will focus on offering free training opportunities for unemployed individuals, helping local people to achieve the qualifications and skills they need to move into long term employment and, once in employment, to progress up the job ladder.

The second element of the project focuses on Gloucester employers and their employees. Gloucester Works will work with them to understand their recruitment and skills needs, to develop tailored training packages and encourage them to invest in the ongoing development of their staff.

St Austell town centre regeneration

The £75 million mixed-use development in the heart of St Austell, Cornwall's largest town, is on course to be completed this year.

We have invested £31.5 million in the project to create 155,000 sq ft of top quality retail space plus car parking, residential and leisure development, creating between 500 and 700 jobs once fully occupied.

The scheme would not have been possible without public sector intervention and we have worked closely with the local authority and our private sector development partner to bring it to fruition.

The scheme will significantly enhance St Austell's retail offer and capitalise on its proximity to the renowned Eden Project, just a few miles away.

East Hill junction, Pool, West Cornwall

We used compulsory purchase powers for the first time to help deliver a £5 million road junction improvement scheme in West Cornwall.

The project is aimed at bringing thousands of high quality jobs, workspace, community facilities and new homes to Pool, near Camborne and Redruth, by providing vital new road infrastructure.

We are working in partnership with the Homes and Communities Agency, Cornwall Council and CPR Regeneration, the urban regeneration company for Camborne, Pool and Redruth, to deliver the scheme.

By serving a Compulsory Purchase Order we have been able to acquire all the land necessary for the project to be completed later this year.

Pool Innovation Centre lays foundations for growth

Work is well underway on a £12 million innovation centre in Pool in West Cornwall, which will open to its first tenants in June next year.

We have developed the project in partnership with Cornwall Council and CPR Regeneration, and the urban regeneration company for Camborne, Pool and Redruth.

It is being backed by £9 million of European Regional Development Fund Convergence investment and £3 million from the RDA, and is one of three such centres we are planning in Cornwall to support entrepreneurs and businesses in their early stages of development.

Work starts on £4m RYA Portland House

The £4 million training facility for the RYA (Royal Yachting Association) at Portland in Dorset is on course to be completed this year as part of the run-up to the 2012 Olympic and Paralympic Games.

The new centre is the latest project at Osprey Quay on Portland where we are investing around £40 million to transform it into a centre of marine and leisure activity, unlocking its business potential and creating hundreds of new jobs.

The new building will be a hub of performance sailing in the lead up to and during the 2012 Olympic Games, with Weymouth and Portland playing host to the Olympic sailing events.

It is the first phase of the proposed £30 million Castle Court mixed use development which is being promoted on RDA-owned land by our development partner the Sutton Harbour Group, and could create 600 jobs.

New 'low carbon' business centre opens

A new £6 million business centre featuring the very latest advances in eco-friendly technology opened in Okehampton, Devon.

As well as providing modern workspace for new and growing small firms the new centre is a test bed, not only for new environmental technologies, but also for the way we use our investment decisions to promote the development of a low carbon economy in the region. It has already won a string of environmental awards.

Green features include a 6KW wind turbine and wood pellet- boiler for heating. Building materials were chosen for their low environmental impact, windows designed to increase natural lighting and conserve electricity and solar panels provide a significant amount of the buildings' energy needs,

The result is carbon emissions are expected to be about 60 per cent less than using conventional energy sources, saving about 50 tonnes of carbon emissions a year.

Brixham fishmarket project takes shape

The first phase of a major scheme to transform Brixham fishmarket has been completed. It has involved a major engineering project to build a new fish deck which is being followed by work to build a new fish market building, restaurant, tourist walkway, offices and employment space.

The project aim is to help preserve Brixham's fishing industry as well as encouraging the development of a more diverse economy, through the provision of additional employment space and an improved tourism and leisure offer for the harbourside.

It is a good example of partnership working with support for the scheme coming from the RDA, EU funds managed by Defra's Marine Fisheries Agency, European Objective 2 and Torbay Council.

Performance and outputs

We monitor and report on ten performance indicators (outputs) on a quarterly basis.

Output	Achievement
Job Creation – number of jobs created or safeguarded	2,914
Employment Support – number of people assisted to get a job	2,760
Business Creation – number of new businesses created and demonstrating growth after 12 months, and businesses attracted to the region	604
Business Support – number of businesses assisted to improve their performance	17,928
Number of businesses within the region engaged in new collaborations with the UK knowledge base	1,236
Regeneration – Public and private regeneration infrastructure investment levered	£142.6m
Brownfield Land – reclaimed and / or developed	161
Skills – number of people helped with their skills development as a result of RDA programmes	30,832
Number of adults gaining basic skills as part of the skills for life strategy	307
Number of adults in the workforce who lack a full level 2 or equivalent qualification who are supported in achieving at least a full level 2 qualification or equivalent	363

Our people

During the year, we undertook an organisational restructure in order to allow us to meet our strategic objectives within tighter resource constraints. A consultation process was launched at the end of May on the restructure of the Operations and Development, Enterprise and Innovation and People and Skills Directorate and completed by the end of the year.

During the year Andrew Slade was appointed into the position of Executive Director – Strategy & Communications and following the departure of Colin Molton, interim structural changes have been implemented; Nick Lewis is currently acting Executive Director of Operations during this period.

Our Board met 11 times during the course of the year and considered a wide range of issues including: the Agency's response to the Sub National Review and to proposed modifications to the Regional Spatial Strategy; individual project proposals; and approval of the Agency's Business Loan fund. Three new Board Members were appointed in December 2008: Ian Ducat, Peter Madden and Steve Smith, who replace Nigel Costley, Jonathon Porritt and Eric Thomas.

Financial performance and position

During the year reserves decreased from £137.9m to £68.3m. The reduction includes the reduction in our stocks of development assets (net book value of £64.3m as at 31st March 2009 compared with £104.1m as at 31st March 2008) together with lower cash balances held at year end and higher project grant accruals. Development asset stock has fallen due to asset sales of £12.0m and a £30.6m reduction in site valuations reflecting the impact of the credit crunch and recession on property values.

The income and expenditure account shows net expenditure taken to reserves amounting to £208.1m. Net expenditure is financed by Grant in Aid, received from BIS (formerly BERR). Grant in Aid is treated as a reserves movement, had it been treated as income the income and expenditure account would have shown a break even position.

Contractual obligations

Whilst there are no entities with which the Agency has significant contractual obligations or arrangements we are committed to the effective delivery of our projects.

Managing risks

Responsibility for risk transferred to our evaluation function during the year and an updated Risk Policy was launched in September 08. Twelve high level 2008/09 corporate risks were identified for review by the Board, Audit Committee and Executive Team. The corporate and directorate management teams regularly monitored serious and severe risks and associated mitigation actions. Risk assessments continue to play an integral role in the investment decision making process reinforced through internal training sessions delivered throughout the year.

Environment and sustainability

We are registered with the International Standard for Environmental Management Systems, ISO 14001, for our office facilities and have calculated our carbon footprint for 2008/09 to be 628 tonnes CO₂e based upon our office energy use and business mileage. We have in place action plans to reduce our energy consumption and to reduce the carbon impact of our business travel we annually reduce the carbon range for our essential car user allowance by 10g/km with the highest allowance currently available for cars generating less than 140g/km. As a result of the initiatives within our Green Travel Plan and through increased video conferencing we have reduced the carbon impact of our business travel by 36% since 2004.

We are developing a novel carbon accounting methodology to assess the carbon impact of our investments both in terms of exactly what we fund and also the outcome of our investments. This will apply across our investment portfolio from April 2010.

Freedom of Information 2008/09

During the period 1 April 2008 to 31 March 2009 the Agency recorded 41 requests for information under either the Freedom of Information Act 2000 or the Environmental Regulations 2004. 40 requests were answered within the statutory deadlines, in an average of 13.7 days, with 1 request being answered one day after the statutory deadline. The legislation requires requests to be dealt with within 20 working days (which under the EIRs may be extended to 40 working days in certain circumstances). Some information was exempt from disclosure in 4 cases. The exemptions that applied were Section 40, personal information (2 cases) and Section 43, prejudice to commercial interests (2 cases).

Directors' report

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2009.

