

# BOARD AGENDA

<b>Date:</b>	10 November 2011	<b>Secretariat</b>
<b>Time:</b>	14:30 – 16:30	Debbie Nippress
<b>Place:</b>	University Campus Suffolk Board Room, Waterfront Building, Ipswich	01223 231017 <a href="mailto:debbienippress@eeda.org.uk">debbienippress@eeda.org.uk</a>

## STANDING ITEMS

Time	Item	Title	Paper no
14:30	1	Declaration of Interests	VERBAL
	2	Minutes of the previous meeting	
	3	Actions from the previous meeting	

## ITEMS FOR STRATEGIC DISCUSSION

Time	Item	Title	Lead
14:45	4	Business Link:  a) Update on performance and closure (discussion with EEIDB Ltd in attendance)  b) Decision regarding payment of 2011 management fee (RESTRICTED discussion for EEDA board only)	Chris Parkhouse, Pat Smith, EEDIB  Alison Webster
	5	Closure and Transition:  a) Governance: Board quoracy b) RDA Accountability and Financial Framework c) Public Bodies Bill – contingency plans d) Risk management e) Financial update f) Outstanding projects	David Hipple
	6	Transfers:  a) GRD b) Sub National Intelligence c) MAS d) Business Coaching for Growth e) Olympics	Alison Webster

# BOARD AGENDA

	7	Outcomes from EEDA's second Peer Review - VERBAL	Deborah Cadman
	8	EEDA's contribution to economic growth: a) Visit to UCS	

<b>ANY OTHER BUSINESS</b>	
16:30	

# BOARD MINUTES DRAFT

<b>Title:</b> Board minutes (Draft)	<b>Minute taker</b>
<b>Meeting date:</b> Thursday 22 September 2011	Debbie Nippress
<b>CONFIDENTIALITY STATUS</b> PUBLIC	

## Attendees – Board

William Pope, Chair

Sheila Childerhouse,

Madeline Russell, Paul Burall, Shona Johnstone (part), Robert Swann, Peter McCarthy-Ward, Colin Riordan, Karen Livingstone, Marco Cereste

## Attendees – Chief Executive's Team

Deborah Cadman, Chief Executive

Alison Webster, Executive Director, External

David Hipple, Executive Director, Internal

Sara Rodriguez-Jimenez, Transition and Closure Programme Manager

## Attendees – externals

Sue Bishop, BIS

## Minutes

Debbie Nippress, PA to Chair and Chief Executive

## Apologies

Edward Iveagh, Stuart Evans

## Item 1: Declaration of Interests

Karen Livingstone – Item 6 - Business Link Evaluation – Board Member, EEIDB

## Item 2: Minutes of Previous Meetings

The minutes of the previous meeting held on 1 July 2011 were approved.

The minutes of the meeting 2 June 2011 were approved.

The minutes of the final Closure and Transition Committee meeting held on 21 July were approved.

**All signed and agreed as accurate records of the meetings.**

## Item 3: Actions from previous meeting

Actions from the previous meetings above were noted and approved.

Action from CTC meeting on 21 July was carried forward and to be completed by end of September 2011.

- *Alison Webster to circulate the lessons learned report to the Board along with letter of praise for EEDA's role in achieving a successful and smooth transfer that have been received.*
- *Alison Webster to circulate her lessons learned report to Sue Bishop, BIS*

**ACTION : Alison Webster**

## Item 4: Closure and Transition

### Item (a) Board Governance

David Hipple introduced the paper on Board Governance. David advised that following the Government's decision to close RDA's, EEDA set up a Closure and Transition Committee of the board to deal with and monitor the progress on the process of closing the organisation. As the transition and closure process is now at an advanced stage, the principal remaining activity for the Board is to oversee the orderly transition of functions and the closure of EEDA. As it is now appropriate that the Board takes over the closure responsibilities; the Board were asked to approve the recommendations outlined in the paper to formally close the Transition and Closure Committee.

David Hipple reminded the Board that when the committee structure was revised last year, the Performance and Resources Committee was put on ice. David now recommended that this committee should now be formally closed.

The Board was also asked to note that the Strategy Committee was formally closed in October 2010.

**The Board approved the recommendations.**

### Item (b) Updated Programme Plan and Closure Timetable

The board were given an update on the programme plan and closure timetable which has been updated to reflect completion of tasks. The plan also included an overview of tasks still outstanding up to the final sign off of accounts in June 2012.

David Hipple drew the Board's attention to the table on page 9 and informed the board:

- The first phase is complete
- Business Link closes on 25 November
- ESF programme will close by 24 December

The Business Centre will remain in the BIS family and will house the SFA, BIS Local and possibly the Insolvency Agency and the Medical Research Council. The IT system is the main challenge which will be wound up in March followed by the final accounts in June 2012, and depending on public bodies bill EEDA may be required to produce accounts for 2012/13.

Will Pope asked whether there was any progress with the dilapidation of Victory House. David informed the meeting that EEDA has offered the building back to the landlord, who are willing to take the building back if we pay all the rent and service charges. This offers no benefit to EEDA so we have asked the landlord for a reduction in charges for early surrender. The other possibility would be to find a company interested in the 2<sup>nd</sup> floor (which is also vacant); if they might also be interested in the 1<sup>st</sup> floor. Will Pope thought that Santander had shown some interest in the 2<sup>nd</sup> floor which later appeared to be too small. Will suggested that David Hipple speak to Martin Williams at Santander to see if they would be interested in both floors.

Sue Bishop gave an update on the progress of the Public Bodies Bill, which is still at the committee stage until the 13<sup>th</sup> of October, and expected to then move to reporting stage to the

House of Lords.. Although the Bill is making its way through the Parliamentary process and Cabinet Office is still optimistic about the bill receiving royal assent in November, there is a still a risk of possible delays in this timeline.

Deborah Cadman asked what would happen if the PBB isn't agreed in time for the transfer of projects to the PMO in March. Sue Bishop informed the meeting that BIS are encouraging RDAs to novate projects to the PMO in readiness for the projects to be transferred.

Sue Bishop advised that the PMO should be up and running by January. However, there is an issue with the PMO and PBB in relation to staff transfers which can be resolved only if BIS have the transfer scheme in place.

Karen Livingstone informed the Board that EEDA Audit Committee would like to look at this in more detail including the implications, accounts and resources required if we are expected to do 2012/13 accounts. Karen asked whether EEDA would be provided with a clear set of options with timelines including a clear protocol/mechanisms. Sue Bishop informed the meeting that BIS plan to have an agreed plan in place by mid October with the PMO established by January 2012. Karen Livingstone requested clarity on this. Will asked Sue Bishop to produce a decision tree in relation to the Public Bodies Bill and its impact on closure.

Will also asked Sue Bishop to enquire whether the part year 2013 accounts need to be fully NAO audited.

Will thanked Sara and David for their work on the report and asked that the board dates are added to the Gantt chart on page 9.

## **Actions:**

- **David to contact Martin Williams, Santander**
- **Sue Bishop to clarify whether 2013 account will require NAO audit**
- **David and Sara to update Gantt Chart**
- **Sue Bishop to produce a decision tree in relation to PBB**

## **Item (c) Performance Q2**

David Hipple and Sara Rodriguez-Jimenez gave an update on the Performance Management Q2 covering up to the end of September 2011 which continues to be on target. The most significant achievement is the land and projects transfer which went smoothly. Deborah Cadman will be writing to all recipients of the land in due course. In terms of Knowledge Management, the task is a lot larger than anticipated. However, we are confident we have adequate resources to March 2012 and for the accounts closure in June.

Will congratulated the CET team on the Report and thanked them for the efforts and good explanation and justification of variances.

## Item (d) Risk Management

David Hipple led on this item.

The Board were asked to:

- consider and endorse the latest version of EEDA's Corporate Closure and Transition Risk Register for 2011/12, and identify any further risks that should be captured, and whether any specific risks should be escalated to BIS;
- Note the latest RDA Transition Risk log maintained by BIS and consider the potential implications on EEDA's closure and transition plans.

Peter McCarthy-Ward informed the Board that Audit Committee at their meeting this morning agreed the remaining audit plan for the year.

David asked the Board to note a number of changes to the risk register around the area regarding closure.

Paul Burall asked for further information on ESF.

Alison Webster informed the Board that we have a regular Article 16 Audit, focussing on eligibility of activity and expenditure, carried out by the Risk Assurance Division (RAD) within DWP. The Article 16 audit that commenced in July 2010 has yet to be fully resolved. However, considerable progress has been made in addressing the auditor's concerns regarding eligibility of participants and eligibility of support provided. EEDA's exposure to claw-back has reduced in parallel to that progress. Initially, it appeared that the amount of claw-back was in the order of £280,724 whereas now it is in the order of £82,876.

The most recent Article 16 audit done by RAD took place last week and there is a risk that if it takes as long as this time as it did last time we will not be able to deal with this by the end of March, hence the rise in the assessment of risk set out in the Corporate Risk Log. We will escalate this within DWP if the RAD team do not meet the promise of resolving audits by the end of December 2011. To put this in context, we are aware that SEEDA are still trying to finalise an Article 16 audit which took place in summer 2009. Sue Bishop highlighted that a BIS Action Note regarding this has been sent out today. Paul Burall requested this be kept under review. (Post meeting note: the AN has been received and is being actioned).

David proposed to remove Risk 5.3 from the register due to the successful transfer of land and property assets to the HCA on 19 September.

**The Board discussed and approved this action.**

## Item (e) Finance Management (bad debt write off)

David Hipple led on this item to seek approval to write-off irrecoverable, long standing debts.

The Board were asked to approve a request to the Secretary of State to write-off the Silverjet Aviation Ltd debt of £420k and to write-off all the other debts shown in the annex.

Robert Swann asked as Silverjet went into administration in 2008 surely it would have been wound up by now. David confirmed Silverjet had indeed been wound up and that EEDA had put in a claim in November 2008 therefore had no chance of recovering any monies now.

Will Pope asked that it is noted that the NAO are encouraging EEDA to resolve the matter of outstanding debts and to recover outstanding debt, or where this is impossible, to clear up their debtors accounts before closure.

**The board noted the executive team's assurances about the inability to collect of the relevant debts as a result of the closure of the organisations concerned, and therefore agreed to sign off the recommendations.**

## Item 5: Transfers

### HCA

Land & Property transfer completed on 19 September 2011. 3 additional land were achieved by the transfer deadline and 2 staff transfers. Joint working arrangements have been agreed including further asset transfers.

### GBI

Transferred to BIS on 1 September 2011.

### BIS Local

The 2 remaining staff in scope transferred to the for London and South East team on 16 September. Staff will be located at Eastbrook, Cambridge and 1, Victoria Street, London.

### Sub National Intelligence

Two providers have been contracted by BIS – TNS BMRB Business Survey and NIESR Regional Economic Snapshots. One person in scope to transfer. However there have been on-going issues since May this year. Sue Bishop has been very supportive in seeking a resolution.

### Access to Finance

VCLF and Regional Growth Loan Scheme both transferred to BIS on 30 September 2011.

GRAD transfers to BIS/TSB on 1 November 2011.

UFFB and Coaching for High Growth – BIS currently procuring a combined new Business Coaching for Growth offer. Contact award expected early December 2011, service implementation from January – June 2012. One member of EEDA staff potentially in scope for TUPE.

*Sue Bishop, BIS left the meeting*

## Item 6: Business Link Evaluation

Kathryn Rowe and Steven Thain joined the meeting for this item. Steven gave a brief introduction on the report and asked that the Board consider the publication on the evaluation of the Business Link Contract performance for the period April 2010 to March 2011 and that copies of the report be made available to potentially interest parties, in particular, those that may have influence, and authority over the commissioning of future publicly funded business support in the East of England and beyond.

Will Pope thanked Steven for his introduction. Marco Cereste and Sheila Childerhouse thought the report was welcomed and well written.

Peter McCarthy-Ward queried Annex F pages 1-11 and 1 -12 in respect of the definition of GVA and asked for output figures to be checked for correctness. Peter also raised the reconciliation of the figures contained with Table F (1).

Will thanked Peter for his observations and asked Kathryn and Steven to check the definition and the relevant figures.

*Colin Riordan left the meeting*

Robert Swann asked how EEDA were going to disseminate the work. Steven informed the meeting that he believes there are some confidentiality issues, however, it is hoped to share this report with Local Authorities and LEPs in confidence and form part of the future economic landscape.

**The Board endorsed the report, subject to any non-material amendments as stated above.**

The Board thanked Hannah Lazarus and Shan Lloyd for their work on the report.

### **Action :**

**Kathryn Rowe and Steven Thain to check the definition and the figures in Annex F**

## Item 7: EEDA's contribution to economic growth

### **Visit to Hauser Forum**

The board has been invited to visit the IdeaSpace Enterprise Accelerator (IEA) also known as the Hauser Forum. The board will be given a tour and presentation to illustrate the success and achievements of this initiative so far and the plans going forward.

### **Proposal from the Woodland Trust**

This item was taken at the beginning of the agenda to allow Shona Johnstone to participate.

The Board were asked to consider a proposal recently received from the Woodland Trust to contribute to a regional project as part of a wider national tree planting initiative to celebrate Queen Elizabeth II's Diamond Jubilee in June 2012.

# BOARD MINUTES DRAFT

Following some initial discussions with the Trust, a number of possible options have been put forward where a modest investment from EEDA of £10,000 would result in a significant contribution to a worthwhile project that meets a number of objectives in line with EEDA's long term priorities to deliver sustainable development and support the broader rural agenda. The Board felt that of the options put forward, option b) – a project to plant small woods with Norfolk County Council based on the growth area around Norwich – would be the most suitable project to possibly receive EEDA support.

The Executive also noted however that any spending would be a new commitment and therefore would require BIS support and approval as all RDAs were clearly instructed not to enter into any new commitments from April 2011 until final closure. Sue Bishop reiterated this point and informed the Board that she had made enquiries with colleagues in BIS and they could not see any reason for supporting this proposal for new investment / commitments, however modest the funding. Therefore if it went forward to BIS it was likely that it would be rejected.

The Board felt that although these are worthwhile projects we are now in a different financial position as we move towards the latter stages of closure and therefore it would be worth considering the potential return on investment and possible local political interest in Norfolk (the county covered by the preferred option) before pursuing the issue further with BIS.

## Any other business

None

The meeting closed at 3pm.

<b>Draft 1 approved by Relevant Executive Director</b>	
<b>To be Reviewed at CET and actions agreed</b>	date
<b>Final draft approved</b>	

**Sign off and date:**

Will Pope, Chair



# BOARD ACTIONS – 22 September 2011

**Item 3 : Action from CTC meeting on 21 July was carried forward and to be completed by end of September 2011.**

- *Alison Webster to circulate the lessons learned report to the Board along with letter of praise for EEDA's role in achieving a successful and smooth transfer that have been received.*
- *Alison Webster to circulate her lessons learned report to Sue Bishop, BIS*

*ACTION : Alison Webster*

## **Item 4b Transition and Closure update**

Actions:

- David to contact Martin Williams, Santander regarding victory House
- Sue Bishop to clarify whether 2013 account will require NAO audit
- David and Sara to update Gantt Chart
- Sue Bishop to produce a decision tree in relation to PBB

## **Item 6 Business link Evaluation**

Action : Kathryn Rowe and Steven Thain to check the figures in Annex F

**Subject: EEDA BOARD QUORACY AND COMMITTEE MEMBERSHIP**

Prepared by: Angela Mason-Bell

**1. Key Points for Consideration**

- 1.1 The RDA Act 1998 states that a regional development agency shall consist of not less than 8 or more than 15 members appointed by the Secretary of State.
- 1.2 The number of EEDA Board members will fall shortly from 12 to 11 (with the departure of Marco Cereste).
- 1.3 EEDA's Code of Best Practice currently states that a quorum of the Board shall be 50% (half) of board members plus one. The quoracy of the audit committee is two full members.
- 1.4 As board membership reduces to 11, consideration needs to be given to the likelihood of 6 members being available to attend each meeting. It might be more realistic to reduce the quorum to, say, 50% (rounded down). An even more radical approach would be to reduce the quorum to, say, 2 members to ensure the board quorum will always be met.
- 1.5 Any changes to Board quoracy would need to be reflected in EEDA's Code of Best Practice, the approval of which is reserved for the Board's decision.
- 1.6 In making such a decision, Board members need to consider whether they can continue to meet their responsibilities as defined by statute and the Accountability and Financial framework.
- 1.7 The Board 's overarching responsibility is to ensure that the Agency fulfils the aims and objectives set by the secretary of State and for promoting the efficient and effective use of staff and resources by the Agency. Specifically, the recently revised RDA Accountability and Financial Framework states that the Board shall oversee the transition and closure process and ensure the delivery of an orderly transition. Whilst a reduction of the quorum to 2 would enable business to be completed, would there be sufficient challenge to the executives in that situation?
- 1.8 The Chair has a number of personal leadership responsibilities, which include:
  - Formulating the Board's strategy to deliver the RDA Transition and Closure plan and manage the associated risks.
  - Ensuring that the board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or the Department.
  - Delivering high standards of regularity and propriety.

- Advising the Secretary of State of the needs of the Agency when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise.
- Ensuring the work of the Board and its members is reviewed and is working effectively.

1.9 Other issues to be considered are:

1.9.1 Situations in which there is an evenly split vote.

In these cases, the resolution could be for the Chair to have the casting vote.

1.9.2 Approval of audit committee decisions by the Board.

The reducing numbers of board members may give rise to a situation where there are only audit committee members, with the exception of the Chair, in attendance. In these cases the resolution may be that there must be at least one (or two) board members, in addition to the Chair, who are not members of the audit committee for the Board to be considered quorate when considering recommendations from the audit committee.

1.9.3 Audit Committee membership.

Going forward, there will be 5 audit committee members out of 10 board members (plus Ken Barnes). It may be appropriate to reduce the numbers of the audit committee to ensure a better split between Board and audit committee. That said, the role of the audit committee is becoming increasingly important in terms of scrutiny of risk management, the closure and transition process and the final accounts for the Agency.

## 2. Essential Background

2.1 The current membership of the Board and Audit Committee is as follows:

Will Pope (Chair)	<u>Audit Committee</u>
Sheila Childerhouse (Deputy Chair)	Karen Livingstone (Chair)
Paul Burall	Peter McCarthy-Ward (Deputy Chair)
Stuart Evans	Robert Swann
Madeline Russell	Shona Johnstone
Lord Edward Iveagh	Colin Riordan
	Marco Cereste (tenure ends 31 December 2011)
	Ken Barnes (Independent member)

## 3. Conclusions

3.1 The board should consider the following matters:

- (i) Whether the Board quorum should be reduced to 50% (rounded down).