Principal Activities

The Agency was established under the provisions of the Regional Development Agencies Act 1998 and came into existence on 14 December 1998. The Agency is a Non Departmental Public Body sponsored by the Department for Business, Innovation and Skills (formerly the Department for Business, Enterprise & Regulatory Reform). Under the Regional Development Agencies Act 1998, the Agency has the following statutory purposes:

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

Non- Executive Directors (The Board)

Board members are appointed by the Secretary of State. Individuals who served on the Board during the year were as follows:

Juliet Williams	Chairman, term expired 30th June 2009
Harry Studholme	Served as a Board member throughout 2008/09, appointed Chair Designate 1st April 2009 and Chair 1st July 2009
Kelvyn Derrick	Deputy Chairman
Nicholas Buckland	
Catherine Bakewell	
Nigel Costley	Term expired 13th December 2008
Alan Courts	
Ian Ducat	Appointed 14th December 2008
Duncan Hames	
Peter Madden	Appointed 14th December 2008
Jonathon Porritt	Term expired 13th December 2008
Christine Reid	
Judith Reynolds	
Brian Robinson	
John Savage	
Steve Smith	Appointed 14th December 2008
Eric Thomas	Term expired 13th December 2008
Ellen Winser	

The Agency maintains a register of Board members' interests. The register of interests is available for inspection at the Agency's offices in Exeter by prior

arrangement with the Board and Policy Adviser or on the Agency's website at www.southwestrda.org.uk/about/board/interests.shtm.

Executive Directors

The Board has appointed a team of Executive Directors (the "Executive Team") to manage the activities of the Agency. Individuals who served on the Executive Team during the year were as follows:-

Jane Henderson	Chief Executive
Suzanne Bond	Executive Director of People and Skills
Nick Lewis	Executive Director of Resources/Acting Executive Director of Operations and Development
Colin Molton	Executive Director of Operations and Development
Stephen Peacock	Executive Director of Enterprise and Innovation
Andrew Slade	Executive Director of Strategy and Communications

Colin Molton left the Agency on 30th November 2008. Andrew Slade was appointed on 1st July 2008.

Agency and Accounting Officer Responsibilities

Under Section 14 of the Regional Development Agencies Act 1988, the Agency 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 the Agency's state of affairs at the year end, and of its income and expenditure, total recognised gains and losses and cash flow for the financial year.

In preparing the accounts the Agency 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; and
- prepare the accounts on a going concern basis unless it is inappropriate to assume that the Agency will continue in business.

The Accounting Officer for the Department for Business, Innovation and Skills has designated the Chief Executive as the Accounting Officer of the South West of England Regional Development Agency. The Accounting Officer's responsibilities include responsibility for the propriety and regularity of the public finances and for the keeping of proper records, as set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by HM Treasury.

The Agency and the Chief Executive are 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 form.

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

Accountability and Financial Framework

The Secretary of State issued the Agency with an Accountability and Financial Framework during October 2008 which replaced the Management Statement and Financial Memorandum in place since November 2005. The Accountability and Financial Framework sets out the financial framework under which the Agency should operate. The Agency has complied in all respects with the terms of these documents during 2008/09.

Financial Results and Review

The results for the year ended 31 March 2009 are set out in the Financial Statements on pages 55 to 74.

The Agency is responsible for delivering two major European development funding programmes in the South West for the period up to 2015, the European Regional Development Fund and the European Agricultural Fund for Rural Development. Project funding started in 2008 and by the end of the programmes the region will have received around £800 million in additional investment.

The income and expenditure account shows net expenditure taken to reserves amounting to £208,141,000. Net expenditure is financed by Grant in Aid, received from the Department for Business, Innovation and Skills. Grant in Aid received is treated as a reserves movement. Had Grant in Aid been treated as income, the income and expenditure account would have shown a break even position.

During the year reserves decreased from £137.9m to £68.3m. The reduction includes the reduction in our stocks of development assets (net book value of £64.3m as at 31st March 2009 compared with £104.1m as at 31st March 2008) together with lower cash balances held at year end and higher project grant accruals. Development asset stock has fallen due to asset sales of £12.0m and a £30.6m reduction in site valuations reflecting the impact of the credit crunch and recession on property values.

Principal risks and uncertainties

Detail of the progress made in risk management is set out in the Management Commentary on pages 22 to 32.

Special Purpose Entities

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

Camborne Pool Redruth Urban Regeneration Company Limited
The New Swindon Company Limited

Temple Quay Management Limited
Finance Cornwall Limited
Finance South West Limited
Plymouth International Business Park Limited (not yet incorporated)
Gloucester Estate Management
Gloucester Heritage Urban Regeneration Company Limited
Royal William Yard (Plymouth) Estate Management Company Limited (dormant)
Plymouth City Development Company Limited

Pension costs

The treatment of pension liabilities and the relevant pension scheme details are set out in the accounting policies note on page 62, in the Salaries and Wages note to the Financial Statements (note 6) and in the Remuneration Report on pages 39 to 48.

Health & Safety, Employment and Environment policies

Health and safety

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

The Health and 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 Representatives of Employee Safety (RoES) and these are fed into the Committee.

The Committee was chaired by Jackie Noorden (Director of Human Resources & Organisational Development) under delegated authority from Suzanne Bond (Executive Director with responsibility for Health and Safety).

Other members were:

Representatives of employee safety (RoES)
Facilities & Health & Safety Consultant

Employee information and consultation

The Public and Commercial Services Union (PCS) has a sole recognition agreement with the RDA. All formal consultation with staff is therefore through the Union mechanism. In addition, the Agency uses its intranet (ERIC) to ensure that all staff have access to consultation documents.

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.

Green housekeeping

Details relating to green housekeeping are set out in the Management Commentary on pages 22 to 32.

Prompt Payment of Supplier Invoices

The Agency is committed to the Better Payment Practice Code (previously the CBI Prompt Payment Code) and aims to pay undisputed invoices within 30 days and at least 90 per cent of invoices on time and within those terms. In 2008/09 the Agency paid 99 per cent of invoices on time (2007/08 – 94 per cent).

During November the Agency committed to pay supplier invoices within 10 days in response to the pledge made by the Prime Minister on 6th October 2008 that small and medium sized businesses that work for Government will be paid within 10 days. During the period from November 2008 to March 2009 the Agency paid 81.9% per cent of supplier invoices within 10 days.

Freedom of Information

Details relating to the supply of information under the Freedom of Information Act 2000 is set out in the Management Commentary on pages 22 to 32.

Political and charitable donations

No political or charitable donations were made during the year.

Audit Committee

The Committee met four times during the course of the year to review the Annual Accounts and meet with the NAO (external auditors), to monitor the work of the Internal Audit Service provided by KPMG, to monitor the implementation of the Risk Management Strategy and advise the Accounting Officer.

The members of the Audit Committee who served during the year were:

Duncan Hames	Chair
Harry Studholme	
Alan Courts	
Brian Robinson	
Stella Pirie	Co-opted

Harry Studholme stepped down as Chair on 10th April 2008. Duncan Hames was appointed Chair on that date.

Auditors

The Comptroller and Auditor General is appointed by statute to audit the South West of England Regional 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: Audit Services £59,000; IFRS Audit £5,300. The Comptroller and Auditor General 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 2009 is produced by the Board on the recommendation of the Remuneration Committee and deals with the remuneration of the Chair, Chief Executive, Board members and Executive Directors who have influence over the decisions of the Agency as a whole.

Remuneration Committee

The remuneration of the Board is set by the Department for Business, Innovation and Skills ("BIS"), formerly the Department for Business, Enterprise and Regulatory Reform ("BERR") and reviewed every year in line with the recommendations of the Senior Salaries Review Board.

Three members of the Board sit on the Remuneration Committee.

The Remuneration Committee met twice (18th May 2008 and 10th November 2008) during the course of the year to advise the Chairman on the remuneration of the Chief Executive (CE) and to advise the CE on Executive Directors' remuneration. The Committee is chaired by Professor Eric Thomas, and the other members were Cathy Bakewell and Juliet Williams. In January 2009 following Professor Eric Thomas' expiry of term from the Board, Ellen Winser became Chair of the Remuneration Committee and Alan Courts joined the Committee.

In reaching its recommendations, the Remuneration Committee has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional / local variations in labour markets and their effects on the recruitment and retention of staff;
- the Government's public sector pay policy.

Remuneration Policy

Performance pay for the Chief Executive is determined by the Chairman on the recommendation of the Remuneration Committee. Performance is measured against weighted targets determined by the Chairman following consultation with the Director of the Government Office and other RDA Chairmen. The amount of the performance award can be up to a maximum of 20% of salary. In 2007/08 targets related to procedures of regularity and probity, delivery of output targets, implementation of organisational development issues, delivery of key Government Policy and targets (Sub-National Review and Regional Funding Allocation process) and partnership working including stakeholder relationships. The bonus paid in 2008/09 was based on achievement against these targets.

Performance pay of the Executive Directors is determined by the Chief Executive on advice from the Remuneration Committee. Performance is measured against targets set individually for each Director by the Chief Executive and the amount of the performance award can be up to 10% of salary.

Service contracts

All Board Members have been appointed on a fixed term contract and except for the Chairman, Deputy Chairman and Nick Buckland, are contracted to carry out two days work per month. The Chairman is contracted to carry out three days work per week and the Deputy Chairman and Nick Buckland are contracted to carry out four days work per month. Board Members' appointments by BIS are made in accordance with the Commission of Public Appointments Code. There is no provision in place for the early termination of employment.