# BOARD DISCUSSION PAPER



- (ii) Whether the Board quorum should be reduced to 2 (the same as the audit committee) to ensure that there is no risk of being unable to carry out business.
- (iii) Not replacing Marco Cereste on the Audit Committee because there are sufficient numbers remaining after his departure.

# BOARD PAPER

<b>Title:</b>	RDA Accountability and Financial Framework	<b>Paper no:</b>	<b>5(b)</b>
<b>Item no:</b>		<b>Author:</b>	Angela Mason-Bell
<b>Meeting date:</b>	10 November 2011		<a href="mailto:AngelaMason-Bell@eeda.org.uk">AngelaMason-Bell@eeda.org.uk</a>
<b>Directorate:</b>	Internal Activities		01223 231258

<b>CONFIDENTIALITY STATUS</b>	UNCLASSIFIED
<b>RISK LEVEL</b>	MODERATE
<b>PAPER TYPE</b>	INFORMATION PAPER
<b>BOARD CHAMPIONS</b>	AUDIT COMMITTEE

## ISSUE/PURPOSE OF PAPER

To inform the Board of the revised Accountability and Financial Framework for RDAs, which came into effect on 1 October 2011.

## OVERVIEW

BIS has issued a revised RDA Accountability and Financial Framework, which was drawn up in consultation with the Agencies. Its purpose is to reflect accountability and governance in the changed circumstances of RDAs during transition to final closure. The document replaces the previous RDA Accountability and Financial Framework issued in October 2008.

The Framework essentially formalises the majority of the governance and operational arrangements that have already been established since the announcement by the Coalition Government in June 2010 that RDAs are to be abolished.

The high level RDA transition and closure objectives have been added, along with the more specific responsibilities and requirements in each area covered by the Framework.

The Framework is being discussed by the Audit Committee on 10 November 2011, such that it can fulfil its duty "On behalf of the Board to monitor and ensure the compliance of with EEDA's Accountability and Financial Framework, and bring any significant matters to the Board's attention" (Audit Committee Terms of Reference, paragraph 12.1).

Feedback from the discussion by the Audit Committee will be provided to the Board at its meeting on 10 November.

## FINANCIAL IMPLICATIONS/RISKS

None

## KEY MILESTONES/TIMELINES/NEXT STEPS

N/A

# BOARD PAPER

## ANNEXES

Annex 1 – RDA Accountability and Financial Framework (October 2011)

Draft 1 approved by Executive Director (Internal Activities)	24 October 2011
Reviewed at CET	1 November 2011
Final draft approved by Executive Director (Internal Activities)	1 November 2011

**RDA ACCOUNTABILITY AND  
FINANCIAL FRAMEWORK**

WITH EFFECT FROM 1 OCTOBER 2011

# **REGIONAL DEVELOPMENT AGENCY**

## **Accountability and Financial Framework**

**October 2011**

This document replaces the RDA Accountability and Financial Framework issued in October 2008

# **RDA Accountability and Financial Framework**

## **Introduction and Purposes of the Accountability and Financial Framework Document**

This Accountability and Financial Framework has been drawn up by the Department for Business, Innovation & Skills (BIS) (“the Department”) in consultation with the Agencies. Its purpose is to reflect accountability and governance in the changed circumstances of RDAs during transition to final closure. Any question of interpretation of this Framework Document will be resolved through consultation between the Department and the Agencies.

Copies of this document and any subsequent substantive amendments will be placed in the Libraries of both Houses of Parliament. Copies will also be made available to members of the public on the BIS website.

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# 1 Purpose of the Agency

- 1.1 The eight Regional Development Agencies (RDAs) for England (outside London)<sup>1</sup> were established under the Regional Development Agencies Act 1998 (“the Act”). The Agencies’ purposes are set out in Section 4 of the Act and will continue until such time the Act is revoked.
- 1.2 The Chancellor of the Exchequer announced on 22 June 2010 that the eight RDAs outside London would be abolished by means of the Public Bodies Bill, and that the London Development Agency would be abolished by means of the Localism Bill. The intention is that no further business will be handled by RDAs after 31 March 2012 and the aim is to achieve final closure as soon as practicable thereafter, subject to legislation. During this period, the Agencies’ aim, in conjunction with their purposes, set out in the RDA Act 1998, will be to secure an orderly transition and closure. In pursuing its purposes, the Agency will not only have regard to the interests of its region, but will also take account of national strategic interests as advised by the Department.
- 1.3 Ministers have agreed the following high level objectives for the RDA transition and closure process:
- The over-arching objective of transition and closure is to deliver an effective, smooth and orderly transition and closure.
  - To ensure that RDA governance arrangements during transition and closure satisfy Parliament and Ministers’ requirements for appropriate oversight and control.
  - To ensure that RDA transition and closure achieves value for money.
  - To ensure that RDA transition and closure costs are kept to a minimum.
  - To put in place cost-effective arrangements to manage out residual business (where responsibilities cannot be transferred to other bodies) in a way that balances the need to maximise the value from the programme with the need to minimise additional cost.
  - To prepare, agree and implement transition plans to manage out assets and liabilities.
  - To sustain performance at each RDA while its continuing functions are transferred to other bodies and the Agencies’ functions cease, so that the impacts of the transition process on businesses, partners and counterparties to contracts are minimised.

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1. The London Development Agency has been established under the Regional Development Agencies Act 1998, as amended by the Greater London Authority Act 1999, and is subject to separate financial arrangements.

- To secure transfers for RDA staff with rights to transfer (with continuing functions) and to ensure that all staff are treated fairly.
- 1.4 The Agency shall formulate a Transition and Closure Plan and keep this under review as guidance on particular issues becomes available. The Transition and Closure Plan shall include, but not be limited to, a plan for the management, disposal and transfer of assets and liabilities, and knowledge management assets, the management of remaining projects, programmes and commitments, staffing profiles, governance and internal audit, and risk register.
- 1.5 The Agency is a body corporate and pursues its statutory purposes within the framework agreed with the Government. In pursuing these purposes and activities the Agency shall act:
- in accordance with its statutory obligations set out in the Act and any directions or guidance issued by the Government (in particular the policy framework set by the Government through guidance);
  - in accordance with this Accountability and Financial Framework; and
  - within the resources made available by Parliament and otherwise.

## **2 Governance and Accountability**

- 2.1 This Framework sets out the relationship between Government and the Agency at a strategic level and the revised framework within which the Agency will operate during transition towards closure, in particular:
- the rules and guidelines relevant to the exercise of the Agency's functions, duties and powers;
  - the conditions under which any public funds are paid to the Agency and how the Agency is to be held to account for its performance; and
  - the financial provisions which the Agency is required to observe.
- 2.2 The Framework summarises the roles of the Agency, its duties and powers, the responsibilities of its Chair, Members and Chief Executive and its relationship with the Government. It sets out the arrangements for Transition and Closure Planning and for the Agency's accounting, auditing and reporting procedures.
- 2.3 Responsibility for delivering transition and closure of each Agency rests with the Agency's Board, led by the Chair, and the Chief Executive/Accounting Officer within the statutory legal and delegation framework. This responsibility will be undertaken with the strategic oversight of the National Transition Board, chaired by the Department and on which the Agencies are represented. Whilst other Single Pot

Contributing Departments have an interest in the transition and closure of the Agencies, the Accounting Officer of the Department for Business, Innovation and Skills remains the Principal Accounting Officer for the Regional Development Agencies.

- 2.4 The Department shall establish working groups as needed under the National Transition Board to deal with relevant workstreams, such as assets and liabilities, knowledge management and HR issues. The Agencies and other Single Pot contributing departments shall be represented on these working groups. The purpose of the working groups shall be to develop guidance, and resolve issues as they arise. BIS will appoint staff members to act as Relationship Managers for each RDA, to work closely with the Agency's Transition Manager, to monitor progress against the Transition and Closure Plan and escalate issues as appropriate.

### **3 RDA Transition and Closure Plans**

- 3.1 The Agency's Transition and Closure Plan, which included an asset and liability plan and financial projections, was presented to the National Transition Board for review and challenge. Components of the Plan are subject to review and will continue to be a 'living' document as guidance on transition issues, such as staff transfers and exits, budgets, commitments and de-commitments, asset disposal and knowledge transfer arise.
- 3.2 The overall aim of the transition period is to effect an orderly transfer to successor bodies of all assets and liabilities (including contingent assets and liabilities), including all project work in progress. An orderly transfer will enable those activities that will continue to transfer to successor bodies with minimal disruption in line with the Local Growth White Paper. A successful transfer is likely to involve the transfer of knowledge by means of staff transfers as well as paper and electronic files etc.

### **4 Ministerial Responsibility**

- 4.1 The Secretary of State for the Department for Business, Innovation & Skills is accountable to Parliament for the activities and performance of the Agency. His responsibilities include:
- keeping Parliament informed about the Agency's performance;
  - approving the amount of grant-in-aid/grant/other funds to be paid to the Agency, and securing Parliamentary approval; and

- carrying out responsibilities specified in the Act including appointments to the Board, approving the terms and conditions of Board members, approval of terms and conditions of staff, and laying of the annual report and accounts before Parliament.
- 4.2 The Department acts as sponsor for the Agency on behalf of the Government as a whole.
- 4.3 The Secretary of State remains responsible for the Agency, but may refer enquiries and representations from Members of Parliament and others, to the Agency for reply. In other cases, the Agency shall provide the Secretary of State with the information needed to answer such enquiries.

## **5 BIS Accounting Officer's Specific Accountabilities and Responsibilities**

- 5.1 The BIS Permanent Secretary, as the Department's Principal Accounting Officer, is responsible for ensuring that there is a high standard of financial management in the Department. He is accountable to Parliament for the issue of any grant-in-aid or grant to the Agency. Subject to Paragraph 6.1 he designates the Chief Executive of the Agency as the Agency's Accounting Officer, issuing the terms and requirements of the appointment and ensuring that the appointee is suitably trained and fully aware of the responsibilities involved, and may withdraw the Accounting Officer designation if he believes that the incumbent is no longer suitable for the role.
- 5.2 In particular, the BIS Permanent Secretary shall ensure that:
- the Agency supports Government's wider strategic aims;
  - the financial and other management controls applied by the Department to the Agency are appropriate and sufficient to safeguard public funds and for ensuring that the Agency's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Agency by Parliament but also any other funds generated by approved activities or falling within the stewardship of the Agency);
  - the internal controls applied by the Agency conform to the requirements of regularity, propriety and good financial management; and
  - any grant-in-aid to the Agency is within the amount disclosed in BIS's estimate for which Parliamentary authority has been given and cash balances within commercial bank accounts are kept to a minimum.

5.3 The responsibilities of an Accounting Officer are set out in more detail in [Chapter 3 of Managing Public Money](#).

5.4 Within the Department, the Economic Development Directorate's RDA Transition and Closure Team (the Team) is responsible for setting the policy and resource framework for the Agency. The Team is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the Agency,

5.5 In support of the BIS Permanent Secretary the Team shall:

**on performance and risk management –**

- monitor the Agency's activities through an adequate and timely flow of information from the Agency on performance, budgeting, control and risk management, and
- address in a timely manner any significant problems arising in the Agency, whether financial or otherwise, making such interventions in the affairs of the Agency as the Department judges necessary, and

**on communication with the Agency –**

- inform the Agency of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the Agency as necessary;
- bring concerns about the activities of the Agency to the attention of the full Board of the Agency, and require explanations and assurances from the Board that appropriate action has been taken; and
- through review meetings, Chief Executive and Chairs meetings both keep the Agency informed and give the Agency the opportunity to input to policy.
- communicate with and instruct the Agency by means of Action Notes.

## **6 Responsibilities of the Chief Executive and Agency Accounting Officer**

### **General**

6.1 The Chief Executive of the Agency will usually be designated as the Agency's Accounting Officer by the BIS Permanent Secretary. If the Chief Executive were to become unavailable for any reason, the BIS Permanent Secretary may appoint another person (in consultation with the Agency's Board) to discharge the responsibilities of the Chief Executive and of the Accounting Officer that are set out in this document.

6.2 The Accounting Officer of the Agency is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Agency. In addition, he/she should ensure that the Agency as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to [Managing Public Money](#), which is reproduced at Appendix 1.

6.3 The Accounting Officer shall exercise the responsibilities set out in the remainder of this section:

### **Accounting to Parliament**

6.4. The Accounting Officer is responsible for:–

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the Annual Report and Accounts;
- signing a Statement on Internal Control regarding the Agency's system of internal control, for inclusion in the Annual Report and Accounts;
- ensuring that effective procedures for handling complaints about the Agency are established and made widely known within the Agency;
- acting in accordance with the terms of this document and with the instructions and guidance in *Managing Public Money* and *Government Financial and Reporting Manual (FReM)* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office - in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, both of which the Accounting Officer shall receive on appointment (Appendix 2 refers to other key guidance); and
- giving evidence, normally with the Accounting Officer of the sponsor Department, when summoned before the Committee of Public Accounts on the use and stewardship of public funds by the Agency.

### **Responsibilities to the Department for Business, Innovation and Skills**

6.5 Particular responsibilities of the Accounting Officer to BIS include:

- keeping the Department, through the Transition Relationship Managers, informed of the Agency's progress towards the delivery of its Transition and Closure Plan;

- ensuring that timely forecasts and monitoring information on finance are provided to the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken; and
- notifying the Department in a timely fashion, any significant problems, whether financial or otherwise and whether detected by internal audit or by other means.

## **Responsibilities to the Board**

6.6 The Chief Executive and Accounting Officer is responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the Agency's performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical; and
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness, questionable feasibility, or is unethical.

### **on managing risk and resources –**

- ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in delivering an orderly wind down and closure of RDA business;
- ensuring that an effective system of programme and project management and contract management is maintained;
- ensuring the orderly transfer of assets, liabilities, knowledge, staff and project work in progress to successor bodies, as set out in the RDA Transition and Closure Plan supplemented by guidance set out in Action Notes.
- ensuring that all public funds made available to the Agency including any approved income or other receipts are used for the purpose intended by Parliament, and that such moneys, together with the Agency's assets, equipment and staff, are used economically, efficiently and effectively;

- ensuring that adequate internal management and financial controls are maintained by the Agency, including effective measures against fraud and theft;
- maintaining a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations; and
- ensuring that effective personnel management policies are maintained.

### **The Chief Executive’s Role as Consolidation Officer**

- 6.6 For the purposes of Whole of Government Accounts, the Chief Executive of the Agency is normally appointed by the Treasury as the Agency’s Consolidation Officer.
- 6.7 As the Agency’s Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the Agency, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 6.8 As Consolidation Officer, the Chief Executive shall comply with the requirements to contribute to the [Whole of Government Accounts](#) and shall, in particular:
- ensure that the Agency has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
  - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions “Dear Consolidation Officer” (DCO) and “Dear Consolidation Manager” (DCM) letters issued by the Treasury in the Whole of Government Accounts (WGA) on the form, manner and timetable for the delivery of such information.

### **Delegation of Duties**

- 6.9 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the Agency. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **The Chief Executive’s Role as Principal Officer for Ombudsman Cases**

- 6.10 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Secretary (Principal Accounting Officer) BIS of any complaints about the Agency accepted by the Ombudsman for investigation, and about the Agency’s proposed response

to any subsequent recommendations from the Parliamentary Ombudsman.

- 6.11 The Agency must notify the Department of any recommendation made to it by the Parliamentary Commissioner for Administration.

## **7 The Board of the Agency**

- 7.1 The Board Members are appointed by the Secretary of State in line with the [Code of Practice issued by the Commissioner for Public Appointments](#).

- 7.2 The Board has corporate responsibility for ensuring that the Agency fulfils the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of staff and other resources by the Agency. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish, within the policy and resources framework determined by the Secretary of State, appropriate strategic policies and determine steps needed to deal with changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor Department;
- oversee the transition and closure process, ensuring the delivery of an orderly transition. Ensure that decisions on the transfer or disposal of assets and liabilities are properly supported, fair and can be justified to stakeholders;
- ensure that the Agency maintains sufficient capacity and capability to manage business until activities are transferred to successor bodies or until they cease, giving advance notice of a material risk to the Department;
- ensure that the Board receives and reviews regular financial information concerning the management of the Agency; is informed in a timely manner about any concerns about the activities of the Agency; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using the independent audit committee (paragraph 9.2) to help the Board to address the key financial and other risks facing the Agency; and

- appoint, with the Secretary of State's approval, a Chief Executive to the Agency and set performance objectives which give due weight to the proper management and use of public monies.

### **The Chair's Personal Responsibilities**

7.3 The Chair is responsible to the BIS Secretary of State. The Chair shall aim to ensure that the Agency's policies and actions support the wider strategic policies set for the Agency; and that the Agency's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 7.6 below, and in particular for ensuring that the Agency fulfils the aims and objectives set by the Secretary of State.

7.4 In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy to deliver the RDA Transition and Closure plan and manage the associated risks;
- ensuring that the board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or the Department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

7.5 The Chair also has an obligation to:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Secretary of State of the needs of the Agency when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise (as set out in the Corporate Government in Central Government Departments: Code of Good Practice on Corporate Governance);
- ensure the work of the Board and its members is reviewed and is working effectively;
- assess the performance of individual Board members annually (copying the assessment to the Department) and when they are being considered for re-appointment to the Board;

- ensure that a list of matters reserved for the Board's decision is maintained by the Agency; and
- ensure there is a code of practice for board members in place consistent with the Cabinet Office model Code. The Code shall commit the Chair and other Board Members to the Nolan principles of public life, and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

### **Individual Board Members' Responsibilities**

7.6 Individual Board members shall act to direct the Agency to its aims and objectives in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Code of Practice (paragraph 7.5 above) that is adopted by the Agency and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the Agency.

## **8 Accounts and Reporting**

### **Accounting Requirements**

8.1 The accounting requirements for the Agency are set out in Section 14 of the Act and the Accounts Direction issued by the Secretary of State for BIS reproduced at Appendix 3. The Agency is required to retain accounting documents in line with the requirements of [Managing Public Money](#). Guidance will also be issued to the Agency by means of Action Notes/Transition Guidance Notes.

### **Annual Reports 2011/12**

8.2 Section 17 of the Act requires the Agency to prepare an annual report on its activities and Section 15(2) requires the Agency to produce its audited accounts as soon as reasonably practicable after the end of the financial year; the combined report be provided to the Department before the Summer recess and the BIS Transition and Closure team will advise RDAs of the date after consultation with the NAO and BIS Parliamentary Branch. The report shall be sent to the Secretary of State who shall

publish it together with the Agency's audited annual accounts and lay copies before both Houses of Parliament.

- 8.3 Advice on the preparation of accounts and reports for 2011/12 will be provided by means of an Action Note.

## 9 Internal Audit

9.1 The Agency shall maintain effective arrangements for internal audit which accord with the objectives, standards and practices set out in the [Government Internal Audit Standards \(GIAS\)](#). Internal Audit primarily provides an independent and objective opinion to the Accounting Officer on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's objectives. Internal Audit also provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance.

9.2 The Agency shall set up an independent audit committee as a committee of its Board in accordance with the Treasury's [Audit Committee Handbook](#). The Audit Committee should hold responsibility for oversight, scrutiny and where appropriate challenge, the Transition and Closure plan and processes.

9.3 The Agency's Head of Internal Audit shall submit to the Agency's Accounting Officer annually his/her professional opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, including compliance with all written directions (including Action Notes) from the Department. Copies of the documents listed below (including any amendments thereto) shall be provided to the Department when requested:

- Internal Audit terms of reference;
- Details of the Agency's Audit Committee arrangements;
- Audit Strategy;
- Periodic work plans;
- The Head of Internal Audit's annual report;
- Annual report on fraud and theft suffered by the Agency; and
- Annual Corporate Governance Statement.

9.4 The Internal Audit service shall have direct access to the Agency Chief Executive and Accounting Officer and to the Board. It should provide

regular reports to the Agency Chief Executive and Accounting Officer and also report regularly to the Board through the Audit Committee on its programme, recommendations and their implementation.

- 9.5 The Internal Audit service may be provided by a dedicated in-house team or bought in. The Internal Audit service should take into account and respond to the particular risks presented by RDA transition and closure.

### **Auditing by the Department**

- 9.6 The Agency shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. BIS reserve the right to carry out a programme of reviews of the Agency's Internal Audit functions.
- 9.7 The Department shall have access to all of the records of the Agency (including those of the Agency's internal auditors) and may carry out studies into the economy, efficiency and effectiveness with which the Agency has used its resources and the regularity, propriety and value for money of the Agency's expenditure. Under these provisions the Department may also carry out evaluations of the Internal Audit arrangements put in place by the Agency in order to be able to provide an assurance to the Departmental Accounting Officer about the maintenance of appropriate standards and performance.

## **10 External Audit**

### **Auditing by the Comptroller and Auditor General**

- 10.1 Section 15 of the Act provides that the annual accounts of the Agency shall be subject to external audit by the Comptroller and Auditor General (C&AG). The Agency shall ensure that the Department has received a copy of the final draft of the annual accounts so that the Department has the opportunity to comment on the contents and presentation before the accounts are sent to the C&AG. The Agency shall ensure that the final version of any management letters and other reports sent to the Agency by the National Audit Office, are copied to the Department within 10 days of receipt by the Agency.
- 10.2 The Comptroller and Auditor General may also carry out examinations into the economy, efficiency and effectiveness with which the Agency has used its resources in discharging its functions. Section 15(2) of the Act requires the audited accounts of the Agency, and any reports on them by the Comptroller and Auditor General, to be sent to the Secretary of State as soon as reasonably practicable after the report is received. The Secretary of State will lay the accounts and report before both Houses of Parliament, normally within 4 months of the end of the financial year. Before being laid before Parliament the reports and accounts will be submitted for Ministerial approval.

## **Auditing of European Funds**

- 10.3 The Agency should be aware that receipts and payments from European Union bodies are subject to audit by the European Union (EU). Where the Agency is the final beneficiary of an EU grant, it may be subject to an audit by the European Court of Auditors. It may also be subject to audit from other auditors acting under the terms governing the provision of the financial assistance or the protocol arrangements agreed between Government Departments and the EU.

## **11 Management and Financial Responsibilities**

### **Financial Controls and Authorities for Expenditure Under the Single Budget**

- 11.1 Under the Single Budget, the Agency may undertake any activity which it considers expedient for its five purposes set out in Section 4 of the Regional Development Agencies Act 1998, subject to the controls set out in this Framework.
- 11.2 Section 5(2)(a) of the Act provides that the Agency may not give financial assistance without the consent of the Secretary of State. RDAs are limited to expenditure on projects with outstanding legal commitments, to meet essential health and safety obligations and to expenditure to support the transfer or closure of all RDA activities by 31 March 2012<sup>2</sup>. Any proposal for the allocation of resources for any other purpose should be submitted in advance to the Department.
- 11.3 These criteria do not remove the need to seek formal, written approval where this expenditure is outside the financial approval limits as set out in Appendix 4.

### **Novel, Contentious or Repercussive Proposals**

- 11.4 The Agency must obtain the approval of the Department and the Treasury before incurring expenditure, for any purpose that might be novel, potentially contentious or could cause repercussions elsewhere in the public sector. Where there is uncertainty whether the proposed expenditure might be so classified<sup>3</sup> the Agency should seek a ruling from the Department.

### **Grants or Loans Made by the Agency**

- 11.5 The Agency shall ensure that grants or loans made to organisations are accompanied by appropriate conditions, including an agreed set of objectives and measures and also obligations to ensure that the relevant

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2. This delegation came into force on 1 April 2011.

3. Some examples are shown in Chapter 2, box 2.3 of Managing Public Money

books and records of such organisations are readily available for inspection by the Government and, where appropriate, representatives of the European Commission.

- 11.6 Where the Agency has financed expenditure on capital assets by third parties, the Agency should make appropriate arrangements to ensure that assets are not disposed of without the Agency's prior consent. The Agency shall, therefore, ensure that such repayment conditions are sufficient to secure the repayment of the Exchequer's due share of the proceeds of the sale.

### **Borrowing and Leasing**

- 11.7 The Agency's borrowing powers are set out in Section 11 of the Act. Agencies are only entitled to borrow in accordance with the following provisions of this section, but not otherwise. Within the terms of Section 11, the Agency may borrow from the Secretary of State.
- 11.8 The Agency may not enter into finance leases without the consent of the Secretary of State. The Agency must seek the agreement of the Department before entering into any deferred payment arrangements.
- 11.9 Departmental Expenditure Limit (DEL) cover is required for the net change in borrowing outstanding over the financial year and the amount of grant in aid available to the Agency in that year will be reduced accordingly.

### **Delegated Authorities**

- 11.10 The Agency's delegated authorities are set out in Appendix 4. The Agency must obtain the Department's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Agency's annual budget as approved by the department;
  - incurring expenditure for any purpose other than for projects with outstanding legal commitments, to meet essential health and safety obligations and to expenditure to support the transfer or closure of all RDA activities by 31 March 2012;
  - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
  - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department, unless already contained in the agreed and approved asset and liability disposal plan;
  - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or

- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

## **Insurance**

11.11 The Agency may take out new insurance within the circumstances as set out in [Managing Public Money \(Annex 4.5\)](#), and may continue to take out insurance previously approved by the Department for specific purposes and which has transferred to the Agency. A Certificate of Exemption for Employer's Liability Insurance has been issued to the Agency. This applies to Agency employees but not to Board members and the Agency may need additional insurance cover for Board members.

## **Expenditure on Overseas Offices**

11.12 RDAs should co-operate with UKTI regarding the winding down and transfer of their overseas offices, staff and activities.

## **Financial Investments**

11.13 The Agency shall not make any investments in traded financial instruments without the prior written approval of the Department. Equity shares in ventures which further the objectives of the Agency shall equally be subject to Departmental approval unless covered by a specific delegation.

## **Fraud and Theft**

11.14 The Agency shall ensure that it has in place robust procedures to prevent fraud and theft and to investigate any fraud and theft when it has occurred or where it is suspected. The Agency shall report to the Department any instance of fraud or theft. The Agency should also ensure that lessons are learned from any such instances of fraud or theft as may occur and those procedures are improved as a result of such lessons.

## **Corporate Bodies**

11.15 Section 5(2)(c) of the Act requires that the Agency shall not form, or acquire an interest in, a body corporate<sup>4</sup> without the Secretary of State's consent. It will be for the Agency to determine appropriate controls, subject to paragraph 11.16 below and any conditions imposed by the Secretary of State, for the resources it puts into a corporate body and to set them out in an appropriate manner.

11.16 Where the judgment over the level of control is finely balanced, the Agency should consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and, where appropriate, the

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4. A limited partnership established under the Limited Partnerships Act 1907 is not a body corporate whereas a limited liability partnership established under the Limited Liability Partnerships Act 2000 is a body corporate.

Treasury, such bodies will be subject to the controls set out in [Managing Public Money](#). Where the body is defined as a subsidiary under the Companies Act 2006 and, is not of a commercial nature, the Agency must ensure that the NAO is appointed as its external auditors<sup>5</sup>. In other instances, the NAO should be invited to bid.

11.17 Subject to discussion with the Department RDAs must make plans to wind down or to transfer their interest in any corporate bodies in which they have an interest or which they control.

### **Publicity and Advertising**

11.18 The Agency must comply with all prevailing Governmental controls on publicity and advertising. Any expenditure must comply with the general principles of value for money and propriety. In particular the Agency should ensure that any publicity that is issued is:

- Relevant to the Agency and its responsibilities;
- Be objective and explanatory, not tendentious or polemical;
- Not party political and not liable to misrepresentation as being party political; and
- Produced and distributed in an economic and relevant way, having regard to the need to justify the costs as proper expenditure of public funds.

### **Use of Public Relation Consultants**

11.19 The Agency may not employ public relations or other consultancies in developing public representation of their work unless there is a compelling business case and where BIS has given prior written approval.

## **12 Grant in Aid and Resource Budgeting**

12.1 The Agency's Resource Budgets are formally allocated by the Department following scrutiny of the Transition and Closure Plan. The Agency's budgets are subject to the rules set out in Treasury's "[Consolidated Budgeting Guidance from 2011-2012](#)".

### **Programmes within the Departmental Expenditure Limits**

12.2 The Agency has separate budgets for the following, and should manage within each of these two budgets:

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5. See DAO(GEN) 1/08 which contains further guidance on the application of the companies Act 2006.

Resource DEL	}	
Ring-fenced Administration	}	– RESOURCE DEL
Ring-fenced Resource DEL	}	
Capital Grants	}	
Capital	}	– CAPITAL DEL

The Agency also has a Resource (AME) allocation relating to certain write-offs/impairments, bad debts, provisions and Corporation Tax. The allocation is varied with the agreement of the Department where those costs are forecast to increase.

12.3 Ring-fenced Resource (DEL) includes the current costs arising from the ownership of assets such as depreciation and some impairment. Resource DEL (RDEL) covers other current expenditure by the Agency. The ringfenced Administration budget covers the costs of all administration other than the costs of direct frontline service delivery.

12.4 Capital DEL (CDEL) includes Capital and Capital Grants.

12.5 The Agency may not alter the balance between Resource DEL, Ring-fenced Resource DEL, Ringfenced Admin DEL and Capital DEL without the prior agreement of Government. There is a strong presumption against agreement being given by Government to switch funding from Capital to Resource DEL or Ring-fenced DEL. This is because compensating changes would need to be found in other Agencies, or fresh bids made in the Public Expenditure System. However, Agencies may agree between themselves exchanges within these categories so long as:

- the overall balance of expenditure remains the same across the Agencies involved in the exchange; and
- the Treasury is advised in advance of the amount of the proposed exchange of resources.

### **Annually Managed Expenditure**

12.6 Resource and Capital Budgets are divided into,

- DEL – the Agency may not exceed the limits that they have been set.
- AME – the Treasury and the Department will review budgets once in 2011-12, so The Agency needs to monitor AME closely and account as accurately as possible in full for any changes in projections or significant risks and challenges that may arise. Treasury are increasing the focus on AME budgets and will need to approve any increases to forecasts. Where increases occur due to actions/inactions then there is the potential for this pressure to be funded from offsetting DEL/AME savings.

- 12.7 All programmes are in DEL unless the Department (with the agreement of Treasury) determines otherwise.
- 12.8 The following items are currently treated as AME in Agency's budget:
- Certain Write downs of regeneration assets (see paragraph 2.28 of the Treasury guidance)
  - Provisions (see paragraph 2.63 to 2.65 of the Treasury guidance)
  - Bad debts (see paragraph 2.33 to 2.41 of the Treasury guidance)
  - Corporation Tax (see paragraph 8.12 of the Treasury guidance)
- 12.9 The Agency should not switch resources between DEL and AME budgets without the Department's prior consent.

### **Budget Exchange**

- 12.10 The End Year Flexibility regime and all previous stocks have been abolished for this Spending Review. Requests for flexibility into future financial years through the Budget Exchange mechanism will require the specific agreement of the Treasury and BIS corporate finance.

### **Cash**

- 12.12 Cash is not directly controlled through the budgeting system. However, indirect control is exercised through the controls for Resource and Capital DEL<sup>6</sup>. In addition, the Agency's cash draw downs are controlled through the payment of grant in aid claims. Changes in expected levels of cash are monitored by the Department.
- 12.13 Any cash paid to the Agency and not spent by the Agency during the month shall be deducted from the Agency's cash requirement in the following month.

### **Receipts**

- 12.14 Receipts are classified as Negative Resource DEL and Negative Capital DEL. Unless the Department agrees otherwise in writing Resource receipts can only be used for that classification of expenditure. Capital receipts may be used only for Capital expenditure and not for Resource expenditure.
- 12.15 The RDAs are subject to rules governing income (other than their resource budgets and EU Structural Funds). The Agency is expected to forecast income annually and may retain that. The Agency may also retain income of up to 30% above the expected level. If the Agency exceptionally wishes to retain any further additions to income it must seek the approval of the Department.

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6. See Agency's Budget Allocation letter.

- 12.16 The Agency is free to retain any gifts, bequests or similar donations made to the Agency, and these will be treated as receipts. The Agency must keep a written record of gifts, bequests and donations received, and of their estimated value and whether they are disposed of or retained. The Agency shall consider if there are any associated costs in doing so or any conflicts of interests arising.
- 12.17 The Agency should keep the Department informed of changes in receipt forecasts on a regular basis, via the Workbook.
- 12.18 The Department will determine the resources to be available to the Agency under the Spending Review and will obtain from the Agency the expected level of receipts to be received for inclusion in the Main Supply Estimates. Those receipts will be additional to the resources made available as grant in aid or grant.

### **Administration**

- 12.19 The Department has received guidance from Treasury on RDA closure costs as part of SR2010. The Agency will set out in its anticipated closure costs in its quarterly commitments returns for 2011-12. The Agency may not exceed the administration budget endorsed by Ministers, unless prior approval has been given by the Department or the Department has increased the Agency's budgets to enable them to take on the additional administration costs.

## **13 Management and Disposal of Assets**

### **Asset Management**

- 13.1 The Agency is responsible for the effective use and management of all its assets and, during transition to closure, responsible for the disposal and transfer of all assets in line with the principles and guidance issued by the Department. The Agency's Board was responsible for approving its Asset and Liability Plan. In disposing of assets which are not transferred under an Order, the Agency must ensure it gets the best consideration reasonably obtainable (e.g. sale at open market value) unless agreement to do otherwise has been obtained from the Secretary of State.
- 13.2 The Agency shall provide quarterly reports on performance against annual financial projections (provided as part of the Assets and liabilities plan). The Agency shall also provide exception reports with regards to the agreed Assets and Liabilities plan, covering changes in proposed disposal strategy, changes in proposed recipient, significant changes in the realisable value, and significant changes in timetable.

## **Estate Management**

- 13.3 The disposal of the Agency's operational estate should be managed in line with the requirements in paragraph 13.1, should take account of the Department's overall Estate Strategy and should be co-ordinated with the Government Property Unit.

## **Acquisition of Land or Property**

- 13.4 The acquisition of an interest in land or property by the Agency, or with the Agency as a partner, must be agreed in advance by BIS, irrespective of the level of the financial commitment by the Agency.

## **Requirements for Break Clauses**

- 13.5 Unless otherwise agreed by BIS any new financial commitment to a revenue/current project is required to have a 6 month break clause.

## **Disposal of Capital Assets**

- 13.6 The disposal value of capital assets is the actual or estimated market value (supported by independent valuations, where possible) of the capital asset at the time of disposal.

## **Disposal at Less than the Best Consideration**

- 13.7 Section 5(2)(b) of the Act allows an Agency to dispose of land for less than the best consideration that can reasonably be obtained only with the Secretary of State's prior consent. There may be circumstances where an Agency might consider disposal at less than best consideration such as where it would offer value for money in regeneration terms e.g. offering a long term lease at reduced rent to a voluntary organisation. However, before any such disposal might be agreed, the Agency would need to make a strong economic business case to justify its proposal to the Secretary of State.

# **14 Agency Staffing Matters**

## **General**

- 14.1 Within the arrangements approved by the Secretary of State and the Treasury, the Agency has responsibility for its staff. The Agency will ensure that:
- its personnel arrangements create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;

- the level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the Agency's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to conduct the Agency's affairs;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- a code of conduct for staff is in place based on the Cabinet Office document Public Bodies: A Guide for Departments – Chapter 5.

14.2 The provisions set out below may be subject to change and the Agency will need to take account of such guidance issued from time to time by the Department which updates Government Policy on public sector pay, terms and conditions of employment. If the Agency believes that proposed personnel systems raise novel or contentious issues, or will need the approval of the Department under this Accountability and Financial Framework, they should consult the Department.

14.3 The following controls do not override the provisions of the Transfer of Undertaking (Protection of Employment) Regulations 1981 (TUPE) (S.I.1981 No.1794) as amended, or the provisions in the RDA Act.

### **Pay and Grading**

14.4 The approval of the Department will be required for changes to the Agency's pay, grading and organisational structures with significant financial or political implications. The Agency's pay and grading systems will need to match the task to hand and its suitability will be judged against the criteria of value for money, flexibility, financial control and linking pay to performance.

14.5 The approval of the Department will be required for remits for the Agency's pay settlements. Remits will need to comply with prevailing Government policy on public sector pay and any guidance issued by the Treasury on the preparation of that year's pay remit.