The following sections provide details of the remuneration and pension interests of Board Members, Chief Executive and Executive Directors, and have been audited.

Emoluments of Board members

	Date of Appointment / Reappointment	Term of Appointment	Date Term Expired	2008/09 salary £	2008/09 pension £	2008/09 Total £	2007/08 salary £	2007/08 pension £	2007/08 Total £
Juliet Williams - Chair	14-Dec-08	6 months	-	80,510	20,530	101,040	78,931	20,127	99,058
Kelvyn Derrick – Deputy Chair	14-Dec-08	3 years	-	17,076	0	17,076	14,649	0	14,649
Nicholas Buckland	14-Dec-07	3 years	-	14,578	0	14,578	25,112	0	25,112
Catherine Bakewell	14-Dec-06	3 years	-	8,538	0	8,538	8,371	0	8,371
Christine Channon	14-Dec-04	3 years	13-Dec-07	0	0	0	5,873	0	5,873
Nigel Costley	14-Dec-05	3 years	13-Dec-08	5,991	0	5,991	8,371	0	8,371
Alan Courts	14-Dec-07	2 years	-	8,538	0	8,538	8,371	0	8,371
Ian Ducat	14-Dec-08	3 years	-	2,548	0	2,548	0	0	0
Duncan Hames	14-Dec-06	3 years	-	8,538	0	8,538	8,371	0	8,371
Peter Madden	14-Dec-08	3 years	-	2,548	0	2,548	0	0	0
Jonathon Porritt	14-Dec-05	3 years	13-Dec-08	5,991	0	5,991	8,371	0	8,371
Christine Reid	14-Dec-06	3 years	-	8,538	0	8,538	8,371	0	8,371
Judith Reynolds	14-Dec-08	3 years	-	8,538	0	8,538	8,371	0	8,371
Brian Robinson	14-Dec-07	3 years	-	8,538	0	8,538	2,498	0	2,498
John Savage	14-Dec-06	3 years	-	8,538	0	8,538	8,371	0	8,371
Colin Skellett	14-Dec-04	3 years	13-Dec-07	0	0	0	5,873	0	5,873
Steve Smith	14-Dec-08	3 years	-	2,548	0	2,548	0	0	0
Harry Studholme	14-Dec-08	3 years	-	8,538	0	8,538	8,371	0	8,371
Eric Thomas	14-Dec-05	3 years	13-Dec-08	5,991	0	5,991	8,371	0	8,371
Ellen Winser	14-Dec-07	3 years	-	8,538	0	8,538	2,498	0	2,498

Emoluments of Chief Executive and Executive Directors

	Contracted Hours Per Week	Salary Basic £	PRP £	Benefits in Kind £	Pension £	Total £
Jane Henderson - Chief Executive						
2008/09	37	142,179	17,506	0	29,988	189,673
2007/08	37	127,234	15,766	0	28,764	171,764
Andrew Slade - Strategy & Communications from 1 July 2008						
2008/09	37	70,882	0	0	17,109	87,991
2007/08	0	0	0	0	0	0
Suzanne Bond People and Skills						
2008/09	See below	86,554	6,639	0	20,352	113,545
2007/08	32	79,637	7,299	0	19,389	106,325
Nick Lewis Resources until 30 November 2008; Operations and Development from 1 December 2008						
2008/09	37	101,568	8,921	0	24,222	134,711
2007/08	37	97,544	8,631	0	23,445	129,620
Colin Molton Operations and Development until 30 November 2008						
2008/09	37	73,251	9,924	0	17,727	100,902
2007/08	37	108,615	9,889	0	26,269	144,773
Stephen Peacock Enterprise and Innovation						
2008/09	37	103,313	8,129	0	24,855	136,297
2007/08	37	99,448	8,890	0	24,134	132,472

The Chief Executive and the Executive Directors are employed under permanent employment contracts. The Chief Executive and Executive Directors work for the Agency full time, with Suzanne Bond increasing her hours from 32 per week to 37 per week from 1st December 2008.

For the Chief Executive and Executive Directors early termination, other than for misconduct, will be under the terms of the Principal Civil Service Pension Scheme (PCSPS). The terms of this scheme come under the terms of the Civil Service Compensation Scheme.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

No benefits in kind were received by Board Members in 2008/09. No benefits in kind were received by the Executive Directors in 2008/09 but essential car user allowances are included in salaries.

Non Cash remuneration

There was no Non Cash remuneration received by Executive Directors in 2008/09.

Compensation paid to former Executive Directors

There was no compensation paid to former Executive Directors.

Amounts payable to third party for services as an Executive Director

No amounts were payable to third party for services as an Executive Director

Payments made for loss of office

No payments were made for loss of office.

Pension benefits

Pension benefits of Board members

With the approval of BIS a pension scheme has been put in place for the Chairman with contribution rates and benefits which are identical to the Principal Civil Service Pension Scheme but which is 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 Chairman's pension will be the responsibility of the Agency, underwritten by 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.

	Real increase in pension & related lump sum at age 60 (£000)	Total accrued pension at age 60 at 31/03/09 and related lump sum (£000)	CETV at 31/03/08 (nearest £000)	CETV at 31/03/09 (nearest £000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Juliet Williams	0 – 2.5	5 - 10	128	149	17

The main actuarial assumptions are as follows:

	2008/09	2007/08
The inflation assumption	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%	5.32%

Liability calculation:

	2008/09	2007/08
	£'000	£'000
Scheme liability at the beginning of the year	137	111
Movement in the year:		
Current service cost (net of employee contributions)	24	23
Interest cost	8	6
Employee contributions	3	3
Actuarial loss/(gain)	(21)	(6)
Scheme liability at the end of the year	<u>151</u>	<u>137</u>

Experience loss/(gain) arising on the scheme liabilities:

	2008/09	2007/08
Experience loss/(gain) arising on the scheme liabilities		
Amount (£'000s)	(2)	(4)
Percentage of scheme liabilities at the end of the year	(1.3%)	(2.9%)

Pension benefits of Chief Executive and Executive Directors

Jane Henderson, Suzanne Bond, Nick Lewis, Colin Molton, Stephen Peacock and Andrew Slade are all members of PCSPS.

Colin Molton and Stephen Peacock are members of the Premium Scheme.

Jane Henderson, Suzanne Bond, Nick Lewis and Andrew Slade are members of the Classic Scheme.

	Real increase in pension and related lump sum at age 60 (£000)	Total accrued pension at age 60 at 31/03/09 and related lump sum (£000)	CETV at 31/03/08 (nearest £000) *	CETV at 31/03/09 (nearest £000)	Employee contributions and transfers in (nearest £000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Jane Henderson	0 – 5 plus 10 – 15 lump sum	55 - 60 plus 160 – 165 lump sum	1028	1203	0 - 5	97
Suzanne Bond	0 – 5 plus 0 – 5 lump sum	10 - 15 plus 30 - 35 lump sum	132	149	0 – 5	6
Nick Lewis	0 – 5 plus 0 – 5 lump sum	25 - 30 plus 75 - 80 lump sum	438	479	5 – 10	3
Colin Molton	No increase No increase	30 - 35 plus 100 - 105 lump sum	566	570	0 – 5	0
Stephen Peacock	0 – 5	5 – 10	62	81	0 – 5	11
Andrew Slade	0 – 5 plus 10 – 15 lump sum	15 - 20 plus 45 - 50 lump sum	142	194	0 – 5	40

*The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

Civil Service Pensions

Pension benefits are provided through Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium, or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is updated in line with

RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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 their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Principal Civil Service Pension Scheme (PCSPS)

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

For 2008/09, employers' contributions of £2,418,626 were payable to the PCSPS (2007/08 £2,326,875) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands (the rates in 2007/08 were also between 17.1% and 25.5%). The Scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009/10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008/09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. At the Balance Sheet date outstanding contributions to the scheme were £242,317 (2007/08 £207,925).

Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions of 1.5% of pensionable 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 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times 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 3/8ths 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.

Pensions payable under classic, premium, and classic plus are increased in line with the Retail Prices Index.

Partnership Pension Scheme

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £33,630 (2007/08 £40,706) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 percent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. In addition, employer contributions of £2,211 (2007/08 £2,645), 0.8 percent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £3,097 (2007/08 £3,175). Contributions prepaid at that date were £nil (2007/08 £nil).

Homes & Communities Agency Pension Scheme (formerly English Partnerships Pension Scheme)

Former employees of Homes & Communities Agency participate in the Homes & Communities Pension Scheme. The Homes & Communities Scheme is a multi-employer defined benefit scheme but the Agency is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2008 and more details can be found in the separate scheme statement of the Homes & Communities Pension Scheme. For 2008/09, normal employer contributions of £140,375 were payable to the Homes & Communities Pension Scheme (2007/08 £139,100) at the rate of 23.8 percent of pensionable pay. Employer's contribution rates are reviewed every 3 years following a scheme valuation by the scheme actuary. Following the latest actuarial valuation, the employer's contribution rate has increased to 29.1% of pensionable salaries from 1st April 2009. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme. At the Balance Sheet date there were outstanding contributions to the scheme of £13,550 (2007/08 £11,353).