### **Terms and Conditions**

14.6 Subject to the other provisions of this document, the Agency shall ensure that the appropriate provisions concerning non-pay related staff matters

(such as recruitment, redundancy and conduct) and pay related terms and conditions (such as leave arrangements and fringe benefits) are in place. Terms and conditions determined by the Agency shall conform to any relevant rules or principles notified to the Agency by the Department. The Agency should set out all terms and conditions of employment in a staff handbook.

### **Chief Executive Pay, Terms and Conditions (Paragraphs 14.7-14.22)**

14.7 The prior approval of the Secretary of State must be obtained for the appointment, pay, terms and conditions (where these are different from other staff) of the Chief Executive and any subsequent changes to these. The remuneration package for Chief Executives must take account of performance pay.

14.8 There is a range covering the basic salary of Chief Executives. At 1 April 2011 this range, was as follows:

	Minimum	Maximum
Range	£115,941	£140,772

14.9 The salary range will be reviewed annually with a general market adjustment to take place from 1st April each year in line with figures from the Senior Salaries Review Body

14.10 A new appointment would start typically at the minimum of the range and progress through annual reviews to the maximum, subject to doing the job 'fully and well'.

14.11 If the RDA is asking the Minister to consider a higher starting salary than minimum, proposals should demonstrate a clear link to job weight and inter alia the following factors will be considered:

- The relative challenge facing the Agency;
- The size of the Agency's budget;
- Comparative pay data;
- The quality of the individual to be appointed;
- Local market conditions;
- Government policy on public sector pay; and
- Job weight, resulting from an independent assessment under a well established and recognised job evaluation system (NB. approval for the job evaluation arrangements is not required).

14.12 Annual progression shall not exceed 5% (except with the Department's agreement) and will cease when the maximum of the range has been

reached. A progression award will be subject to meeting performance criteria agreed for the period.

14.13 A non-consolidated performance related bonuses may be paid up to a maximum equivalent to 20% of consolidated salary paid in the previous year.

### **Newly Appointed Chief Executive**

14.14 Any Chief Executive commencing employment during 1 December to 31 March will not be considered for bonus or progression awards for that period.

14.15 For any Chief Executive commencing employment after the start of the financial year but before 1 December, any bonus or progression award agreed should be pro-rated to the proportion of the year for which the Chief Executive was in post.

### **Performance**

14.16 The RDA Chair, will agree with the Chief Executive annually the progression criteria and performance targets to be set for that year. The RDA Chairs will collectively review the progression criteria and performance objectives for each Chief Executive to ensure that they are rigorous and there is a level playing field. They should be forwarded to the Department by the end of April.

14.17 By mid June, Chairs will have reviewed performance, considered the level of progression and bonus proposals they believe to be appropriate, (providing them with sufficient evidence that they agreed earlier) and the Remuneration Committee or RDA Board (subject to local practice).

14.18 Chairs should, through the Lead Chair for pay, submit their proposals by mid-June to the Department and Ministers for approval. This should be accompanied by an assessment of performance against the objectives, the criteria used and a summary of the evidence supporting the reasons for their recommendations for each Chief Executive award. The Minister will consider the proposed bonus and progression payments and will reject or approve the proposals in writing. When a proposal is rejected the relevant Chair will reconsider the proposal and address any issues raised by the Minister and re-submit for approval. The aim would be to have ministerial approval before the Recess (towards the end of July), if at all possible.

### **Car Benefits**

14.19 The following options will be available:

- Use of own car. A monthly allowance plus private mileage in accordance with approved levels; or
- Lease car. A monthly allowance (guideline up to £500 per month).

## **Pension**

14.20 Membership of PCSPS scheme (or the equivalent employer contribution to a private pension scheme of salary) will be available except to those covered in paragraph 14.21.

14.21 The Chairman and Board Members do not have entitlement to membership of the PCSPS and separate arrangements will be made for them.<sup>7</sup>

## **Contract**

14.22 The following options are available:

- Fixed term contract (maximum 1 year); or
- Rolling contract. 6 months notice from employer, 3 months notice from employee.

## **Senior Staff Pay, Terms and Conditions**

14.23 The prior approval of the Department must be obtained for the pay, terms and conditions (where these are different from other staff) of Executive Directors and any subsequent changes to these unless included in the annual pay remit. Proposals should demonstrate a clear link to job weight resulting from an independent assessment under a well established and recognised job evaluation system. The Agency should suggest and be able to justify the specific salary that flows from that job weight. The Agency will not need to seek approval for the job evaluation arrangements themselves provided these rely on a well-established and recognised job evaluation system. The Agency should ensure that their proposals are in keeping with Government policy on public sector pay.

## **Performance Pay**

14.24 The Agency must put in place a scheme of performance pay and seek the approval of the Department for that scheme. The Department's approval will have to be sought for any substantive changes to the scheme, and also to any proposals to introduce or amend bonus schemes.

## **Superannuation**

14.25 The Agency is a participant in the Principal Civil Service Pension Scheme (PCSPS) and that scheme is the adopted occupational pension scheme for members of staff. The Agency may make arrangements for an alternative occupational pension scheme subject to Departmental approval. Staff who have transferred into the Agency as members of other schemes may be allowed to remain in their existing schemes if the RDA either a) already has other members of staff that are in that pension

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7. Please see guidance notes on the HMT website:  
[http://www.hm-treasury.gov.uk/d/pensions\\_board\\_mem\\_230604.pdf](http://www.hm-treasury.gov.uk/d/pensions_board_mem_230604.pdf)

scheme or b) The RDA has agreed to this with the other pension scheme and all arrangements are in line with Government policy on such transfers.

### **Compensation for the Premature Termination of the Appointment of Staff**

14.26 Where the Agency is a member of PCSPS the levels of Compensation will be determined by the rules governing PCSPS and the associated Civil Service Compensation Scheme. Where the employee has retained rights under a different public sector scheme the provisions of that scheme will apply. If otherwise, the Agency will be required to operate severance payments that are subject to consultation with the Department and agreement of Treasury via the Department and reflect guidance contain in [Annex 4.13.9 of Managing Public Money](#)<sup>8</sup>. The Agency should consult the Department at an early stage and must not make any offer, written or oral, prior to receiving Departmental approval.

### **Efficiency and Relocation Support Programme: Protocol for handling surplus staff situations.**

14.27 The Agency will implement the guidance and Protocols issued by the Cabinet Office.

### **Personnel Information**

14.28 The Agency shall submit to the Department such information on staffing and personnel matters as it may require.

Signed : 

Simon Edmonds  
Director  
EDD RDA  
RDA Transition and Closure Team

Date: 30 September 2011  
(On behalf of the Department)

Signed: 

Alan Clarke  
Chief Executive  
One North East  
Development Agency

Date: 30 September 2011  
(On behalf of the Agencies)

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8. Managing Public Money Annex 4.13 (Special Payments) [http://www.hm-treasury.gov.uk/d/mpm\\_annex4.13.pdf](http://www.hm-treasury.gov.uk/d/mpm_annex4.13.pdf)

## **Standards Expected of the Accounting Officer's Organisation – Managing Public Money Chapter 3 – Box 3.1**

Acting within the authority of the Board to whom he or she is responsible, the Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity. The organisation should:

### **Governance**

- have a governance structure which transmits, delegates, implements and enforces decisions
- have trustworthy internal controls to safeguard, channel and record resources as intended
- operate with propriety and regularity in all its transactions
- treat its customers and business counterparties fairly and honestly
- offer redress for failure to meet agreed customer standards where appropriate
- give timely, transparent and realistic accounts of its business, underpinning public confidence;

### **Decision-making**

- support its Ministers with clear, well reasoned, timely and impartial advice
- make all its decisions in line with the strategy, aims and objectives of the organisation set by the Board and/or in legislation
- meet the Treasury's requirements about limits on use of public resources
- manage its staff fairly, with inclusive policies designed to promote and integrate diversity
- communicate its decisions openly and transparently;

### **Financial management**

- use its resources efficiently, economically and effectively, avoiding waste and extravagance
- carry out procurement and project appraisal objectively and fairly, seeking good value for the public sector as a whole
- use management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments
- avoid over defining detail and imposing undue compliance costs, either on its own staff or on its customers and stakeholders
- have practical documented arrangements for working in partnership with other organisations
- use internal and external audit to improve its internal controls and performance.

Reproduced from Managing Public Money

### Guidance with which the Agency has to comply:

- Regional Development Agencies Act 1998;
- This framework;
- *Managing Public Money*, issued by the Treasury;
- Consolidated Budgeting Guidance from 2011-12, issued by the Treasury;
- *Corporate Governance in Central government Departments: Code of Good Practice*, as adapted to Agency circumstance, issued by the Treasury;
- *Public Bodies: A Guide for Departments* (the “NDPB Guide”), issued by the Cabinet Office;
- *Government Internal Audit Standards*, issued by the Treasury;
- *Management of Risk: Principles and concepts*, issued by the Treasury;
- *Managing the Risk of Fraud*, issued by the Treasury;
- *Government Financial Reporting Manual* (FReM), issued by the Treasury;
- relevant *Dear Accounting Officer* letters<sup>9</sup>, issued by the Treasury;
- the Consolidation Officer Memorandum, issued by the Treasury<sup>10</sup>;
- relevant *Dear Consolidation Officer* letters<sup>11</sup>;
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- *Model Code for Staff of Executive Non-Departmental Public Bodies*: issued by the Cabinet Office;
- other relevant instructions and guidance issued by the central Departments,;
- specific instructions and guidance issued by the sponsor Department including the Action Notes and Transition Guidance Notes issues by BIS<sup>12</sup>;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to the Agency.

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9. Dear Accounting Officer Letters can be found on

[http://www.hm-treasury.gov.uk/psr\\_governance\\_dao\\_letters.htm](http://www.hm-treasury.gov.uk/psr_governance_dao_letters.htm)

10. Consolidation Officer Memorandum can be found on [http://www.hm-treasury.gov.uk/psr\\_government\\_accounts.htm](http://www.hm-treasury.gov.uk/psr_government_accounts.htm)

11. Dear Consolidation Officer letters can be found at [http://www.hm-treasury.gov.uk/psr\\_government\\_accounts.htm](http://www.hm-treasury.gov.uk/psr_government_accounts.htm)

12. Including Guidance to the RDAs on Appraisal, Delivery and Evaluation (GRADE)

**Accounts Direction given by the Secretary of State, with the approval of the Treasury, in accordance with Section 14(2) of the Regional Development Agencies Act 1998 on 24 February 2011**

1. The Agency shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury (“the FReM”), which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the Department.
2. The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2011 and subsequent financial year-ends, and of the income and expenditure, changes in taxpayers’ equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with BIS and HM Treasury.
4. This direction supersedes the direction dated 17 March 2010.

Paul Hadley  
Deputy Director, Economic Development Directorate

24 February 2011

## Delegated Authorities

### Delegated Financial Limits

- 4.1 The Agency may incur expenditure within the terms of these delegations. The Agency should notify the Department, as soon as reasonably possible, of any case that may exceed the Agency's delegated authority. These delegations do not apply to EU Structural or Rural Funds.
- 4.2 The Agency's delegations will be reviewed from time to time and the Agency notified in writing of any changes which are approved by BIS and Treasury.

### Delegated Financial Limits for Projects

- 4.3 It is a condition of the payment of grant that the Agency may not without the consent of the Secretary of State commit expenditure for any new individual project funded from the single budget, except with the prior approval of BIS.

### New commitments that give rise to expenditure in 2011/12 or later years

- 4.4 BIS must approve all new financial commitments where they give rise to expenditure in 2011/12 or later years (either directly or indirectly) subject to the paragraphs 4.5 and 4.11 below.
- 4.5 As part of achieving an orderly transition BIS is prepared to consider exceptional cases for new commitments in line with Governments core objectives where all of the following conditions are met:
- a) The RDA confirms that, having regard to all of its commitments and obligations, it will remain within its 2011/12 budget allocation
  - b) The RDA can demonstrate that they have reduced their commitments in 2011/12 and later years to levels acceptable to BIS and HMT, by negotiated exits from or reductions in their commitments.
  - c) The RDA sets out acceptable arrangements for the transfer of the project and the financial commitments to a successor body who will manage and fund the work after March 2012
- 4.6 BIS and HMT have agreed that new commitments from Administration budgets will not require approval. Each RDA is reminded of the need to use its resources efficiently, economically and effectively, avoiding waste and extravagance.
- 4.7 HMT has pre-approved RDA commitments that involve spend beyond March 2011 in the following circumstances:

- a) where the RDA Chief Executive confirms to BIS that they are the minimum expenditure needed to meet legal requirements related to health and safety obligations.
  - b) where BIS have approved activity that facilitates the efficient transfer or winding down of RDA business.
- 4.8 BIS and HMT will review the controls on new commitments based on the levels of future legal and near legal commitments shown in the RDA's future commitments returns. To ensure that these returns are complete, accurate and valid, they may be subject to further quality assurance checks or independent verification.

### **Consent under Section 5(2)(a) to Giving Financial Assistance**

- 4.9 Subject to the following conditions, where expenditure involves giving financial assistance, by way of grant, the Agency has by virtue of this Appendix the consent of the Secretary of State, under Section 5(2)(a) of the Act, to give such assistance, unless a separate consent is required.
- 4.10 This consent is subject to the power of the Secretary of State by direction to call in a particular project for specific approval (where this is done, the consent given above will not apply).
- 4.11 In giving financial assistance as permitted by this Appendix, the Agency must observe all applicable laws and rules of the European Union, including, in particular, European Union State Aids requirements.<sup>13</sup>
- 4.12 Where expenditure on a project is given in the exercise of a function that has been delegated to the Agency under Section 6 of the Act, consent to the giving of financial assistance for the project is conditional upon the Agency complying with the conditions attached to the delegation of the function concerned.

### **Issuing Guarantees, Indemnities and Contingent Liabilities**

- 4.13 The Agency may only create any contingent liability, as defined in Managing Public Money including guarantees, indemnities and letters of comfort, whether or not in legally binding form, without seeking the Department's prior approval if the contingent liability:
- is less than £200,000 and does not need to be funded through grant in aid provided by the Department;

Otherwise, the Agency must seek prior written consent from the Department.

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13. Policy on what constitutes 'de minimis' payment is provided by the European Commission and guidance can be found on the Department's web site:  
<http://www.bis.gov.uk/policies/europe/state-aid/state-aid-de-minimis-notification-procedures>

- 4.14 All financial guarantees and indemnities given by the Agency under Section 5 of the Act must be adequately covered within its annual allocation of resources.
- 4.15 The Agency must keep a record of all contingent liabilities including guarantees, indemnities and letters of comfort it creates. When seeking consent the Agency should refer to the level of existing contingent liabilities whether or not reportable under IAS 37 (formerly FRS2) in the Agency's financial statements. The Department will need to seek Treasury approval for any contingent liabilities it is prepared to underwrite.

### **Special Payments**

- 4.16 The Agency has authority to make special payments of up to £5,000 per case and, £25,000 in respect of personal injuries or industrial tribunals<sup>14</sup>. This delegated authority does not apply to special severance payments (payments above contractual or statutory entitlements) which needs the prior approval of the Treasury (see paragraph 18.27). The total value of special payments shall not exceed £100,000 in any one year without the Department's prior written approval.

### **Gifts**

- 4.17 The Agency has authority to make a single gift up to the value of £1,000. The total value of gifts shall not exceed £20,000 in any one year. Gifts to staff are subject to DAO(GEN)13/01 and the associated Cabinet Office guidance on Non-Pay Awards.

### **Losses and Write Offs**

- 4.18 The Agency has delegated authority to write off individual losses<sup>15</sup> occurring through normal business activities which are not novel, contentious or repercussive up to the value of £250,000 with the approval of the Board except in respect of GBI which has a delegation threshold of £50,000.

### **Recording and Informing**

- 4.19 The Agency shall maintain a record of all losses written off, special payments and gifts made detailing the circumstances of the event and stating the action taken to prevent a recurrence. These records shall be reported to the Department quarterly. The Agency will supply the Department, by the end of June each year, with a list of all losses and write offs, special payments and gifts made in the preceding year.

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14. See Annex 4.13 of Managing Public Money which sets out the various groupings within which special payments can be made to compensate for loss or redress.

15. See Annex 4.10 of Managing Public Money which sets out the various classifications of losses.

## Advance Payments

- 5.1 In exceptional and rare circumstances (e.g. a revenue payment to meet a staffing cost, or to enable capital expenditure to be incurred by a small organisation), payments may be approved in advance of expenditure. Annex 4.6 of Managing Public Money explains circumstances under which payment of grants can be made in advance.
- 5.2 The Agency may establish procedures to make payments to non trading organisations to meet anticipated expenditure and reconciled afterwards. Payments under such circumstances are not considered to be payments in advance of need. **Under no circumstance should advance payments be made to local authorities.** However, payments made into escrow accounts held by local authorities to facilitate road construction under the Highways Act are allowable.
- 5.3 When considering whether advance payments should be made, the Agency must have regard to the soundness of the recipient body in terms of financial viability. The Agency should also ensure that payments in advance are not being requested to generate a financial gain, but requests for such payments should be based on clear, reasoned and prudent operational requirements.
- 5.4 Where regular payments in advance of expenditure is approved, the Agency must implement a robust financial management system, with monitoring arrangements to ensure the recipient body is able to keep track of advance payments, and to confirm that expenditure was only incurred and paid for on eligible activities within the financial year. Where this does not occur, the Agency must take steps to recover any grant already paid.
- 5.5 An audited statement of grant usage by the recipient body will be required, or, an accountant's report on the terms agreed between BIS and ICAEW (Institute of Chartered Accountants in England and Wales), in accordance with Audit 03/03.

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Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000

**URN 11/1309**

# BOARD PAPER

<b>Title:</b>	Corporate Risk Register	<b>Paper no:</b>	<b>5(d)</b>
<b>Item no:</b>		<b>Author:</b>	Angela Mason-Bell
<b>Meeting date:</b>	10 November 2011		<a href="mailto:AngelaMason-Bell@eeda.org.uk">AngelaMason-Bell@eeda.org.uk</a>
<b>Directorate:</b>	Internal Activities		01223 231258

<b>CONFIDENTIALITY STATUS</b>	UNCLASSIFIED
<b>RISK LEVEL</b>	MODERATE
<b>PAPER TYPE</b>	STRATEGIC DISCUSSION/DECISION
<b>BOARD CHAMPIONS</b>	AUDIT COMMITTEE

## ISSUE/PURPOSE OF PAPER

The paper provides the Board with an updated version of EEDA's corporate risk register for 2011/12 for discussion.