Sickness absence

The average number of days of sickness absence taken by staff during the year was 4.5 days. In total, 1,631 sickness absence days were taken by staff during the year.

Juliet Williams Chairman

Jane Henderson Chief Executive/Accounting Officer

Statement on Internal Control

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency'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 the Agency for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

In January 2009 Internal Audit carried out a review of the Agency's risk management processes using HM Treasury's Risk Management Assessment Framework, a tool for assessing the standard of risk management within an organisation. The Risk Management Assessment Framework considers leadership, people, risk strategy and policies, partnerships and resources, processes, risk handling and outcomes. The overall assessment against the HM Treasury framework remained at a rating of level 3 meaning risk management capabilities are implemented in all key areas. Areas identified for improvement included the aggregation, prioritisation and response to information recorded on the risk database together with strengthening leadership on risk management. Risk management leadership has been strengthened and action is being taken to address other recommendations.

The risk management policy notes that a key part of the Agency's role is the pursuit of economic development through the taking of commercial and other business risks which the private sector might ordinarily not be prepared to take. In public sector terms, the Agency has a higher than normal 'risk appetite' concentrating on how to manage risk rather than avoid it.

4. The risk and control framework

Within the Agency, the main processes which we have in place for identifying, evaluating and managing risk are:-

- Board level review. Following a detailed review and recommendations from the Executive Team, the Audit Committee carried out a review of the Agency's corporate risks in March 2009. Corporate risks were identified to be managed subject to endorsement by the Board in June 2009. The Audit Committee has worked with internal audit to ensure the internal audit strategy continues to align with the corporate risk areas and has monitored the implementation of the Risk Management Strategy on behalf of the Board.
- The risk management policy and risk management staff handbook have been in place for four years; an electronic system is used by staff to record risks.
- The Agency has an outsourced internal audit function which operates to standards defined in the Government Internal Audit Standards. Internal Audit submit regular reports which include the Head of Internal Audit's annual independent opinion on the adequacy and effectiveness of the Agency's systems of internal control, together with recommendations for improvement. I review these reports together with the management responses, assisted and guided by the Audit Committee.
- Each Executive Director has considered risk management and the operation of internal controls within their Directorate, including consideration of the risk of fraud, and has written to me under the following headings:
 - Nature and scale of risks and how they are managed and monitored;
 - Weaknesses or failure in controls during the year (if any);
 - Taking account of the controls, the likelihood of risks crystallising;
 - The costs of operating particular controls relative to the benefit obtained from managing the related risks (if an issue).

The Executive Directors have been able to conclude that the controls in their area have been operating satisfactorily during the year and that the corporate risks for which their directorate are responsible continue to be managed satisfactorily.

- Risk Management is incorporated in the Agency's decision making process and is a key part of the business planning and appraisal systems where risks are documented and reviewed. We also apply formal project management procedures to construction, ICT and other major projects, incorporating the documentation and management of risks. BIS (formerly BERR) sets out a clear framework (including the Accountability and financial Framework) within which the RDA refers projects which are over £10m or novel and contentious to the Department for approval. Framework Programmes have been subject to additional scrutiny during the year and since August 2008, all proposed areas of programme spend have gone through the Agency's Investment Group.

The Agency has responded to the issues raised by the high profile cases of loss of personal data and information security breaches in the public sector. Internal Audit carried out a review of data security and data handling in October 2008 and concluded that compliance with data security and data handling is reasonable. The Agency

achieved certification for the ISO27001 standard on information security in January 2009 for the Resources directorate, the directorate which handles the majority of sensitive data within the Agency. Laptops and USB storage devices have been encrypted.

Our management of risk is embedded in policy-making, planning and delivery by consideration of risk by the Executive Team in establishing strategy and in managing operational activities.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior management team within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Jane Henderson Chief Executive/Accounting Officer

Juliet Williams Chairman

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the South West of England Regional Development Agency

I certify that I have audited the financial statements of South West Regional Development Agency for the year ended 31st March 2009 under the Regional Development Agencies Act 1998. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, Chief Executive/ Accounting Officer and auditor

The Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Agency and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chair's Statement, the Chief Executive's Statement, the Directors' Report, the Management Commentary and the unaudited parts of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the

Chair's Statement, the Chief Executive's Statement, the Directors' Report, the Management Commentary and the unaudited parts of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State, of the state of the Agency's affairs as at 31st March 2009 and of its net expenditure, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regional Development Agencies Act 1998 and directions made thereunder by the Secretary of State; and
- information given within the Annual Report, which comprises the Chair's Statement, the Chief Executive's Statement, the Director's Report, the Management Commentary and the unaudited parts of the Remuneration Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

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

Financial Statements

Income and Expenditure Account for the year ended 31 March 2009

	Notes	2008/2009 £000	2007/2008 £000
Income			
European funding	3	13,247	2,292
Other grant income	4	733	2,523
Proceeds from disposal of development assets		12,118	6,568
Profit on disposal of investment assets sold		5	1,210
Other income	5	4,134	12,317
TOTAL INCOME		30,237	24,910
Expenditure			
Book value of development assets sold	12	11,973	6,390
Loss on disposal of tangible operating assets sold		7	0
Development assets valuations (write-downs)	12	30,595	5,991
Investment asset valuations (write-downs)	10	2,641	404
Joint Venture valuations (write-downs)	27	6,360	0
Bad debts written off and movements in provision for bad and doubtful debts		304	82
Staff costs	6	18,461	15,089
Other administrative costs	7	8,087	8,475
Programme expenditure	2	159,584	143,432
TOTAL EXPENDITURE		238,012	179,863
Net expenditure on continuing operations		(207,775)	(154,953)
Interest receivable		1,428	925
Interest payable		(204)	0
Notional cost of capital	8	(3,608)	(4,692)
Net expenditure on ordinary activities		(210,159)	(158,720)
Taxation	23	(1,590)	620
Net expenditure after tax		(211,749)	(158,100)
Reversal of notional cost of capital	8	3,608	4,692
Net expenditure taken to reserves		(208,141)	(153,408)

All activities are from continuing operations.

The notes on pages 63 to 74 form part of these accounts.

Net expenditure is financed by Grant In Aid as explained in note 1 (2).

Balance Sheet as at 31 March 2009

	Notes	2008/2009 £000	2007/2008 £000
Fixed Assets			
Tangible operating assets	9	1,058	1,327
Investment assets	10	27,108	27,108
Investments in joint ventures	27	0	0
Long term loans	11	2	22
		<u>28,168</u>	<u>28,457</u>
Current Assets			
Development assets	12	64,265	104,091
Debtors	13	15,369	7,352
Cash at bank and in hand		15,372	21,720
		<u>95,006</u>	<u>133,163</u>
Current Liabilities			
Creditors - Amounts falling due within one year	14	54,198	22,366
		<u>40,808</u>	<u>110,797</u>
Net Current Assets			
		<u>40,808</u>	<u>110,797</u>
Provisions For Liabilities And Charges	15	723	1,354
		<u>68,253</u>	<u>137,900</u>
Total Assets Less Total Liabilities			
		<u>68,253</u>	<u>137,900</u>
Reserves			
Grant in Aid Reserve	16	54,902	120,582
General Reserve	17	(151)	(137)
Revaluation Reserve	18	13,502	17,455
		<u>68,253</u>	<u>137,900</u>

These financial statements were approved by the Board on 30 June 2009 and were signed on its behalf by:

Juliet Williams

Chairman

Jane Henderson

Chief Executive/ Accounting Officer

Statement of Recognised Gains and Losses for the year ended 31 March 2009

	Notes	2008/2009 £000	2007/2008 £000
Revaluation not released to Income and Expenditure Account	18	(3,514)	(2,832)
Actuarial (loss)/gain on pension scheme (as per Remuneration Report)		(21)	(6)
Gains and Losses recognised for the year		(3,535)	(2,838)

Cash Flow Statement for the year ended 31 March 2009

	Notes	2008/2009 £000	2007/2008 £000
Net cash outflow from operating activities	19	(157,245)	(160,778)
Returns on investments and servicing of finance			
Interest received		1,428	925
Interest paid		(204)	0
		<u>1,224</u>	<u>925</u>
Taxation			
UK Corporation tax received/(paid)		(2,340)	0
		<u>(2,340)</u>	<u>0</u>
Capital expenditure and financial investments			
Purchase of investment and fixed assets		(2,708)	(3,602)
Proceeds on disposal of investment assets		575	6,025
Proceeds on disposal of tangible operating assets		0	1
Proceeds on disposal of development assets		12,118	6,568
Receipts from repayment and redemption of loans		20	16
		<u>10,005</u>	<u>9,008</u>
Net cash outflow before financing		(148,356)	(150,845)
Financing			
Grant in aid received		142,008	163,927
		<u>142,008</u>	<u>163,927</u>
Increase/(decrease) in cash		(6,348)	13,082
Net liquid funds as at 1 April 2008	20	21,720	8,638
Net liquid funds/(deficit) as at 31 March 2009	20	15,372	21,720

Notes to the Financial Statements

1 Accounting Policies

(1) Basis of Accounting

The Financial Statements of the South West of England Regional Development Agency (the Agency) have been prepared in a form directed by the Secretary of State for the Department for Business, Innovation and Skills ("BIS"), formerly Business, Enterprise & Regulatory Reform (BERR), with the approval of HM Treasury, in accordance with the Regional Development Agencies Act 1998.

Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given at 3c below. A summary of the main accounting policies, which have been applied consistently, is set out below.

(2) Grants In Aid

Grants in aid are treated as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of the Agency.

(3) Fixed assets

a) Tangible operating assets

Tangible fixed assets are valued at depreciated historic cost.

The capitalisation thresholds are £10,000 for individual items and £30,000 for pooled items. Intangible operating assets consisting of software licences are charged direct to the Income & Expenditure Account.

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

Freehold buildings	50 years
Additions to leasehold buildings with less than 25 years to run	Period of lease
Office furniture, fittings and equipment	4 years
Computer equipment	3 years

b) Assets - Development and Investment

Valuations are carried out in accordance with best practice as contained in the Statement of Asset Valuation Practice and Guidance Notes (6th Edition) published by the Royal Institute Chartered Surveyors.

A valuation for the whole portfolio was carried out as at 31 December 2008, which was undertaken by GVA Grimleys, Chartered Surveyors.

Acquisitions and disposals of land and buildings are accounted for on the date of legal completion.

c) Investment properties

The portfolio of industrial and commercial investment properties held at any one time is treated in such a way that surpluses and deficits on revaluation of industrial and commercial properties are netted off. Any overall write down of these properties to open market value, and subsequent adjustments thereto, are accounted for annually and separately identified in the Income and Expenditure Account. Any overall surplus on revaluation of these properties to open market value, and subsequent adjustments thereto, are credited to the Revaluation Reserve after eliminating the overall accumulated unrealised deficit, as originally charged, by revaluation adjustment, to the Income and Expenditure Account.

In accordance with SSAP 19, no depreciation is provided in respect of investment properties. This departure from the requirement of the Companies Act 1985 for all properties to be depreciated is, in the opinion of the Board, necessary for the Financial Statements to give a true and fair view in accordance with applicable accounting standards as properties are included in the Financial Statements at their open market value.

Depreciation is only one of the many factors reflected in the annual valuation of the properties and the amount attributed to this factor by the valuers cannot reasonably be separately quantified.

Partnership workspace schemes, the Agency's investment with partners, mainly local authorities, to provide workspace has been disclosed in the Balance Sheet at a valuation based on the present value of estimated future rental income. Expenditure on these projects is written off in the year of spend.

(4) Development assets

Stock of development assets, consisting of land and buildings, are shown at the lower of current replacement cost, taking into account the full costs and restrictions associated with regeneration and net realisable value, any reductions in holding value being written off to the Income and Expenditure Account after eliminating any amounts held in the Balance Sheet in respect of previous surpluses on revaluation recognised in respect of these assets. Surpluses on revaluation are credited to the Revaluation Reserve in the Balance Sheet.

(5) Government grants

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

(6) Financial instruments

a) Financial assets

The financial assets of the Agency are all classified into the category of loans and receivables.

Loans and receivables include trade debtors, loans, other debtors and cash that have fixed or determinable payments that are not quoted in an active market. Subsequent to

initial recognition at fair value plus transaction costs, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Interest income from these financial assets is calculated on an effective yield basis and is recognised in the income statement, except for short-term receivables and cash when the recognition of interest would be immaterial.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Agency has transferred substantially all risks and rewards of ownership.

b) Financial liabilities and equity instruments

The financial liabilities of the Agency are all classified within other financial liabilities.

Other financial liabilities includes trade creditors, borrowings and other creditors. Other financial liabilities are initially measured at fair value, net of transaction costs and then subsequently measured at amortised cost using the effective interest method. The Agency only has short-term liabilities and therefore the recognition of interest expense would be immaterial.

The Agency derecognises financial liabilities when the Agency's obligations are discharged, cancelled or they expire.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The equity instrument of the Agency is reserves and is measured in the balance sheet at nominal value.

c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. The assessment may be of individual assets or a portfolio of assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For individual assets, objective evidence of impairment could include missed payments, arrangements in place to pay less than the contractual payments, fraud and bankruptcy and other financial difficulties. For a portfolio of assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of assets could include past experience of collecting payments, an increase in the number of delayed payments and observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables, where there is objective evidence that an impairment loss exists, impairment provisions are made to reduce the carrying value of the financial assets to the present value of estimated future cash flow, discounted at the financial assets original effective interest rate.

The charge to the income and expenditure account reflects the movement in the level of provisions made, together with any amounts written off net of amounts recovered in the year. No loan or receivable is written off until the impossibility of recovery is beyond doubt. Approval from BIS is obtained for any write-off in excess of £250,000.

(7) Pension costs

The Agency's employees are predominantly members of the Principal Civil Service Pension Scheme (PCSPS) or one of the following schemes: the Homes & Communities Agency Pension Scheme (formerly English Partnerships Pension Scheme); or the Partnership Pension Scheme which is a stakeholder pension scheme. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employee services by payment to the scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

The By-Analogy Scheme is for the present Chairman with rules equivalent to those of PCSPS. The arrangement is a UK-based benefit promise made by the employer, providing benefits at retirement and on death-in-service. The arrangement is unfunded and the employer pays benefits as and when they arise.

Further details are provided in the Remuneration Report.

(8) Deferred taxation

Full provision has been made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the Financial Statements and their recognition in the tax computation.

(9) Foreign currency transactions and balances

Transactions in foreign currency are recorded in sterling at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currency are translated into sterling at the rates prevailing at the Balance Sheet date. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

(10) European Grants

The Agency's activities are funded in part by European funding for specified types of expenditure. European funding grants receivable of a revenue nature are credited to the Income & Expenditure Account in the year to which they relate.

(11) Leases

Operating lease rentals are charged to the Income and Expenditure Account over the period of the lease.

The Agency does not hold any finance leases.

Notes to the Financial Statements

2 Analysis of programme expenditure by key theme

	Total programme expenditure recorded in I&E Account	
	2008/2009 £000	2007/2008 £000
Business Enterprise	45,190	28,225
Low Carbon Economy	4,763	3,826
People & Skills	10,633	7,642
Regional Infrastructure	10,089	2,809
Science & Innovation	18,767	18,275
Successful Places	38,640	31,918
Vision & Leadership	3,502	1,840
Existing Commitments	28,000	48,897
	<u>159,584</u>	<u>143,432</u>

Existing commitments are primarily older, longer running projects or programmes which no longer fit the RDA's evolving current priorities. The projects are coming to a natural closure or a managed exit.

3 European funding

	2008/2009 £000	2007/2008 £000
European Regional Development Fund	13,424	2,268
Innovation Relay Funding	0	(8)
Inspire South West Funding	(177)	0
DEFRA FIG Funding	0	32
	<u>13,247</u>	<u>2,292</u>

4 Other grant income

	2008/2009 £000	2007/2008 £000
Funding from Homes & Communities Agency (formerly English Partnerships)	259	267
Other Funding from BIS (formerly BERR)	0	1,403
Other Funding from Strategic Partnerships	144	269
Contributions from DCLG	0	11
Contributions from DCMS	76	0
Contributions from Cabinet Office	195	0
Contributions from other RDAs	2	53
Contributions from Government Office for the South West	10	12
Contributions from Local Authorities	47	508
	<u>733</u>	<u>2,523</u>

5 Other income

	2008/2009 £000	2007/2008 £000
Rental income	3,854	3,837
Income from grant claw backs	159	7,832
Sundry income	121	648
	<u>4,134</u>	<u>12,317</u>

Notes to the Financial Statements

6 Salaries and wages

	2008/2009 £000	2007/2008 £000
Board members		
Board members' salaries	216	219
Pension costs	21	46
Social Security costs	17	18
	<u>254</u>	<u>283</u>
Staff		
Salaries and wages including overtime	12,818	11,541
Pension costs	3,032	2,343
Social Security costs	1,062	974
Redundancy payments	806	0
	<u>17,718</u>	<u>14,858</u>
Temporary Staff		
Recruitment agency staff	377	729
Seconded staff salary costs	112	40
	<u>489</u>	<u>769</u>
Total staff costs	<u>18,461</u>	<u>15,910</u>

Staff costs are included in the Income and Expenditure Account under the following headings:

Staff costs	18,461	15,089
Programme expenditure (on going activity)	0	821
	<u>18,461</u>	<u>15,910</u>

Staff numbers

The actual number of staff employed by the Agency at each year end (including temporary staff employed through agencies and seconded staff) was as follows:

	2008/2009	2007/2008
Total	<u>355</u>	<u>387</u>

The average number of staff employed by the Agency during the period (including temporary staff employed through agencies and seconded staff) was 362 (2007/08 348).

	2008/2009	2007/2008
Chief Executive	1	1
Resources	97	85
Operations and Development	135	131
Enterprise and Innovation	55	56
	UK	56
	Overseas	7
Strategy and Communications	47	52
People and Skills	21	16
Total	<u>362</u>	<u>348</u>

Each of the above areas of activity has an Executive Director with the exception of the Resources Directorate which had no Executive Director from 1st December 2008 due to arrangements in place to cover the post of Executive Director of Operations and Development from that date.

Notes to the Financial Statements

7 Other administrative costs

	2008/2009 £000	2007/2008 £000
Travel and subsistence	1,907	1,742
Staff relocation	65	101
IT and communication	1,576	1,482
Operating lease rentals:		
plant and machinery	49	67
other	968	1,031
Rates and service charges	371	442
Office costs	914	970
Estate management	615	523
Marketing and PR	284	569
Professional costs	171	279
Strategy	15	57
Human Resources	653	737
Depreciation	435	417
Auditors' remuneration - statutory	59	58
Auditors' remuneration - IFRS audit	5	0
	<u>8,087</u>	<u>8,475</u>

8 Notional cost of capital

When calculating net expenditure for the year, the Agency is required to include as expenditure, a notional cost of capital. After the surplus or deficit for the year there is an entry reversing this amount. The notional cost of capital has been calculated as 3.5 per cent (2007/08 3.5 per cent) of the average of total assets less total liabilities.

9 Tangible operating assets

	Properties occupied by the Agency		Computer equipment £000	Fixtures and fittings £000	Total £000
	Freehold £000	Leasehold £000			
Cost or valuation					
As at 1 April 2008	218	1,165	1,693	930	4,006
Additions in year	0	2	171	0	173
Disposals in year	0	(15)	(4)	(18)	(37)
As at 31 March 2009	<u>218</u>	<u>1,152</u>	<u>1,860</u>	<u>912</u>	<u>4,142</u>
Depreciation					
As at 1 April 2008	35	615	1,109	920	2,679
Charge for the year	5	84	336	10	435
Disposals in year	0	(9)	(3)	(18)	(30)
As at 31 March 2009	<u>40</u>	<u>690</u>	<u>1,442</u>	<u>912</u>	<u>3,084</u>
Net book value					
As at 31 March 2009	<u>178</u>	<u>462</u>	<u>418</u>	<u>0</u>	<u>1,058</u>
As at 1 April 2008	183	550	584	10	1,327

Notes to the Financial Statements

10 Investment assets	2008/2009 £000	2007/2008 £000
Valuation at 1 April 2008	27,108	30,795
Transfers from stock of development assets	2,000	0
Additions in year	<u>2,535</u>	<u>3,233</u>
	31,643	34,028
Disposals	(570)	(4,815)
Transfers to stock of development assets	0	(1,850)
Amounts written off on revaluation	(2,641)	(404)
Transfer to Revaluation Reserve	<u>(1,324)</u>	<u>149</u>
Valuation at 31 March 2009	<u>27,108</u>	<u>27,108</u>

11 Other Financial Assets	2008/2009 £000	2007/2008 £000
Loans and receivables		
Long term loans	<u>2</u>	<u>22</u>
	<u>2</u>	<u>22</u>

12 Development assets	2008/2009 £000	2007/2008 £000
Valuation at 1 April 2008	104,091	107,000
Transferred from investment assets	0	1,850
Additions in year	<u>6,932</u>	<u>10,603</u>
	111,023	119,453
Disposals	(11,973)	(6,390)
Amounts written down: Grant in Aid Funded	(30,595)	(5,991)
Transfers to investment assets	(2,000)	0
Transfer to/(from) Revaluation Reserve	<u>(2,190)</u>	<u>(2,981)</u>
Valuation at 31 March 2009	<u>64,265</u>	<u>104,091</u>

Notes to the Financial Statements

13 Debtors

	2008/2009 £000	2007/2008 £000
Trade debtors	1,695	2,136
Bad and doubtful debts	<u>(605)</u>	<u>(298)</u>
	1,090	1,838
Coalfield Grant debtor	28	20
Prepayments and accrued income	5,247	4,820
Other debtors	8,701	628
Value Added Tax	<u>303</u>	<u>46</u>
	<u>15,369</u>	<u>7,352</u>

The average credit period on trade debtors is 73 days. No interest is charged on trade debtors. The Agency provided for trade debtors based on estimated irrecoverable amounts, determined by past default experience.

Included in the Agency's trade debtors balance are debtors with a carrying amount of £323,000 (31st March 2008 £313,000) which are past due at the reporting date for which the Agency has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Debtors - Intra-government balances

Balances with other central government bodies	8,297	507
Balances with local authorities	791	543
Balances with NHS Trusts	32	0
Balances with bodies external to government	<u>6,249</u>	<u>6,302</u>
	<u>15,369</u>	<u>7,352</u>

14 Creditors

	2008/2009 £000	2007/2008 £000
Amounts falling due within one year:		
Payments received on account	2,072	2,034
Trade creditors	4,456	7,619
Other Taxes and Social Security	485	387
Corporation tax	1,036	757
Other creditors	768	675
ERDF deferred income	22,953	0
Accruals	<u>22,428</u>	<u>10,894</u>
	<u>54,198</u>	<u>22,366</u>

The Agency is committed to paying at least 90% of satisfactory invoices within 30 days. With effect from 1st November 2008, the Agency has been committed to paying satisfactory invoices within 10 days to SMEs.

Creditors - Intra-government balances

Balances with other central government bodies	25,416	2,465
Balances with local authorities	9,684	6,175
Balances with public corporations and trading funds	32	0
Balances with NHS Trusts	0	8
Balances with bodies external to government	<u>19,066</u>	<u>13,718</u>
	<u>54,198</u>	<u>22,366</u>

Notes to the Financial Statements

15 Provisions for liabilities and charges

	Onerous leases £000	By-Analogy Pension Scheme £000	Retirement £000	Deferred tax £000	Total £000
As at 1 April 2008	0	137	188	1,029	1,354
Provision created/(released) in year	116	14	268	(1,029)	(631)
As at 31 March 2009	116	151	456	0	723

The By-Analogy Pension Scheme is for the present Chairman with rules equivalent to PCSPS. The arrangement is unfunded and the employer pays benefits as and when they arise. Further details are provided in the Remuneration Report.

16 Grant in Aid Reserve

	2008/2009 £000	As Restated 2007/2008 £000
Balance at 1 April 2008	120,582	106,245
Grant in Aid received in year applied to purchase of fixed assets	9,640	14,205
Grant in Aid received in year applied to resource expenditure	132,368	149,722
Revaluation transfer from Revaluation Reserve	439	3,792
Transfer from General Reserve - By Analogy Pension Scheme	14	26
Net expenditure transferred from Income and Expenditure Account	(208,141)	(153,408)
Balance at 31 March 2009	54,902	120,582

The 2007/08 comparative figures have been restated to reflect the creation of a general reserve to match the By Analogy Pension Scheme provision, with a corresponding increase in the Grant in Aid reserve.

17 General Reserve

	2008/2009 £000	As Restated 2007/2008 £000
By Analogy Pension		
Balance at 1 April 2008	(137)	(111)
Transfer to Grant in Aid reserve	(14)	(26)
Balance at 31 March 2009	(151)	(137)

The 2007/08 comparative figures have been restated to reflect the creation of a general reserve to match the By Analogy Pension Scheme provision, with a corresponding increase in the Grant in Aid reserve.