## RECOMMENDATIONS

The Board is asked to:

- Consider and endorse the latest version of EEDA's Corporate Closure and Transition Risk Register for 2011/12, identify any further risks that should be captured, and whether any specific risks should be escalated to BIS.
- Note the latest RDA Transition Risk log maintained by BIS and consider the potential implications on EEDA's closure and transition plans.

## OVERVIEW

In line with EEDA's risk management strategy for 2011/12 the Corporate Risk Register has been subject to a monthly review by the Executive Director risk owners and their management teams, and subsequently by the Chief Executive's Team at a meeting on 1 November 2011.

Since the last presentation of the risk register to the Closure and Transition Committee in September 2011, the following changes have been made by CET; these are highlighted on the risk register.

- A new risk area has been added with regards to the departure of EEDA's Chief Executive and Accounting Officer.
- A number of key mitigating actions, commentaries and gross / residual scores have been updated and revised.

The updated version of the risk register is being presented simultaneously to the Board and the Audit Committee for discussion at the meetings on 10 November 2011.

## ESSENTIAL BACKGROUND

### Corporate Risk Register 2011/12

At the Audit Committee in January 2011, it was agreed to maintain a single corporate closure and transition risk register for 2011/12. At the annual risk workshop with the Board and Chief Executive's team on 10 February 2011, it was agreed that the roles and responsibilities for risk management would be exercised through existing governance and decision-making structures. From September 2011, the Closure and Transition Committee has been stood down, therefore the roles and responsibilities for risk management are as follows:

- *EEDA Board* - set the risk appetite for the Agency and review the risk register on a periodic basis, oversee the management of risks to the achievement of closure and transition objectives, and provide a steer on how the executive should escalate risks including when to escalate to BIS.
- *Audit Committee* - scrutinise the adequacy of arrangements, supported by independent assurance from the Internal Audit team.
- *Chief Executive's Team* - review the risk register regularly, report and escalate risks and controls to the Board and consider the adequacy of staffing requirements to manage the risks identified.
- *Individual Executive Directors* – act as the designated risk owners on specific risks and controls, regularly review risks and controls with management teams and ensure an appropriate provision of assurances that the key controls remain fit for purpose and operate effectively.

Generally, risks should be managed to within a severity rating of at least 'moderate'. Where the risk owner assessed that after all mitigating actions taken the residual risk remained at a severity rating of significant or high, the risk would be considered by CET as to whether it needed escalating, either internally to the Board or externally to BIS.

## IMPLICATIONS/RISKS

The necessity to adhere to good governance principles and the fast changing operating environment of the Agency requires that risk management plans are reviewed periodically during the year to ensure that risks are managed in an appropriate manner.

## KEY MILESTONES/TIMELINES/NEXT STEPS

The risk register is to be reviewed on a monthly basis by the Chief Executive's Team, ahead of consideration by the Board. The Audit Committee will be provided with a copy of the risk register at each meeting as part of the routine risk management report.

## ANNEXES

- Annex 1a – Corporate Risk Register 2011/12
- Annex 1b – Corporate Risk Matrix 2011/12
- Annex 2 – BIS RDA Transition Risk Log

Draft 1 approved by Executive Director (Internal Activities)	25 October 2011
Reviewed at CET	1 November 2011
Final draft approved by Executive Director (Internal Activities)	1 November 2011

Ref.	Risk Description	CET Lead (Risk Owner)	Gross Risk Scores			Key Mitigating Actions	Residual Risk Scores			Comments / Current Status
			Likelihood	Impact	SEVERITY		Likelihood	Impact	SEVERITY	
<b>1. GOVERNANCE RISKS</b>										
1.1	Inability or failure to discharge or act within EEDA's statutory duties and delegated authorities (by EEDA's Board, Accounting Officer and employees), which potentially renders such actions ultra vires and susceptible to judicial review. For example, failure to respond to action notes.	Chief Executive	4	5	20	EEDA's Closure and Transition Plan has been presented to BIS for approval, and is regularly subject to review by the Chief Executive's Team, Workstream Groups and Board. A comprehensive strategy is in place for the disposal of assets fully in line with national principles as made available, which has been shared with BIS. Changing government requirements are being incorporated into the appropriate Closure and Transition workstream plan. The Head of Legal Services is being fully engaged in all aspects of closure and transition, and there is access to timely legal advice in the event of the identification and resolution of legal issues.	2	4	8	Should a disposal strategy for any assets not be agreed with BIS prior to EEDA's closure, the default position is likely to be to transfer the ownership of those assets and liabilities to the Portfolio Management Office within BIS.
1.2	Disengagement and loss of Board members impacts upon the effectiveness of decision-making and governance.	Chief Executive	4	4	16	The Board will meet monthly from September 2011 to final closure and the frequency of Audit Committee meetings has increased. The Executive manages the agendas of meetings involving Board members and ensures effective use of Board member time. Meeting frequency and attendance levels of Board members is being kept under review based on business need.	3	2	6	EEDA's Board is now meeting monthly. The Board programme is published to optimise attendance.
1.3	Delays to the passage of the Public Bodies Bill impacts on EEDA's plans for closure and transition.	Chief Executive	4	5	20	BIS believes that in the event of delays to Public Bodies Bill they will simply make RDA's dormant. RDAs will not be abolished on the passing of the Act, but on the making of the Statutory Instrument once the Act is in place. That Statutory Instrument should sweep up all transfers of assets & liabilities not already done before the Act. However, delay in the Act and Statutory Instrument leading to dormancy could require additional work prior to shutdown to effect changes that need specific action that would otherwise be swept up in the Statutory Instrument.	4	2	8	Update: The position as at 26 October 2011 was: The Bill received its 3rd Reading by the House of Commons on 25th October. The next phase is for the House of Lords to consider the Commons' position; no timetable has been fixed for this. A contingency plan of novation of live grant offers and assignment of those requiring monitoring is being agreed between BIS and the RDAs.
1.4	Inability or failure of NAO to complete the audit of Annual Report & Accounts for 2011-12 and draft accounts for 2012-13 in accordance with EEDA's timetable thereby delaying the closure of the agency.	Executive Director - Internal Activities	3	4	12	Issue raised nationally at National Transition Board so awareness of issue exists. Outline timetables and plans are in place to schedule work and sign-off accounts. Verbal assurances given that EEDA's accounts sign-off will not be delayed whilst other RDA's are completed.	2	4	8	An audit planning document for the 2011/12 approach has been received from the NAO, and is to be discussed with the Audit Committee at its meeting on 10 November 2011.
<b>2. PEOPLE RELATED RISKS</b>										
2.1	Key resources are unavailable as people leave the Agency, resulting in insufficient capacity and a lack of retained knowledge, which impacts upon EEDA's ability to: deliver the smooth closure of the Agency and ongoing delivery commitments; address ESF audit queries; respond to increasingly complex Parliamentary Questions and Freedom of Information Act and other information requests; and, respond effectively to the expectations of stakeholders in the event of further economic shocks.	Executive Director - Internal Activities	5	5	25	Voluntary Redundancy schemes have been put in place within a robust framework to control, as far as possible, the timing of key staff exits and incentivise them to stay with EEDA as long as they are required. Priorities and capacity needs for 2011/12 and timeframes for winding down each of EEDA's activities have been clarified wherever possible. The new organisational structure has been operational since 1 April 2011, which provides EEDA with the skills and capacity to handle the transition to closure. To complement existing resources working on specific tasks and functions, between April and October, a "skills pool" has been established. BIS have approved the Staff Retention Scheme and the appropriate staff have been informed.	3	3	9	Our staff forecasting has been designed to meet expected capacity demands to secure EEDA's successful closure by March 2012. This includes an assumption that work expectations and pressures from Government Departments would decrease significantly from April 2011 and reduce further over the summer to ensure RDAs are able to meet delivery pressures related to closure and transition and reductions in staff numbers as required by Cabinet Office / BIS.

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			Likelihood	Impact	SEVERITY		Likelihood	Impact	SEVERITY	
2.2	<b>New Risk</b> - The chief executive leaves the agency before closure leaving a void in terms of leadership, knowledge and expertise and the absence of an Accounting Officer	Chair	5	5	<b>25</b>	Identify a successor to the Accounting Officer and implement a process to confirm them in position prior to the CEO's departure. Review the future programme of activities for the period until final closure to ensure that appropriate and adequate resources are available following the CEO's departure. Implement a handover plan from the Chief Executive to their successor and other staff taking on the responsibilities of the outgoing Chief Executive. This will include the identification of significant relationships and key communications relating to transition and closure. Arrange three-way briefing sessions between the Chair of EEDA's Board, the outgoing Chief Executive and their successor. Review the corporate risk register to assess any effect on the likelihood or impact of existing risks or potential new risks, and whether additional controls need to be introduced. Engage with the Audit Committee to assess any impact on the internal control environment in light of the change of Accounting Officer and whether any additional the assurances are required. Ensure that staff are kept i	5	2	<b>10</b>	EEDA has in place a robust transition and closure plan with well defined and established supporting governance and performance reporting arrangements. Through the establishment of a strong closure and transition team of senior and operational managers, EEDA has to date being able to deliver the objectives expected of the Agency for 2011/12, including the effective transfers of functions and timely response to Action Notes. These elements along with the key controls listed and managed reduction in the numbers of staff indicate that the impact of the departure of EEDA's current Chief Executive can be managed.

### 3. FINANCIAL MANAGEMENT RISKS

3.1	Value for Money - EEDA is unable to demonstrate the effective and efficient use of funds in the period to closure.	Executive Director - Internal Activities	4	4	<b>16</b>	Robust financial management procedures and budgetary controls are in place to manage resources allocated. In respect of asset disposal national principles are being applied (for example the default for disposal being at market value) and explicit agreement is being sought from BIS on a case by case basis. EEDA's Procurement Code remains in place.	2	3	<b>6</b>	As there are no areas where EEDA can make significant new spend decisions the likelihood of this is reduced.
3.2	Fraud - Misappropriation of funds by internal or external parties, including opportunistic legal challenges from suppliers or partners (likely to be compounded by staff leaving and loss of knowledge and relationships).	Executive Director - Internal Activities	4	3	<b>12</b>	In line with best practice for fraud risk management, a separate fraud risk register is maintained by EEDA. Controls over expenditure continue to be rigorously applied.	2	2	<b>4</b>	The key controls in place should avoid significant fraud but we will have to continue to be vigilant for smaller scale theft. <b>Update: The Fraud Risk Register has been reviewed; whilst the risk scores have been reduced for some individual risk areas, the overall risk scores remain unchanged.</b>
3.3	Insufficient funding is received from BIS to cover all of EEDA's legal commitments, liabilities, capacity needs and transition costs. The costs of transition are not known or factored into budgets for 2011/12.	Executive Director - Internal Activities	2	3	<b>6</b>	Resources needed for successful closure and transition in 2011/12 have been identified. Robust financial management procedures and budgetary controls are in place to manage resources allocated, alongside tight forecasting models incorporating different scenarios for different levels of possible funding.	2	2	<b>4</b>	Budgetary allocations for 2011/12 have been confirmed by BIS and are sufficient to meet EEDA's commitments. Budget for closure costs to be met by BIS also been allocated for period to 31 Dec that meets our spend profile. The risk of inadequate funding to meet our obligations appears to be small. <b>Update: The final quarter closure budget was expected to be confirmed during October but is now anticipated in the next couple of weeks.</b>
3.4	UK Bribery Act 2010 - The risk of EEDA board members, employees, agents or contractors committing any of The four offences under The Act: bribing another person / being bribed / bribery of a foreign public official / failure to prevent bribery.  - Failing to have in place "adequate procedures designed to prevent a person associated with it from undertaking such conduct"	Executive Director - Internal Activities	3	4	<b>12</b>	EEDA has in place a number of policies, that make up an ethical framework. This includes an anti-bribery policy that was introduced from July 2011, and the following governance-related policies that were updated in July 2011 to reflect the UK Bribery Act 2010: conflicts of interest; anti-fraud, bribery and corruption and associated response plan, gifts and hospitality; travel and subsistence; whistleblowing; procurement code and contracting; and separation of duties in key transactions. Staff have been informed of the new anti-bribery policy and changes to other key policies, which are all accessible via EEDANet.	2	2	<b>4</b>	

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			Likelihood	Impact	SEVERITY		Likelihood	Impact	SEVERITY	
<b>4. KNOWLEDGE MANAGEMENT AND ICT RISKS</b>										
4.1	Loss or misuse of knowledge, information or data 'owned' by EEDA (e.g. whistleblowing / leaks of commercially confidential information by discontented staff, partners or contractors). This could have an impact on EEDA's legacy or challenges / litigation under the Data Protection Act.	Executive Director - Internal Activities	4	4	16	EEDA seeks to comply with the applicable requirements set out in the Security Policy Framework prescribed for Government departments and NDPBs . ISO27001 information security accreditation is to be sought until September 2011. A designated Records Management Officer has been appointed to oversee the review of EEDA's archived files, and project transition officers are reviewing EEDA's project files. The leavers process includes the identification of information assets and transfer of ownership.	2	4	8	The management of this risk relating to knowledge management is largely within EEDA's control.
4.2	Inability to effectively and successfully transfer EEDA's knowledge assets in a timely fashion to appropriate external parties because of lack of clarity from BIS and other parties about what they require.	Executive Director - Internal Activities	4	4	16	EEDA has an internal knowledge and records management project, which is included in the activities of the Assets and Liabilities Workstream. EEDA is responding to requests from BIS for information about the Agency's knowledge management assets as far is reasonable practicable, and is currently preparing a project plan for the transfer of EEDA's knowledge management assets. EEDA is a member of the BIS Knowledge Management Group. We continue to advocate for proper engagement from bodies on the data transfer issue, and thus be as ready as we can to transfer, and we continue to help outside bodies understand their legal responsibilities with regards to the data to be transferred. We continue to liaise with key contacts at BIS to highlight current issues with the BIS approach to knowledge management.	3	3	9	The management of this risk relating to knowledge management is largely outside of EEDA's control. Knowledge management, and the transfer of large amounts of data, is the area within BIS' transition activities which is still under development. <b>Update: There has been a recent escalation in the degree of concern expressed by RDAs about BIS KM activity and the number of new initiatives being discussed. The RDAs are of the collective view that resources are now too diminished to be able to respond to many more KM initiatives and presents the risk of being unable to response to adequately to future Action Notes. The RDAs are assessing their capacity, and seek to provide BIS with enough information to persuade them to take more account of RDA capacity in the coming months.</b>
<b>Risks 4.3 to 4.5 below summarise the key risks relating to ICT. These risks have been derived from the detailed ICT closure and transition risk register.</b>										
4.3	<b>Key risks relating to ICT Infrastructure</b> - Internet connectivity - systems are unavailable during the transition to new leased internet connection. - Complexity of IT systems and reduced resource availability leads to systems becoming unmanageable - EEDAnet could be lost as the servers are out of warranty and have not yet been virtualised.	Executive Director - Internal Activities	5	4	20	A order has been placed for replacement line and transfer of IP addresses. Other internet access could be available but would not be straightforward to set up. A maintenance contract is in place for the remaining SQL server and support contracts are in place for critical physical servers. A Citrix environment has been installed.	4	4	16	Further action is planned to configure the Citrix server and train ICT staff. Before transfer back ups will be taken and testing of the new environment. The possible virtualisation of the EEDA server farm is to be considered. Access required to EEDAnet will reduce as the Agency moves further towards closure.
4.4	<b>Key risks relating to the closure of Victory House / move to a single site location</b> - A lack of clarity on timescales for the closure of Victory House or short notice to vacate could impact upon the time and resources available to transfer ICT equipment to the Business Centre, including third party support when required.  - EEDA is reliant upon a single server room for all ICT operations and the back-up tapes.	Executive Director - Internal Activities	2	5	10	A disaster recovery plan is in place and testing has confirmed that it is possible to operate over one site. Back ups are take and kept off-site. ICT team resources are planned and coordinated, including leave arrangements. EEDA has in place 24-hour support from its suppliers and some have plans in place in relation to the closure of Victory House.	2	4	8	Further action is planned to confirm the contractual requirements with suppliers to provide support. The possibility of backing-up entire systems rather than just data is to be explored.

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4.5	<b>Key risks relating to ICT support</b> - The systems required beyond 31 March 2012 are not yet known, therefore staff with appropriate ICT skills may not be available when required. - Multiple demands are made on the ICT resources, impacting upon the capacity to fulfil requirements within the timeframes required.	Executive Director - Internal Activities	5	4	20	The ICT team is in place until 31 March 2012; there is a clause in their contracts stating 'reasonable until thereafter'. Third party contracts could support remaining team members to a degree. FLAPP is used as a forum for discussing and ensuring the adequacy of resources, as are fortnightly team meetings to coordinate resources..	4	3	12	The requirements for systems access beyond 31 March 2012 needs to be established, as the current position appears to be designed to cover exceptions only. Possible further action includes minimising the systems to be supported. A plan is to be developed of closure arrangements and the options for storage of data, which will involve minimising and maintaining only limited numbers of systems to be supported.

#### 5. OVERARCHING RISKS RELATING TO PROGRAMMES AND PROJECTS, FUNCTIONS, ASSETS AND LIABILITIES

5.1	Ineffective engagement and relationships with or decisions made by stakeholders / partners, and the timeliness of those decisions, impact on EEDA's plans for closure and transition.	Executive Director - External Activities	5	3	15	A communications plan is in place and regular engagement and progress reports are being made to a large number of regional stakeholders in the private and public sector (RTB, LEP sessions, work with individual LAs, work with business groups). The transfer of functions has been mapped out with plans being developed for the successful handover to future recipient bodies. EEDA is being proactive in seeking successor arrangements where the Agency is able to do so with BIS approval.	4	3	12	A number of unknowns remain at national level, particularly regarding the role of LEPs in the delivery of key economic functions and therefore we have no influence as to what future delivery arrangements will be carried forward.
5.2	Failure to identify and manage the impact of failing projects.	Executive Director - External Activities	4	5	20	From April 2011 there will be two project focussed positions in the external Directorate plus high level ED support to work closely with PMMT to identify and manage the impact of failing projects. Procedures are in place to escalate issues to CET and the transition steering group as necessary and to the Transition and Closure Board if required.	3	4	12	
5.3	<b>New Risk</b> - Remaining live and contingent assets and projects - risks to the successful transfer of EEDA's live and contingent assets and projects to the Portfolio Management Office (or other alternative host) prior to closure. Issues include host destination unclear, ambiguous staff transfer preparations, transfer of knowledge and data inaccurate or not timely and partners projects disrupted.	Executive Director - External Activities	3	4	12	Evaluations of remaining assets and experience of other asset transfers have highlighted the substantial amount of work and effort required to transfer both EEDA assets and staff to new hosts prior to closure. Department discussions on host destinations (including a second transfer order to the HCA) are still ongoing and confirmations are still awaited. A project group is established, inventories submitted, and we have received AN on staff transfer to PMO. We require early operational transfer details, and stakeholder engagement and communication plan to avoid disruption to agreed disposals and associated reputational risks.	3	3	9	

#### 6. SPECIFIC RISKS TO THE DELIVERY AND SUCCESSFUL TRANSFER OF ONGOING PROGRAMMES, PROJECTS AND ACTIVITIES

6.1	<b>Business Link contract</b> Key risks: - key members of service provider staff leave at critical points - new national arrangements are delayed - economic growth is slowed by lack of provision - reputational risk to EEDA in not supporting continuity of service	Executive Director - External Activities	3	4	12	A business plan has been agreed between EEDA and EEIDB, which includes key delivery milestones, and an agreed transition and closure plan is in place. Formal monthly management meetings are held along with review meetings on an ad hoc basis as required. The Executive Director External Activities attends the monthly EEIDB board meetings. Other governance and reporting mechanism with which EEDA engages include the [fortnightly] Business Link Transition Group, the [monthly] Business Link Management Group and the [fortnightly] Enterprise Directors teleconference.	2	3	6	Good communication continues between EEIDB and EEDA and performance is holding up well. Arrangements for the new BL Helpline are now clearer but timings may impact EEIDB's ability to meet contractual targets. Recommendations on payment of management fee early approved by the EEDA Board in November 2011.
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Ref.	Risk Description	CET Lead (Risk Owner)	Gross Risk Scores			Key Mitigating Actions	Residual Risk Scores			Comments / Current Status
			Likelihood	Impact	SEVERITY		Likelihood	Impact	SEVERITY	
6.2	<b>Manufacturing Advisory Service (MAS East) contract</b> - Key members of service provider staff leave at critical points - new national arrangements are delayed - economic growth is slowed by lack of provision  - reputational risk to EEDA in not supporting continuity of service	Executive Director - External Activities	3	3	9	EEDA attends monthly team meetings with the supplier PA Consulting. The Executive Director External Activities meets quarterly with the provider for a formal review. EEDA is engaged in increasingly regular dialogue with BIS and MAS transfer is also reviewed at the [fortnightly] Enterprise Director's teleconference.	2	3	6	Update: Contract extension in place for continued provision of MAS post October to bridge gap before national provision commences Jan 2012. Further guidance on handover process and transition activity expected imminently now that the new supplier has been formally confirmed as Grant Thornton.
6.3	<b>CompeteFor / Olympics</b> - Uncertainty around future funding support from BIS up to March 2012 - Retaining resource (currently secondee) to match delivery timescales - Future 'host' arrangements post EEDA closure in March 2012	Executive Director - External Activities	3	2	6	EEDA participates in the CompeteFor network and feeds information into the business plan for Nations and regions East Board.	3	2	6	Additional funding has been made available to support continued delivery of this service until March 2012 at least. Current resource arrangements (secondment) have been reviewed to align with March 2012 timescale. There is however, an expectation that BIS will want to continue this activity beyond March 2012 - possibly up to December 2012, albeit via another host organisation.
6.4	<b>Understanding Finance for Business</b>	Executive Director - External Activities	3	3	9	EEDA receives monthly management reports from the provider, St John's Innovation. There are monthly monitoring visits and also ad hoc undertaken by EEDA's contract manager as well as formal quarterly contract review meetings. An Access to Finance Steering Group [with external stakeholder representation] meets every 6 months. EEDA's current grant for UFFB runs 3 months beyond the projected start date of the new national programme, so we can accommodate some slippage. St John's Innovation are also working on a transition and closure plan which will include modelling for continuation with reduced or no public funding support.	2	3	6	The new Business Coaching or Growth service won't be contracted until January and may not be fully operational until June 2012. Due diligence for TUPE is underway but is complicated by potential gap in service provision. Update: BIS have finally provided clarity that TUPE/COSOP will not apply. BIS will directly confirm this position to bidding service providers.
6.5	<b>Other Access To Finance products</b> [GRAD / GBI / Small loans for business] - Uncertainty from BIS around future shape of BCFG service and proposed implementation timescale - TUPE implications/position given that current regional service likely to finish before the new service starts	Executive Director - External Activities	3	3	9	The Executive Director-External Activities participates at the fortnightly ED's teleconference and the monthly Innovation (RIST) meetings. Access To Finance updates are also included with both the BLMG and BLTG network meetings.	3	2	6	Transfer/archiving of project data and novation of contracts on track. On going engagement with BIS and other stakeholders.
6.6	<b>Centre for Integrated Photonics</b> Failure to complete the disposal of CIP successfully:-									
	(a) because of a challenge by a customer who might think they have a right or pre-emption in respect of any sale of the company.	Executive Director - Internal Activities	2	3	6	(a) The sale has been structured to avoid legal challenge with only 40% of the company being sold which does not trigger any rights of pre-emption. Additionally we have avoided publicising the sale until after any pre-emption rights expire.	1	3	3	
	(b) because Huawei are unwilling or unable to acquire the remaining 60% of the company at a future date		2	3	6	(b) Huawei have given us a letter of intent and are now responsible for funding the CIP cash burn	1	3	3	
6.7	<b>Strategic Innovation Projects</b> - partners do not continue strategic objectives of projects - partners do not make decisions in time or are unwilling to accept appropriate transfer of - projects do not deliver outputs and outcomes to contracts resulting in underspend	Executive Director - External Activities	3	4	12	EEDA maintains monitoring and representation on key project Boards to accelerate spend where possible and secure agreed outcomes. FLAPP and CET processes mitigate any loss or slippage. A project group is established and inventory submitted to BIS identifying live and in condition projects. Advice is required from BIS on timing and location of transfer, staff arrangements and operational requirements, and stakeholder engagement and communication plan to avoid disruption to outputs and associated reputational risks.	3	3	9	Update: The gross likelihood scores have been reduced from 4 (likely) to 3 (possible), and the gross impact scores from 5 (critical) to 4 (major). The residual likelihood and impact scores have both been reduced from 4 (likely / major) to 3 (possible / moderate). This rescored reflects that projects are completing and there is increased clarity on the host location.

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			Likelihood	Impact	SEVERITY		Likelihood	Impact	SEVERITY	
6.8	<b>Strategic Planning</b> Key risk is that EEDA is unable to appropriately perform its statutory planning obligation or is challenged on the acceptability of its responses leading to reputational risk	Executive Director - External Activities	3	2	6	Provision is made in the closure structure to support key professional planning expertise. Delegation procedures ensure that EEDA makes robust evidenced based responses to planning consultations. With the publication of the Draft National Planning Framework, which has a presumption in favour of development, EEDA has seen an increase in the number of consultation requests. However, EEDA will secure closure of the process prior to full closure in accordance with primary legislation following agreement of the Board.	2	2	4	
6.9	<b>ESF Co-financing Programme</b> Key risks: - EEDA and provider exposure to ESF clawback from 2010 and 2011 Article 16 audits. The 2010 - Legal challenges arising from EEDA no longer acting as an ESF co-financer in particular relating to the handover arrangements for project information and European audit requirements.  - lack of staff resource to enable programme closure between February and March 2012 - deterioration of project relationships	Executive Director - External Activities	4	5	20	Proactive ESF programme and project management seeks to minimise risk. Ongoing contact (at least every 2 weeks) with ESF-D's Managing Authority and Certifying Authority divisions maintain information flows and provides opportunities to raise and resolve issues as they arise. Weekly contact with projects drives delivery and regular monitoring and review visits ensure compliance. EEDA has initiated and provided to ESF-D a full ESF closure plan. This is updated regularly and is a key document in EEDA's relationship with ESF-D. It includes arrangements for keeping project information. The plan was reviewed at CET in September. Further discussion at CET in October resolved to escalate audit resolution with ESF-D if progress continues to be slow. Staff resource at EEDA is provided via a dedicated ESF team (3.6 FTE posts to 31/1/12 and 1 to 31/3/12). Work to minimise the workload during the final months of Feb and March 2012 is in hand. Relationships with projects remain excellent despite delivery pressures.	3	4	12	Update: Relationships with ESF-D divisions remains good. Relationship with the auditor is good but trying and unpredictable. Work aimed at improving predictability (e.g. clarifying audit remit) has not produced the desired outcome to date but progress is discernable. Close monitoring of projects is in place and expectations are shaped to facilitate projects closure in Dec/Jan. Project delivery and outcomes are expected to be satisfactory.

EEDA's Corporate (Closure and Transition) Risk Matrix 2011/12 - RESIDUAL SCORES

Date of update: 26 October 2011  
Board Paper Item 5(d)

<b>IMPACT</b>	<b>5 CRITICAL</b>					
	<b>4 MAJOR</b>		1.1 / 1.4 4.1 / 4.4	5.2 / 6.9	4.3 / 6.7	
	<b>3 MODERATE</b>	6.6	3.1 / 6.1 6.2 / 6.4	2.1 / 4.2 5.3	4.5 / 5.1	
	<b>2 MINOR</b>		3.2 / 3.3 3.4 / 6.8	1.2 / 6.3    6.5	1.3	2.2
	<b>1 INSIGNIFICANT</b>					
		<b>1 RARE</b>	<b>2 UNLIKELY</b>	<b>3 POSSIBLE</b>	<b>4 LIKELY</b>	<b>5 ALMOST CERTAIN</b>
		<b>LIKELIHOOD</b>				

<u>Risk Severity</u>
Significant
High
Moderate
Low

Governance Risks

- 1.1 Failure to act within statutory and delegated powers
- 1.2 Disengagement and loss of board members
- 1.3 Delays to Public Bodies Bill
- 1.4 NAO audit and submission of EEDA's 2011/12 accounts.

People Related Risks

- 2.1 Insufficient capacity
- 2.2 Departure of EEDA's Chief Executive and Accounting Officer

Financial Management Risks

- 3.1 Value for Money
- 3.2 Fraud
- 3.3 Insufficient funding from BIS
- 3.4 UK Bribery Act 2010

Knowledge Management and ICT Risks

- 4.1 Loss or misuse of knowledge or information 'owned' by EEDA
- 4.2 Inability to effectively transfer knowledge assets to 3rd parties
- 4.3 ICT Infrastructure and Connectivity
- 4.4 Closure of Victory House and Data Recovery
- 4.5 ICT Support

Overarching Programmes & Projects / Functions / Assets & Liabilities Risks

- 5.1 Stakeholder engagement / relationships / decision-making
- 5.2 Failure to identify and manage failing projects
- 5.3 Remaining live and contingent assets and projects

Programme and Projects Workstream Risks

- 6.1 Business Link Contract
- 6.2 Manufacturing Advisory Service (MAS East) Contract
- 6.3 CompeteFor Contract
- 6.4 Understanding Finance for Business
- 6.5 Other Access to Finance products (GRAD / GBI / VCLF)
- 6.6 Centre for Integrated photonics
- 6.7 Strategic Innovation Projects
- 6.8 Strategic Planning
- 6.9 ESF Co-financing Programme

## Risk Log - Closed risks

No	Area	Risk Description	Current risk score			Actions	Risk Owner	Action Owner	Deadline	Status/Progress/ Comments (with dates)	Status/Progress/ Comments (with dates) - continued	Risk score post-mitigation			Last Review	Date Raised	Linked risks	Linked Issues
			P	I	S							P	I	S				
64	Governance/PPM	Failure to address tensions on key issues between RDAs and successor bodies quickly and effectively, disrupts a smooth transition.	3	4	12	<b>Mitigating Actions:</b> 1. Identify where the tensions are. 2. National Transition Board to agree actions to address tensions.	SE	SE		Actions agreed by the National RDA Transition and Closure Programme Board for VCLFs (25/1/11), UKTI (March 2011), MAS, Business Link (February 2011), GBI (9/2/11). <b>18/2/11</b> - LH has drafted a dashboard for capturing and tracking the risks to RDA closure from the lack of clarity on transfers. To be agreed between the RDA Transition Board and the FLPB (9/3/11). Outstanding decisions remain on VCLFs.	<b>Closed as covered in risk 63</b>	2	2	4	29/03/11	Jan-10		
27	HR - staff	Delayed decisions on destinations of functions resulting in insufficient time to complete movement of staff	3	4	12	<b>Mitigating actions</b> 1. Quantify likely function 'orphans'. 2. Create detailed map of RDA functions and map to potential homes (ongoing) 3. Obtain final transition proposals from policy leads (ongoing). 4. Ensure timeline for the movement of functions is kept up to date (ongoing).	PH, IG	AD, CN		<b>17/09/2010</b> - AD/CN were working with PL on a diagram of future functions. This was being updated regularly. <b>11/11/10</b> - the Local Growth White Paper has been published and a letter had been sent to RDAs from DEFRA stating that the ongoing delivery of RDPE was being transferred to DEFRA (D10/1253694). <b>1/12/10</b> - A timeline for the movement of functions from the RDAs to the future delivery landscape was presented at the Future Landscape Programme Board on 1/12/10. <b>9/12/10</b> - MA4 - Simon Edmonds requested from OGDs a list of RDA functions, projects, assets that they want to see continued/retained by the OGD/one of their partner organisations (see D11/163692 and D11/163723 for responses). <b>20/12/10</b> - DCLG confirmed, subject to consultation with local partners, that DCLG will subsume Intermediary Body functions and transfer current ERDF teams in the RDAs into DCLG. There will be an innovation space event for BIS Directors on 26/1/11 to discuss what the future landscape will look like. Commenced scoping of ERDF and RDPE staff in RDAs.	CLG running ERDF roadshows for staff in scope for transfer (1st one 17 Jan in ONE and YF). <b>14/1/11</b> - MA4 - guidance and timeline on managing the transfer of staff from RDAs to future delivery bodies issued as TGN3/2011 (see D11/59107). <b>15/2/11</b> - Paul was working with Andy Dawber, DCLG, Defra, CfEL and TSB to engage in processes, covered in risk 63 'Decisions are made too late resulting in programme moving to the right and decisions being made by default'. <b>Closed as now covered in risk 63 'Decisions are made too late resulting in programme moving to the right and decisions being made by default'.</b>	3	4	12	30/03/11	May 10	4, 34	7, 17, 38
74	Future functions	Incomplete or inadequate assessment of TUPE or COSOP requirements leads to suboptimal decisions for the future landscape.	3	4	12	<b>Mitigating Actions:</b> 1. Ensure that policy leads are aware of what the TUPE/COSOP process involves. 2. Provide advice to policy leads for their communications to RDAs (ongoing)	IG	1 - AD, CN, PH, CGR. 2 - PH, CGR.		<b>24/2/11</b> - CG, AD, CN provided a workshop for BIS policy leads on the TUPE/COSOP process. <b>Closed as this is now more of a risk for the Future Landscape team - this has been communicated to them.</b>		3	4	12	08/04/11	Jan-11	5	

# BOARD PAPER

<b>Title:</b>	Financial Update	<b>Paper no:</b>	<b>5(e)</b>
<b>Item no:</b>		<b>Author:</b>	
<b>Meeting date:</b>	10 November 2011		Jim Dore, Head of Finance
<b>Directorate:</b>	Corporate Services		01223 231035
<b>CONFIDENTIALITY STATUS</b>	UNCLASSIFIED		
<b>RISK LEVEL</b>	LOW		
<b>PAPER TYPE</b>	INFORMATION		

## ISSUE/PURPOSE OF PAPER

To brief the Board on the financial expenditure commitments & income forecasts for programme, administration and closure activities as at the 30 September 2011.

## RECOMMENDATIONS

The Board is asked to note this report.

## KEY POINT SUMMARY

- A quarterly financial commitment return as at the end of September has been submitted to BIS
- The focus for this return has been on costs of transferring activities
- The application of merger accounting principles will mean not all the costs included in the returns will end up in EEDA's accounts
- EEDA anticipates additional budget allocations to cover both loss of receipts from asset sales and for final quarter closure costs

## ESSENTIAL BACKGROUND

All RDAs have been required to submit quarterly commitment returns to BIS over the last two years, initially to aid the department to manage longer-term spending plans and latterly to help oversee transition and closure. The Transition Committee received a copy of the previous quarter's return at their meeting in July.

With recent focus being on transferring activities and associated budgetary transfers required, the department has adapted the September return to highlight, by programme, commitments that are transferring to other bodies. The administration and closure costs information is broadly unchanged although RDAs were asked to provide the former on the basis that costs of transferring would be accounted for by receiving organisation for the full year regardless of transfer date (under a "Machinery of Government" / merger accounting basis). Thus costs shown here may be different to those that ultimately end up in our accounts depending on which activities are finally deemed as mergers.

Table 1 in Annex 1 sets out the full-year legal commitments shown by transferring activity and those remaining with the RDA. The latest indication is that only the HCA transfer will fall under merger accounting rules so on all other programmes costs incurred up to the point of transfer will remain in our accounts and require budgetary cover (note: these are not shown in this table). Table 2 shows anticipated receipts but excludes (at the request of BIS) the £3.8m generated from property sales, pre-transfer of legacy responsibilities to HCA (these sales will show in HCA's accounts for 11-12). As EEDA had sought permission to use these receipts to fund capital expenditure this year, the Department will need to provide additional budgetary cover as the forecast capital overspend stands at £2m. Revised allocations are expected once further information has been requested by BIS in relating to relevant activities.

Annex 2 provides detail on administration and closure costs and actual / projected staff numbers. Note that Table 4 identifies only those staff associated with those functions thought (at the time) to be covered by merger accounting. Table 6 shows the different categories of closure costs totalling £6.1m in 2011-12 against an allocation for Q1 – Q3 of £4.48m. Again, additional allocation is expected to be provided once final analysis of RDA returns has been completed within the Department.