18 Revaluation Reserve

	2008/2009 £000	2007/2008 £000
Balance at 1 April 2008	17,455	24,079
Investment Assets	(1,324)	149
Development Assets	(2,190)	(2,981)
Revaluation transfer to Grant in Aid Reserve	(439)	(3,792)
Balance at 31 March 2009	13,502	17,455

19 Reconciliation of operating deficit to net cash outflow from operating activities

	2008/2009 £000	2007/2008 £000
Net Expenditure	(207,775)	(154,953)
Amounts written off investment assets	2,641	404
(Profit)/Loss on sale of assets	(143)	(1,388)
Depreciation charges	435	417
Decrease in stock of development assets	39,826	2,909
Transfer to/(from) Revaluation Reserve on revaluation of stock of development assets	(2,190)	(2,981)
Stock of development assets transferred (to)/from investment assets	(2,000)	1,850
Book value of development assets sold	(11,973)	(6,390)
Decrease/(Increase) in debtors	(8,017)	1,498
(Decrease)/increase in creditors	31,951	(2,144)
Net cash inflow/(outflow) from operating activities	(157,245)	(160,778)

Notes to the Financial Statements

20 Reconciliation of net cashflow to movement in net funds

	2008/2009 £000	2007/2008 £000
As at 1 April 2008	21,720	8,638
Net cash inflow/(outflow)	<u>(6,348)</u>	<u>13,082</u>
As at 31 March 2009	<u>15,372</u>	<u>21,720</u>

21 Commitments

(a) Operating leases

As at 31 March 2009 the Agency had annual commitments under operating leases as follows:

	2008/2009		2007/2008	
	Buildings £000	Others £000	Buildings £000	Others £000
Leases expiring:				
- within one year	277	20	18	23
- between one and five years	37	4	302	46
- in over five years	539	0	559	0
	<u>853</u>	<u>24</u>	<u>879</u>	<u>69</u>

Rental costs of operating leases are charged to the Income and Expenditure Account on a straight line basis over the term of the lease. Operating lease commitments over 5 years relate primarily to the leasing of office space at Sterling House, Exeter and North Quay House, Plymouth.

(b) Capital commitments

Expenditure authorised by the Board and contracted for at 31 March 2009 amounted to:

	2008/2009 £000	2007/2008 £000
Capital commitments - development assets	<u>2,584</u>	<u>5,287</u>

Capital commitments authorised but not contracted for at 31 March 2009 amounted to £13,357,000 (31 March 2008 £35,681,000).

22 Contingent liabilities

At 31 March 2009 there were no significant contingent liabilities (31 March 2008 £nil).

Notes to the Financial Statements

23 Taxation

The Agency taxation charge based on taxable profits for the year at 28% (2007/08 - 30%) comprises:

	2008/2009 £000	2007/2008 £000
Corporation Tax:		
Current Year	1,036	756
Prior Year	1,583	(1,306)
	<u>2,619</u>	<u>(550)</u>
Deferred Taxation:		
Current Year - Note 15	(1,029)	(70)
	<u>(1,029)</u>	<u>(70)</u>

The corporation tax charge for the current year is lower than the standard rate of corporation tax for the UK of 28% (2007/08 - 30%). The differences are explained below:

Corporation tax:		
Net expenditure on ordinary activities	(210,159)	(158,720)
Deficit before taxation at 28% (2007/08 - 30%)	(58,844)	(47,616)
Effects of:		
Expenses not deductible for tax purposes	13,851	2,255
Permanent differences	6,145	(3,942)
Depreciation in the year in excess of capital allowances	122	125
Prior year corporation charge	1,583	(1,306)
Capital gains on investment asset disposals	0	756
Grant in aid adjustment	39,762	49,178
Corporation tax current year charge for the period	<u>2,619</u>	<u>(550)</u>

24 Financial instruments

(a) Financial risk management

The Agency has received approval from the Secretary of State for the Agency to borrow up to a maximum of £5 million via overdraft from the Bank of Scotland for 30 days. At the year end the Agency had an overdraft of £nil (31 March 2008 £nil). The Agency relies primarily on departmental grants for its cash requirements 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 debtors due after more than one year have a low credit risk. Trade debtors consist of a number of customers which are spread across diverse industries. Ongoing credit evaluation is carried out on the financial condition of accounts receivable.

(b) Fair value estimation

The Agency considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

25 Post balance sheet event

The Agency's financial statements are laid before the Houses of Parliament by the Secretary of State of the Department for Business, Innovation and Skills (formerly BERR). FRS 21 requires the Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Agency's management to the Secretary of State of the Department for Business, Innovation and Skills.

The authorised date for issue is 6th July 2009.

Notes to the Financial Statements

26 Related party transactions

The South West of England Regional Development Agency is an Executive Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills (BIS), formerly the Department for Business, Enterprise and Regulatory Reform (BERR). During the year ending 31 March 2009 the Agency received Grant in Aid through BIS together with European funding through the Department for Communities and Local Government (CLG). BIS and CLG are regarded as related parties.

CLG is the sponsor body of the Homes and Communities Agency (formerly English Partnerships) and therefore the Homes and Communities Agency is also regarded as a related party. During the period, the Agency and the Homes and Communities Agency have acted in partnership on a number of projects.

BIS is the sponsor body of the other Regional Development Agencies in England and therefore the other RDAs are regarded as related parties. During the year, the Agency has jointly funded a number of projects with other RDAs. These RDAs were Advantage West Midlands, One North East, London Development Agency, East Midlands Development Agency, Yorkshire Forward, North West Development Agency, East of England Development Agency and South East England Development Agency. At the year end there was a balance of £159 (31 March 2008 £nil) with East of England Development Agency and a balance of £22,500 (31 March 2008 £497) with South East England Development Agency. There were no outstanding balances with the other RDAs at the year end.

The Board Handbook outlines the handling of conflicts of interest and requires that the Chair and other Board Members should declare any personal or business interests. All declarations are recorded in the Board minutes. In addition, a register is maintained of financial and other interests of Board Members. In many cases where there is an association with an organisation, the RDA Board Member has been appointed by the RDA to represent it to that organisation. Board Members took no part in funding decisions which concerned organisations that Board Members have connections with as reported in the Register of Members' Interests. Board funding decisions are taken collectively, not by individual Members. Grants are paid direct to the organisation concerned, not to the individual Board Members.

The following is a list of transactions with organisations in which Board Members and Executive Directors have declared an interest for 2008/09 where the Board Member/Executive Director has no equity interest in the organisation receiving or making payment:

Name & Role	Related party	Position in related party	Nature	Total value of transactions 2008/2009
A Courts Board Member	Plymouth Chamber of Commerce	Council Member	Expenditure -Other	8
	National Skills Academy for Manufacturing - SW Regional Advisory Group	Chairman	Expenditure - Grant	67,749
B Robinson Board Member	Forest of Dean District Council	Elected Member	Expenditure - Grant	22,970
			Income - Grant	9,962
	Gloucestershire First	Forest of Dean Council representative	Expenditure - Grant	393,338
	University of Gloucestershire	Member of University Court	Expenditure - Grant	106,155
C Bakewell Board Member	Somerset County Council	County Councillor	Expenditure -Other	30,262
C Molton Executive Director Resigned 30.11.08	Camborne, Pool & Redruth URC	Director	Expenditure - Grant	384,652
	Plymouth City Development Company	Board Member	Expenditure - Grant	228,768
			Income - Other	72
C Reid Board Member	Equality South West	Board Member	Expenditure - Grant	273,124
			Expenditure -Other	2,000
E Thomas Former Board Member Term ended 14.12.08	University of Bristol Council @ Bristol Advisory Council	Member	Income - Other	10,000
			Expenditure - Grant	783,318
	HERDA- SW Strategy Board	Member	Income - Other	13,231
			Income - Other	5,950
E Winsor Board Member	University of Plymouth	Governor	Income - Grant	3,509
			Expenditure - Services	6,550
			Expenditure - Grant	2,843,277
H Studholme Board Member	Institute of Directors	Member	Expenditure -Other	600
	South West Chamber of Rural Enterprise	Chairman	Expenditure - Grant	36,028
	Forestry Commission	GB Commissioner	Expenditure -Other	52,875
	National Farmers Union	Member	Expenditure -Other	5,000
	ICAEW	Member	Expenditure -Other	17,625
	Exeter University *	Chairman - Centre for Rural Research Advisory Board	Expenditure - Grant	2,986,918
J Henderson Chief Executive	South West Tourism	Director	Expenditure - Grant	2,243,328
			Expenditure -Other	90
J Porritt Former Board Member Term ended 13.12.08	Forum for the Future	Founder	Expenditure -Other	43,273
	Wessex Water	Non Exec Director	Expenditure -Other	398,517
	Sustainability South West	President	Expenditure - Grant	158,984
			Expenditure -Other	31,737
J Reynolds Board Member	University of Plymouth	Board of Governors	Income - Grant	3,509
			Expenditure -Other	6,550
			Expenditure - Grant	2,843,277
	Co-Active Ltd	Director and Company Secretary	Expenditure - Grant	130,000

Notes to the Financial Statements

Name & Role	Related party	Position in related party	Nature	Total value of transactions 2008/2009		
J Savage Board Member	Business West	Executive Chairman	Expenditure - Grant	1,161,474		
			Expenditure -Other	56,820		
			Income - Other	86,820		
	Destination Bristol Ltd	Director	Expenditure - Grant	510,522		
			Expenditure -Other	74,937		
	Bristol Cultural Development Partnership Ltd	Director	Expenditure -Other	26,380		
Business Link - Northern Arc	Director	Expenditure - Grant	7,341,527			
		Expenditure -Other	51,310			
SW Regional Learning and Skills Council	Chairman	Income - Other	28,298			
J Williams Chair	Institute of Directors	Member	Expenditure -Other	600		
	Visit Britain	Ex Officio Board Member	Expenditure -Other	126,612		
	SW Regional Board, Learning and Skills Council	Member	Income - Grant	28,298		
			Expenditure - Grant	1,064,799		
Regional Employment and Skills Partnership	Chairman and National Chair of Chairs	Expenditure - Grant	82,612			
K Derrick Deputy Chair	REGEN South West	Chairman	Expenditure - Grant	1,212,501		
N Buckland Board Member	Institute of Directors	Member	Expenditure -Other	600		
			University of Plymouth	Chair of Governors	Income - Grant	3,509
					Expenditure -Other	6,550
	BIS Technology Strategy Board	Governing Board Member	Expenditure - Grant	2,843,277		
			Expenditure -Other	12,894		
			Income - Grant	28,298		
SW Learning & Skills Council	Member	Income - Grant	28,298			
Plymouth City Development Company	Non Exec Board Member	Expenditure - Grant	228,768			
			Income - Other	72		
N Costley Former Board Member Term ended 13.12.08	South West TUC	Regional Secretary	Expenditure - Grant	151,305		
			Expenditure - Grant	169,092		
	University of the West of England	Governor	Expenditure -Other	684		
			Expenditure - Grant	273,124		
Equality South West	Board Member	Expenditure -Other	2,000			
P Madden Board Member	Forum for the Future	Chief Executive	Expenditure -Other	43,273		
	Green Futures	Director	Expenditure -Other	68		
	Groundwork UK	Co-opted Board Member	Expenditure -Other	325		
S Pirie Audit Committee Member	Bath Spa University	Chair of Governors	Expenditure - Grant	82,608		
			Expenditure -Other	31,298		
S Smith Board Member	University of Exeter	Vice Chancellor	Expenditure - Grant	2,986,918		
			Expenditure -Other	7,558		

* Relates to Exeter University in total

The following is a list of transactions with organisations in which Board Members and Executive Directors have declared an interest for 2008/09 where the Board Member/Executive Director holds an equity interest in the organisation receiving payment:

Name & Role	Related party	Position in related party	Nature	Total value of transactions 2008/2009
J Williams Chair	Strategic Management Resources Ltd	Principal & Director	Office and secretary expenses	31,212
E Winser Board Member	Pendennis Shipyard Holdings Ltd	Director/Shareholder	Expenditure -Other	2,657
	Sutton Harbour Holdings	Shareholder	Expenditure -Other	164,056
			Income - Other	43,475
	Blacker Sheep Ltd t/a Natural Fibre Co.	Shareholder	Expenditure - Grant	30,475
Experian Finance	Shareholder	Expenditure -Other	12,573	

Notes to the Financial Statements

27 Interest in subsidiaries, associated undertakings & joint ventures

Subsidiaries

Name of undertaking	Total net assets	Interest at year end	Nature of business	Note Ref
Royal William Yard (Plymouth) Estate Management Company Limited (company limited by guarantee)	£nil	100%	Management of the Royal William Yard (dormant)	1

- There were no balances due between the Agency and the subsidiary shown above at 31 March 2009 (31 March 2008 £nil). Royal William Yard (Plymouth) Estate Management Company Limited has been excluded from consolidation in the accounts of the Agency on the grounds that it was dormant throughout the year and had no assets or liabilities at the year end.

Associated undertakings

Name of undertaking	Total net assets	Interest at year end	Nature of business	Note Ref
Finance Cornwall Limited (company limited by guarantee)	£3,849,062	33.3%	Provision of loan and equity finance for businesses in the Convergence areas of Cornwall & Isles of Scilly	2, 3, 4
Finance South West Limited (company limited by guarantee)	£3,430,642	33.3%	Provision of loan and equity finance for businesses in the Objective 2 areas of South West England	2, 3, 4
Temple Quay Management Limited	£996	24.0%	Property management company	5, 6, 7

- The Agency does not fund Finance Cornwall or Finance South West and has no controlling influence over voting rights.
- The net asset balances shown for Finance Cornwall and Finance South West are consolidated group balances.
- On the basis of materiality, the Agency has not accounted for any share of the financial results, total assets or total liabilities of Finance Cornwall Limited and Finance South West Limited at the year end. In relation to each of these associated undertakings, the Memorandum of Association provides that the income and property of the company shall not be available for distribution by way of dividend or in any other way that amounts to a distribution of surplus. If the company is wound up or dissolved any remaining property, after all its debts and liabilities have been satisfied, will be transferred to a company or institution having similar objects to the members.
- Temple Quay Management Limited has no assets and collects rental and service income from tenants of Temple Quay to meet the common outgoings of the estate. Turnover for the year ended 31 March 2009 was £479,245 (2007/08 - £481,000). Any shortfall in income over expenditure is collected pro-rata from the tenants (including South West RDA), and any excess is returned to the tenants (including South West RDA) pro-rata. Thus the company records no profit or loss and maintains a balance sheet net worth of £996, being the value of the issued share capital which is wholly owned by the tenants in proportion to the area of the estate occupied by them. Temple Quay Management Limited has been excluded from consolidation in the accounts of the Agency on the grounds that it is immaterial for the purpose of giving a true and fair view.
- The following amount was due from the Agency to Temple Quay Management Limited at 31 March 2009 - £3,234 (31 March 2008 - £17,924). There were no other balances due between the Agency and the associated undertakings shown above at 31 March 2009 (31 March 2008 - £nil).
- The share capital of Temple Quay Management Limited comprises 994 ordinary shares of £1 each and 2 special ordinary shares of £1 each all held at par. The Agency's interest in the share capital of Temple Quay Management Limited amounted to 237 ordinary shares and 2 special ordinary shares at the year end.

Joint ventures - undertakings

Name of undertaking	Total net assets	Interest at year end	Nature of business	Note Ref
Camborne Pool Redruth Urban Regeneration Company Limited	£964	25%	Regeneration of Camborne, Pool and Redruth	8, 9, 10
The New Swindon Company Limited	£89,101	33.3%	Regeneration of Swindon	8, 9, 10
Gloucester Heritage Urban Regeneration Company Limited	£123,783	33.3%	Regeneration of Gloucester	8, 9, 10
Plymouth City Development Company Limited	£1,452	33.3%	Regeneration of Plymouth	8, 9, 10

- On the basis of materiality, the Agency has not accounted for any share of the financial results, total assets or total liabilities of these joint ventures at the year end. In relation to each of these joint ventures, the Memorandum of Association provides that the income and property of the company shall not be available for distribution by way of dividend or in any other way that amounts to a distribution of surplus. If the company is wound up or dissolved any remaining property, after all its debts and liabilities have been satisfied, will be transferred to a company or institution having similar objects to the members.
- The combined values of the Urban Regeneration Companies' and City Development Company's net assets at 31 March 2009 amount to £215,300 (31 March 2008 - £408,317) with turnover during the year of £6,196,513 (2008 - £4,558,944).
- The following amount was due from Camborne Pool Redruth Urban Regeneration Company Limited to the Agency at 31 March 2009 - £500,000 (31 March 2008 - £9,038). The following amount was due from the Agency to Camborne Pool Redruth Urban Regeneration Company at 31 March 2009 - £126,245 (31 March 2008 - £17,454). The following amount was due to The New Swindon Company Limited from the Agency at 31 March 2009 - £65,533 (31 March 2008 £63,833). The following amount was due to Gloucester Heritage Urban Regeneration Company Limited from the Agency at 31 March 2009 £95,493 (31 March 2008 £39,003). There were no other balances due between the Agency and the joint ventures shown above at 31 March 2009 (31 March 2008 - £nil).

Notes to the Financial Statements

Joint ventures - interest in development projects

11. On 14 July 2003 the Agency entered into a development agreement with St Modwen Developments Limited (St Modwen) for the latter to remediate and provide infrastructure on a site owned by the Agency in Gloucestershire at Dursley. Under the terms of this agreement the Agency contributes the value of its land to a development account through the disposal of serviced plots, and St Modwen contributes the cost of the remediation and infrastructure works. The development account is reconciled as plots are disposed of, and returns are shared by the parties in accordance with the development agreement. As at 31 March 2009, the value of the Agency's interest in this joint venture was £ nil.
12. The movement on the investment in joint ventures - interests in development projects during the year is as follows:

	2008/2009	2007/2008
	£000	£000
Valuation at 1 April 2008	-	-
Additions in year	6,360	-
Amounts written off on revaluation	(6,360)	-
Valuation at 31 March 2009	-	-



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ISBN 978-0-10-295936-9



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