## ANNEXES

Annex 1 – Programme Commitments and Receipts Forecasts

Annex 2 – Administration and Closure Costs

Draft 1 approved by Executive Director	26 October 2011
Reviewed at CET	1 November 2011
Final draft approved by Executive Director	

EEDA

RDA Programme Legal Commitments &amp; Receipts - September 2011 return

Table 1

SUMMARY OF FORECAST COSTS at 30.9.11	2011/12			2012/13			2013/14			2014/15		
	Current £m	Capital £m	Total £m	Current £m	Capital £m	Total £m	Current £m	Capital £m	Total £m	Current £m	Capital £m	Total £m
Legal Commitments Transferring to HCA - Stewardship	-	0.280	0.280	-	0.100	0.100	-	0.188	0.188	-	-	-
Legal Commitments Transferring to BIS - GBI	-	0.584	0.584	-	0.132	0.132	-	-	-	-	-	-
Legal Commitments Transferring to TSB - GRD	0.177	1.305	1.482	-	0.494	0.494	-	-	-	-	-	-
Legal Commitments Transferring to TSB - Other	-	-	-	-	-	-	-	-	-	-	-	-
Legal Commitments Transferring to BIS - VCLFs	-	-	-	-	-	-	-	-	-	-	-	-
Legal Commitments Transferring to BIS - ERDF FB Projects	0.271	-	0.271	-	-	-	-	-	-	-	-	-
Legal Commitments Transferring to BIS - ERDF IB Projects	0.023	-	0.023	-	-	-	-	-	-	-	-	-
Legal Commitments Transferring to BIS - PMO (Other)	0.180	1.249	1.429	0.225	-	0.225	-	-	-	-	-	-
Legal Commitments Transferring to Other Bodies	0.080	-	0.080	0.070	-	0.070	-	-	-	-	-	-
Legal Commitments Remaining with the RDA	14.740	1.824	16.564	-	-	-	-	-	-	-	-	-
<b>Total Forecast Costs (Single Programme only)</b>	<b>15.470</b>	<b>5.242</b>	<b>20.712</b>	<b>0.295</b>	<b>0.726</b>	<b>1.021</b>	<b>-</b>	<b>0.188</b>	<b>0.188</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less Receipts from table below	-1.444	-1.750	-3.194									
Net Programme Allocation (March 2011)	15.608	1.425	17.033									
<b>Forecast Under / (Over) spend</b>	<b>1.582</b>	<b>(2.067)</b>	<b>(0.485)</b>									

Table 2

FORECAST RDA RECEIPTS 2011/12	Actual Q1		Actual Q2		Q3	Q3	Q4	Q4	Total 2011/12	
	Current £m	Capital £m	Current £m	Capital £m	Current £m	Capital £m	Current £m	Capital £m	Current £m	Capital £m
Govt. Funding received outside SP allocation					0.183		0.089		0.272	-
Rentals Income from Assets									-	-
Loan repayments				0.868					-	0.868
Clawback, overage etc.									-	-
Asset disposals - sale proceeds									-	-
Other income (sale of subsidiary)				0.882	0.672		0.500		1.172	0.882
<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.750</b>	<b>0.855</b>	<b>0.000</b>	<b>0.589</b>	<b>0.000</b>	<b>1.444</b>	<b>1.750</b>

RDA Admin and Closure Costs as at 30th September 2011

Table 3

RDA ADMINISTRATION COSTS	2011/12 £m	2012/13 £m
Current 2011/2 Allocation	7.557	
Forecast expenditure - staff costs	4.260	0.195
Forecast expenditure - other	2.135	0.050
<b>TOTAL: Forecast Admin. Costs</b>	<b>6.395</b>	<b>0.245</b>
Forecast over / (under) spend	1.162	

This forecast shows the Administration costs that will remain on their books for 2011/12 after proposed transfers.

Table 4

SUMMARY INFORMATION ABOUT STAFF TRANSFERS	Number of staff	Number of staff	Full year staff cost
Coalfields Transfer to HCA on 1st August 2011	0	0.0	0.000
Stewardship Transfer to HCA on 19th September 2011	2	2.0	0.160
GBI Transfer to BIS on 1st September	0	0.0	0.000
Other Transfers of Staff (ERDF)	14	13.7	0.888
<b>TOTALS</b>	<b>16</b>	<b>15.7</b>	<b>0.160</b>

This information will be used to check the affordability of budget adjustments.

Table 5

STAFF IN POST AT MONTH-END		
Actual Apr-11	fte	138.0
Actual May-11	fte	124.0
Actual Jun-11	fte	118.0
Actual Jul-11	fte	68.0
Actual Aug-11	fte	58.0
Actual Sep-11	fte	51.0
Forecast Oct-11	fte	45.0
Nov-11	fte	43.0
Dec-11	fte	43.0
Jan-12	fte	43.0
Feb-12	fte	26.0
Mar-12	fte	26.0
Apr-12	fte	6.0
May-12	fte	4.0
Jun-12	fte	0.0
Jul-12	fte	0.0

Forecasts show the staff remaining after forecast transfers and exits on VR/CR.

Table 6

RDA FORECAST OF TRANSITION AND CLOSURE COSTS	2011/12					2012/13
	Actual Q1 £m	Actual Q2 £m	Q3 £m	Q4 £m	Total £m	Q1 £m
Allocation (Q1-Q3)					4.480	
Redundancy costs	0.506	0.496	0.353	0.799	2.154	0.179
CILON	0.107	0.161	0.072	0.197	0.537	
Retention Scheme costs				0.512	0.512	0.350
Legal/contractual costs			2.156	0.300	2.456	
Pension - Forecast HCA Exit Debt					0.000	
Pensions - Other					0.000	
Lease exit costs				0.121	0.121	
Dilapidations			0.050	0.200	0.250	
Disposal costs					0.000	
Other costs - records / knowledge transfer		0.008	0.042	0.050	0.100	
<b>TOTAL</b>	<b>0.613</b>	<b>0.665</b>	<b>2.673</b>	<b>2.179</b>	<b>6.130</b>	<b>0.529</b>

Note: BIS expects transition and closure costs to be accounted for by RDAs and does not expect any such costs to transfer to successor bodies.

Table 7

FINANCIAL OBLIGATIONS IN FUTURE YEARS £m			
	Pension	Own estate	Other
2012/13	0.162	0.0	0.0
2013/14	0.155		
2014/15	0.177		
2015/16	0.115		
2016/17	0.087		
2017/18	0.065		
2018/19	0.054		
2019/20	0.039		
2020/21	0.025		
2021/22	0.017		
2022/23	0.017		
2023/24	0.017		
2024/25	0.001		

Table 8

INFORMATION ABOUT RDA OWN ESTATE	Property 1	Property 2
Property Name	The Business Centre	Victory House
Leasehold or Freehold	Leasehold	Leasehold
Leaseholds: Lease end date	April 2024	July 2012
Leaseholds: Next break clause	None	None
Leaseholds: Annual rent (£)	£196,000	£278,650
Annual management cost (£)	n/a	£100,000
Other annual holding costs (£)	£70,500	£103,700
Give brief details of any tenants / sub-leases	None	None
Exit strategy (& exit date if known)	SFA, BIS Local and Insolvency Agency will occupy building from April 2012 as arranged by GPU. Assign lease to one of these	Seeking early surrender of lease with landlord
Status of exit strategy	Negotiations well advanced. Awaiting determination of who will take on lease.	Close to finalising agreement to terminate lease on 31st March 2012

Live Projects

	Category	Project Code	Description	Funding Source	Financial Commitment (£)		Proposed Successor Body	Date of final payment (i.e. month and year)	RDA to make final payment? (Y/N)	Does final payment include retention payment? (Y/N)	Mechanism of transfer (novation, assignment, transfer scheme)	Is any monitoring required after final payment is made? (Y/N)	Is State Aid monitoring required after final payment is made? (Y/N)	End date for monitoring (if any)	Contingent Asset Value (£)	Nature and frequency of monitoring required e.g. annual site visits, telephone calls, annual reports	Post code of project funding recipient	Comments
					FY 2011/12	FY 2012/13												
2	1	To PMO (live)	P04775	Colworth Park Discovery Centre	SINGLE POT ONLY	203,500		BIS - PMO	Mar-12	N	Y				2,035,000	Passive	MK44 1LQ	Risk that final payment at end of defects period (Jan 2012) may not be finalised if any delays in defects period, then ongoing obligations to 2021
3	1	To PMO (live)	P04871	HE at Harlow	SINGLE POT ONLY	294,275	190,000	BIS - PMO	Nov-12	N	N	Y		2015	3,800,000	Report required 3 years post completion	CM1 1SQ	Pract Completion is due October 11 but end of defects (and release of final retention will be 12 months later Then on going restrictions obligations. An Evaluation Report in line with the requirements set out in the Project Specific Conditions will be required 3 years after Practical Completion.
4	1	To PMO (live)	P05273	InCrops Enterprise Hub	SINGLE POT ONLY	104,475	150,187	BIS - PMO	Mar-13	N	Y				1,150,000	Passive	NR4 7JT	Reports due until July 2014 Possibility that monitoring could be undertaken by CLG as project also has ERDF funding
5	1	To PMO (live)	P05753	Colworth Innovation Centre	SINGLE POT ONLY	75000 & 220,000 accrued capital exp	75,000	BIS - PMO	Mar-13	N		Y		2014	2,390,000	Passive	NR4 7JT	ongoing obligations to 2021
7	1	To PMO (live)	P06042	Cranfield IVHM Centre of Excellence	SINGLE POT ONLY	194,394		BIS - PMO	Mar-12	N	Y	Y		2015	3,000,000	Passive	MK43 OAL	Further outputs due; decision needs to be taken if these still need to be reported. Needs EEDA consent if change of use within 3 years potential clawback
8	1	To PMO (live)	P06068	Broxbourne White Water Canoe Course	SINGLE POT ONLY		400,000	BIS - PMO	Sep-11	N					4,000,000	Passive	E14 5LN	Final contractor payment forecast for dec/jan. Audit and IAR will be after this so risk that final claim will be post March Conditions to be monitored 5 yrs Obligations for 14 yrs
9	1	To PMO (live)	P06163	ROH Campus Royal Opera House Build	SINGLE POT ONLY		100,000	BIS - PMO	Oct-11	N					1,000,000		WC2E 9DD	Final contractor payment forecast for dec/jan. Audit will be after this so realistically final claim will be Summer 2012
10	1	To PMO (live)	P06462	ROH Campus Site Development	SINGLE POT ONLY		440,000	BIS - PMO	Mar-12	N	Y				4,600,000	Passive	RM19 1NX	Final contractor payment forecast for dec/jan. Audit will be after this so likely that final payment will not be released before March 2012. On going obligations
11	1	To PMO (live)	P07291	GSK Stevenage BioScience Park	SINGLE POT ONLY		400,000	BIS - PMO	Oct-12	N	Y	Y		2021	4,000,000		SG1 2NY	Obligations /clawback potential for up to 10 years post practical completion
13	1	To PMO (live)	P07374	NRP - The Genome Analysis Centre (TGAC) Phase 2	SINGLE POT ONLY	230,000		BIS - PMO	Jan-12	N	Y				1,600,000		NR4 7JT	Payment of the £160k (10% retention sum) forecast for January 12 - completion was achieved in November 10, so financial completion can be expected around Nov 11 upon end of defects with IAR forecast to be received Jan 12, however, may be slippage and require final payment of retention by PMO. Offer letter conditions apply for 10 years and potential clawback 5 years post completion.
35	1	RDA to make final payment if possible. To PMO (in-conds).	P08310	South Fens Enterprise Space	SINGLE POT ONLY	13,000				N				2014	200,000	6 monthly report	PE15 8NQ	Project milestones until March 2014
12	2	To PMO (live)	P07305	Cambridge Wireless Innovation Gateway	SINGLE POT ONLY	85140		BIS - PMO	Mar-12	N	Y				201,000			Risk of slippage
1	2	To PMO (live)	P02735	Firstsite New Visual Arts Facility, Colchester	SINGLE POT ONLY	198,000	114,096	BIS - PMO	Nov-11	Y	Y	Y	N	currently 15 years post completion	6,245,000	Project closure prior to release of retention	CM11XQ	Likely accrual of final retention
6	2	To PMO (live)	P05768	Wat Tyler Country Park	SINGLE POT ONLY		298,853	BIS - PMO	Jan-12	Y	Y	N			2,988,525	Project closure prior to release of retention	SS16 4UH	Exp ongoing to Dec 11 IAR due Jan 12 but realistically may be Summer 12. Retention will be held pending IAR so final payment likely to be Summer 2012
14	2	To PMO (live)	P07888	EEIDB Take-It-On ERDF	SINGLE POT ONLY	474,212		BIS - PMO	Feb-12	Y	Y	?	N	2025	1,986,865	File retention only		EEDA is the recipient of ERDF funding which has been used to find IT activity via Blink. Confident that claim to EEDA will be rec'd and EEDA claim to ERDF will be submitted, but no guarantee that payment will have been rec'd from ERDF/CLG
16	2	RDA to make final payment if possible. To PMO (in-conds).	P05084	Progress Road Industrial Estate	SINGLE POT ONLY	154,797		BIS - PMO	Oct-11	Y	Y			2021	2,500,000	Passive	SS2 6ER	The original 2006 Occupier lease restricts the use of the units up to March 2021. Any change in use must be notified to EEDA and 100% x Market value, less Authorised Deductions, together with any Notional Interest must be paid to EEDA.
17	2	RDA to make final payment if possible. To PMO (in-conds).	P05086	Axis Point, Maylands Business Park	SINGLE POT ONLY	278,200		BIS - PMO*	Oct-11	Y	Y			2022	2,782,000	Passive	WD24 7ND	No disposition of the registered estate by the proprietor of the registered estate is to be registered prior to [ ] 2022 without a written consent signed on behalf of the East of England Development Agency of The Business Centre, Station Road, Histon, Cambridge, CB4 9LQ by an authorised signatory or its solicitors confirming that the provisions of clauses 5.11, 5.12, 6 and 10 of a Funding Agreement dated [ ] 2007 made between East of England Development Agency and Dacorum Borough Council have been complied with".
19	2	RDA to make final payment if possible. To PMO (in-conds).	P05076	EPIC 2 Norfolk Creative Hub- including EPIC HD	SINGLE POT ONLY	283,604		BIS - PMO	Oct-11	Y	Y				4,072,000	To be determined	NR1 2SG	SGE rec'd Aug 11 with qualifications. Ongoing issue re NCC proposed disposal of studios. EEDA legal team looking at ongoing obligations/monitoring requirements..to be updated

Live Projects

	Category	Project Code	Description	Funding Source	Financial Commitment (£)		Proposed Successor Body	Date of final payment (i.e. month and year)	RDA to make final payment? (Y/N)	Does final payment include retention payment? (Y/N)	Mechanism of transfer (novation, assignment, transfer scheme)	Is any monitoring required after final payment is made? (Y/N)	Is State Aid monitoring required after final payment is made? (Y/N)	End date for monitoring (if any)	Contingent Asset Value (£)	Nature and frequency of monitoring required e.g. annual site visits, telephone calls, annual reports	Post code of project funding recipient	Comments
					FY 2011/12	FY 2012/13												
20	2	Payments complete	P03560	Hethel Engineering Centre	SINGLE POT ONLY	60,000		BIS - PMO	Oct-11	Y	Y				560,000	Passive	NR1 2DH	Currently some issues with SGE. Ongoing restrictions/ obligations to 2025
21	2	Payments complete	P04117	HE in Peterborough	SINGLE POT ONLY	107,024		BIS - PMO	Oct-11	Y	Y	N			3,852,000	Passive	CM1 1SQ	
22	2	RDA to make final payment if possible. To PMO (in-conds).	P05777	Harlow Town Centre North - Phase 2	SINGLE POT ONLY	227,282		BIS - PMO	Oct-11	Y	Y	Y		2013	500,000	6 monthly monitoring reports to March 2013	CM20 1WG	NIL Claims monitoring expenditure will be submitted 6 monthly until 31st March 2013
23	2	RDA to make final payment if possible. To PMO (in-conds).	P06040	Norwich Research Park-NRP Innovation Centre (IFR2)	SINGLE POT ONLY	154,000		BIS - PMO	Dec-11	Y	Y	Y		2015	1,540,000	annual report	NR4 7JT	
25	2	RDA to make final payment if possible. To PMO (in-conds).	P06438	London Road (Farringdon Phase 1)	SINGLE POT ONLY	225,000		BIS - PMO	Dec-11	Y	Y	Y		2015	2,250,000	Passive	SS2 6ER	SGE due and then ongoing monitoring / obligations to 2015
26	2	RDA to make final payment if possible. To PMO (in-conds).	P06442	The Hauser Forum (x Cambridge Enterprise Building)	SINGLE POT ONLY	20,000		BIS - PMO	Dec-11	Y					2,200,000	Annual accounts required	CB2 1QA	IAR due to release retention of revenue exp; monitoring /obligations oncap ex to Dec 2015
28	2	RDA to make final payment if possible. To PMO (in-conds).	P06684	NRP - The Genome Analysis Centre (TGAC) Phase 1	SINGLE POT ONLY	159,894		BIS - PMO	Sep-11	Y	Y	Y		2020	1,850,000	Annual monitoring for 3 years	NR4 7JT	Annual monitoring for 3 years but obligations /clawback potential for up to 10 years
29	2	RDA to make final payment if possible. To PMO (in-conds).	P07292	Hethel Engineering Centre Phase 2	SINGLE POT ONLY	120,000		BIS - PMO	Dec-11	Y	Y			2025 SEE ALSO P03560	1,200,000	Passive	NR1 2DH	Obligations /clawback potential for up to 5 years post practical completion
30	2	RDA to make final payment if possible. To PMO (in-conds).	P07293	Hethel Technology Park	SINGLE POT ONLY	30,000		BIS - PMO	as above	Y	Y			AS ABOVE	300,000	Passive	NR1 2DH	
31	2	RDA to make final payment if possible. To PMO (in-conds).	P07579	St Georges - Sea Change, Great Yarmouth	SINGLE POT ONLY									2015	1,750,000	Final project audit followed by 6 monthly reports for 4 years	NR30 2QF	The grant is funds from EEDA's share of proceeds and/or remaining value arising from and in accordance with the Funding and Development Agreement relating to Beacon Park, South Gorleston. Monitoring until 2015
32	2	RDA to make final payment if possible. To PMO (in-conds).	P07699	Adnams Bio Energy	SINGLE POT ONLY	28,986		BIS - PMO	Sep-11	Y	Y				960,000	Annual reports	CB6 3RY	IAR due. On going obligations and monitoring to 2014. DECC funding
33	2	RDA to make final payment if possible. To PMO (in-conds).	P07984	Enterprise Academy East	SINGLE POT ONLY	100,000		BIS - PMO	Sep-11	Y	Y	N		2021	1,000,000	Passive	IP4 1QJ	IAR ue then ongoing obligations to 2021
34	2	RDA to make final payment if possible. To PMO (in-conds).	P08313	Colchester Creative Hub	SINGLE POT ONLY	25,000		BIS - PMO	Oct-11	Y	Y			2013	250,000	Annual Report	CO3 3WG	When the project has been completed, it will be monitored by EEDA for a period of 6 months and then by any successor body for a period of 2 years to realise the benefits
36	2	RDA to make final payment if possible. To PMO (in-conds).	P08385	West Suffolk College Refurbishment	SINGLE POT ONLY	50,000		BIS - PMO	Nov-11	Y	Y			2016	500,000	Evaluations requested	IP33 3RL	An Interim Evaluation should be submitted to EEDA 2 years after the facility becomes operational (in September 2013) with a Final Evaluation submitted to EEDA 5 years after the facility becomes operational (in September 2016). Following EEDA's closure, the Evaluation plans should be submitted to their successor. A Project Completion Report and comprehensive closure report will be supplied electronically and must be submitted by 30th September 2011.
24	3	RDA to make final payment if possible. To PMO (in-conds).	P06112	HRC Building for the Olympics in Broxbourne	SINGLE POT ONLY	269,200		BIS - PMO	Oct-11						2,692,000	Passive	EN10 6AE	Financial completion expected June/July 11 following which audit will be completed.
27	3	RDA to make final payment if possible. To PMO (in-conds).	P06476	NRP - NRP Enterprise Ltd	SINGLE POT ONLY	53,401		BIS - PMO	Oct-11	Y	Y	N			534,000	Passive	NR4 7JT	Sensible to monitor with P0040 & P06684

# BOARD PAPER

<b>Title:</b>	EEDA's Second Peer Review	<b>Paper no:</b>	<b>7</b>
<b>Item no:</b>		Deborah Cadman	
<b>Meeting date:</b>	10 November 2011		
<b>Directorate:</b>	Chief Executive's Team		
<b>CONFIDENTIALITY STATUS</b>	UNCLASSIFIED		
<b>RISK LEVEL</b>	LOW		
<b>PAPER TYPE</b>	INFORMATION		
<b>BOARD CHAMPIONS</b>	Will Pope		

## ISSUE/PURPOSE OF PAPER

The purpose of this paper is to inform the Board of the outcomes of our second Peer Review which took place on November 1<sup>st</sup>.

## RECOMMENDATIONS

The Board is asked to note the supporting and reassuring comments from the Peer Review team regarding our achievements and forward plans to complete successful operational closure by the end of March.

## KEY POINT SUMMARY

BIS is in the process of completing a second round of Peer Reviews with all RDAs focusing on the risks to closure over the remaining months and profiles of project numbers, novations, spend, and staffing.

We were the fourth RDA to be assessed on November 1<sup>st</sup>, with reviews for other RDAs continuing into early December.

EEDA's closure team, led by Madeline Russell and Deborah Cadman, presented the Peer Reviewers with a comprehensive summary of achievements and developments to include:

- The Board's continued commitment and confidence in the process to secure successful closure by given timescales
- Issues identified in the April Peer Review (all of which were swiftly addressed over the summer) and overview of delivery of EEDA's closure plan
- The main closure issues and risks including live projects at risk of slippage, transfer of records, European funding activity, and loss of key staff
- Completion of accounts
- Staff projections (to June 2012)
- EEDA's legacy work

# BOARD PAPER

The Review team included Sue Bishop (BIS), Maria Cianci (BIS), Paul Hadley (BIS), Simon Edmond (BIS – called in for part of the session), Jane Henderson (CEO SWERDA), and Sue Heard (NAO). The session was a helpful way to offer BIS any necessary assurances on our closure programme. The team recognised our efforts and achievements to date and made clear they had no major concerns over our plans for closure as EEDA continues to be considered a low risk by BIS. They felt re-assured we had a good and well managed process for closure with robust contingency plans in place to deal with any unforeseen development, including loss of key staff.

There were a small number of issues identified which would need to be resolved in the next few months; however most of these go beyond our scope of influence and are for BIS to take forward. They are:

1. EEDA to explore a number of options for the handover of the NIRAH project to include transferring our interests in Bedford Consortium Ltd to the relevant Local Authorities. Simon Edmonds and Sue Bishop would in turn consider these proposals and determine which option BIS will favour.
2. Continue to jointly oversee critical projects (ie EPIC) to resolve any outstanding issues if possible before handover of the projects to BIS.
3. Knowledge management: BIS to clarify the timescales and process for transferring data / records to PMO.
4. HCA transfers: BIS/ HCA to confirm as soon as possible whether there will be a second stage transfer of appropriate projects to the HCA.
5. Accounts: NAO to confirm that following a full audit of our December interim accounts the process for the year end accounts will be light touch and will not require a second full audit.

When all the Peer Reviews are complete, BIS will prepare and present a summary report to the National Transition Board, drawing network wide conclusions instead of focusing on individual RDAs.

Draft 1 approved by Executive Director	
Reviewed at CET	
Final draft approved by Executive Director	2 November 2011



# **EAST OF ENGLAND DEVELOPMENT AGENCY CLOSURE AND TRANSITION PROGRAMME**

# The View from the Board

- **Continued commitment from Board members**
- **Full confidence in the process to secure successful closure by given timescales**
- **Close scrutiny of the closure programme with regular and consistent management and monitoring of performance and risks**
- **Review of governance arrangements to ensure they continue to be fit for purpose: stood down Closure and Transition Committee with the Board overseeing all closure matters.**

# Looking back – Issues identified at the last Peer Review

Issues – April Peer Review	Action taken to address issues
Overall approach to closure	The team felt that there were conflicting messages as to whether EEDA was solely focused on closure or still delivering business as usual. We emphasized our plan and work to date demonstrate that we had very much focused only on closure and transition since the beginning of April 2011, and the delivery of key milestones between April to November this year further demonstrates that.
Relatively high numbers of staff leaving under CR compared with other RDAs	At the time of our peer review meeting in April 2011 we were expecting 18 people to leave on CR in early October. We re-launched our VRS over the summer months and continued our comprehensive programme of support to staff (ie jobs round) resulting in a much more reduced number of 4 staff members leaving in compulsory redundancy by 9 October 2011.
Governance	The frequency of Audit Committee meetings had been increased to once every two months (from quarterly). In July the Board agreed to 'merge' the Closure and transition Committee with the full Board, with the latter picking up all key strategic responsibilities regarding the management of EEDA's closure and increasing Board meetings to take place every month when there is enough business to warrant monthly meetings.
Risk Management	EEDA's corporate risk register is compiled and maintained through a process of review by operational managers, the Chief Executive's Team, the Board and EEDA's Audit Committee. The risk register is therefore informed by multiple perspectives on the risks facing the Agency and of the key mitigating actions required to ensure risks to the successful transition and closure of the Agency are managed effectively.

## Key Achievements for closure – April to November '11

- 103 Action Notes received from BIS from April to 14 October 2011; all actioned promptly and accurately
- Transfer Inward Investment to UKTI
- Successfully led the network through RDPE transfer to Defra
- Transfer ERDF to CLG
- Transfer of assets, certain projects, and staff to HCA – excellent working relationship with regional HCA from the start
- Transfer GBI
- Transfer to BIS Local
- Transfer GRD

# Key Achievements for closure – April to November '11 (continued)

- Sale of CIP
- Successfully completed a number of land and property sales
- Continue work to close project and minimise number of live projects transferring to PMO in 2012.
- Consolidated facilities with all staff now housed in the Business Centre. Lease for VH expires in August 2012; lease for BC will be transferred to BIS / SFA who will occupy the building from March 2012
- Working towards successful closure of Business Link
- Transfer of KM records with each function
- Re-classification of all records in storage (down from 1400 boxes to 900)

# From here to final closure – key milestones

	September	October	November	December	January	February	March	April	May	June
Commitment and closure cost returns to BIS		15th			15th					
<b>HCA transfer audit</b>			21th-25th							
<b>NAO planning visit</b>			7st-11th							
Closure of Business Link			26th							
Closure of ESF programme				31st						
Closure of MAS contract				31st						
Mobile phone contracts cancelled				31st						
Phone system decommissioned					XXXXXXXX					
Disposal of redundant ICT systems					XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX		
Transfer of Business Centre responsibilities to new tenants							XXXXXXXX			
Closure of all contracts to supply EEDA			XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX		
<b>Preparation of December interim accounts</b>					XXXXXXXX	XXX				
Preparation of Annual Governance Statement (SIC)					XXXXXXXX					
<b>NAO audit of interim accounts</b>						13th - 29th				
Novation of contracts and grant agreements				XXXXXXXX	XXXXXXXX					
Final payments by EEDA under grant agreements						29th				
Transfers to PMO					XXXXXXXX					
Closure of IT systems (except those required for accounts)						XXXXXXXX	XXXXXXXX			
Transfer files to BIS (hard copy and electronic)				XXXXXXXX	XXXXXXXX		XXXXXXXX			
Transfers to TNA (including final crawl of website)					XXXXXXXX					
Annual Internal Audit Report and Head of IA opinion						XXXXXXXX	22nd			
Finalising closure team exits and payments							XXXXXXXX	XXXXXXXX		
Transfer of HR information								XXXXXXXX		
Preparation of Year End Accounts							XXXXXXXX	XXXXXXXX		
<b>Audit of 11/12 year end accounts</b>								23rd - 11th		
<b>Audit Committee to approve 11/12 accounts</b>										7th
<b>Board meeting to approve 11/12 accounts</b>										14th
Sign off Completion of Closure Plan and Risk Register										14th
WGA and CLOS returns for 11/12									31st	
<b>Preparation of 12/13 accounts</b>									24th to 31st	
<b>Audit of 12/13 accounts</b>										4th-8th
Final payroll payments and closure of payroll system										15th
Shut down residual IT systems										11th-15th
Transfer accounting information to BIS										11th-15th
<b>Final Audit Committee / Board to approve final accounts and closure</b>										14th
<b>NAO sign Accounts</b>										By end June
<b>Final closure and exit</b>										Late June

## Key Issues and Risks

Fully confident we will achieve successful closure but a number of meaningful risks continue to require close management:

- Live projects at risk of slippage
- EPIC
- Loan to Beds Consortium Ltd
- Transfer of KM records
- European funded activity
- Loss of key staff

## RDA Facilities

- EEDA has two remaining office buildings
- Business centre has a lease to 2023
- It will be taken over by BIS from 31 March and will be occupied by SFA, Insolvency Agency, MRC, UKTI, and BIS Local
- Victory House has a lease to August 2012
- We are in discussions with the landlord about them marketing the building with an early handback of the lease in the event of a tenant being found

# ICT Systems and KM

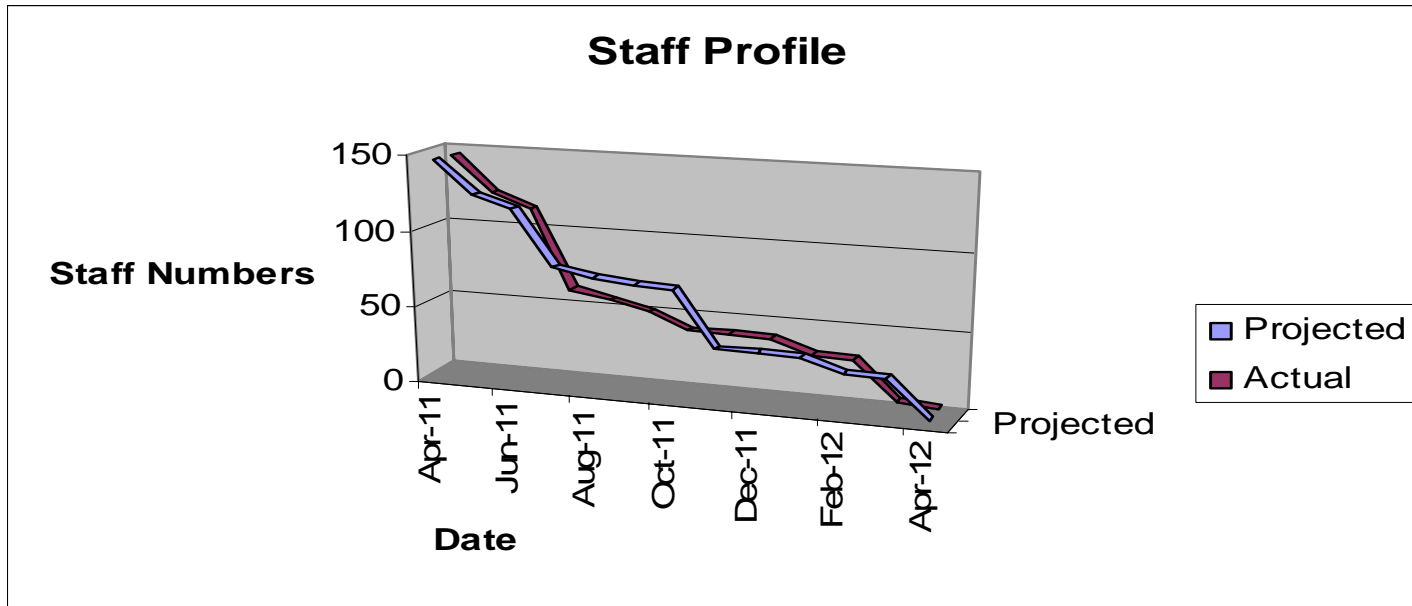
- Transfer first batch of archive boxes to BIS Dec 2011
- Mobile Phone Contracts cancelled Dec 2011
- EEDA Phone System decommissioned Jan 2012
- Shutdown Business Continuity Site Jan 2012
- Final crawl of EEDA Website Jan 2012
- Data transfer to BIS for non-audit related data Jan 2012
- Transfer Final Closure Team Exchange Email accounts to Hosted Accounts Jan 2012
- Transfer all stored Archives to BIS\* Jan 2012

\*Archive resources leave during January 2012, therefore all archive storage would need to be cleared before this date. ( approximately 700 in storage, 200 at EEDA offices)

# ICT Systems and KM

- Close EEDA website and create divert to BIS landing page Feb 2012
- Transfer audit related data out of EEDAnet Feb 2012
- Shutdown all systems apart from those required for Accounts / Audit Mar 2012
- Dispose of and shutdown all non-accounts related system and applications Mar 2012
- All non accounts files to BIS March 2012
- Close accounting systems and send accounting files to BIS June 2012

## Staff Profile – changes since April 2011



**Down from 146 staff in April to 43 in November:**

- 72 staff exits (of which only 4 were CR)
- 14 staff transferred to CLG (ERDF)
- 13 staff transferred to Defra (RDPE)
- 2 staff transferred to BIS Local
- 2 staff transferred to HCA

# Staff Profile – November to final abolition / closure

- Gradual further staff reductions in line with additional transfers / closures:
  - 43 staff by 1<sup>st</sup> November
  - 27 staff by 1<sup>st</sup> February
  - 26 staff by 1<sup>st</sup> March
  - 6 staff by 1<sup>st</sup> April
  - 4 staff by 1<sup>st</sup> May to completion of accounts in June
- Further transfers expected:
  - 1 staff member in scope for Sub National Economic Intelligence
  - 1 staff member in scope for National Contact Centre
  - 1 staff member in scope for Olympics
  - 4 staff members in scope for PMO (as of end Oct 2011)

# Finance Update

- September commitment return – programme, admin and closure costs all being managed well within budget allocations
- Debtors – approval for write-off of £420K Silverjet debt with Department. No further write-offs expected to exceed Board's delegation limit
- Completion of 11-12 accounts – awaiting Treasury decision on merger accounting and detailed audit timetable from NAO. No other obstacles foreseen in completing 9 month interim or final accounts
- More clarity needed on timetable for 12-13 accounts and CLOS

# Legacy

- Developed a lessons learnt and tool kit document, alongside a strategic summary of EEDA investments and achievements over the past 10 years
- Legacy documents are hosted on University websites across the region
- Key intelligence and information made widely available to partner organisations and LEPs, which they have used as building blocks for bids to the RGF and LEP business plans.

# A great lasting legacy for LEPs



*“ Long gone are the days where public sector funding is seen as the sole answer to economic development but we would not be where we are today without recognising the real difference EEDA made and the legacy they have left for future success – especially around the Enterprise Zones”*

- Offshore renewables - Orbis Energy
- Regeneration – Great Yarmouth
- Next generation broadband – Suffolk and Norfolk



<b>For:</b>	Board members	<b>Event title:</b>	Visit to University Campus Suffolk (UCS)
<b>Lead officer:</b>	Alison Webster	<b>Event date:</b>	10 November 2011

About the project



EEDA's research across the region identified that participation in higher education in Suffolk was relatively low, with the county showing the lowest proportion of full-time students in the region.

Proposals were developed to create a dedicated higher education institution in Suffolk consisting of a newly-built university site and a re-built Suffolk College on the same campus, sharing some facilities and services, as well as a UCS lifelong learning network extending across Suffolk with the aim of addressing under participation and local-based learning.

The new facilities meant that, in time, Suffolk will no longer be a net exporter of young talent with UCS providing the high level skills required to enhance existing businesses and encourage new knowledge based industries.

The new campus was officially opened by Prince Edward, Earl of Wessex in June 2009. This is the first university campus in Suffolk for 500 years.

EEDA has been a key funder and facilitator in this project designed to help address the skills shortages in Suffolk and the East of England, and also provide a major boost to Suffolk's economic potential.

Resources

The total cost of the main project was £186,300,000. EEDA's total contribution was £18,170,000, representing around 10% of the total project cost.

## Location and timescales

A main Campus hub in Ipswich and a learning network of smaller campuses linked to higher education and further education colleges in Bury St Edmunds, Lowestoft and Great Yarmouth plus Learning Enterprise Access Points reaching out to many market towns.

The UCS main project received phased investment from EEDA starting in 2003. The new Ipswich campus opened September 2008

EEDA has also contributed to two projects within UCS's James Hehir building. A capital investment of £500k (50% from EEDA) developed laboratory space and secured significant private sector investment from Geron a biopharma company developing treatments for chronic degenerative disease (<http://www.geron.com/partners/bio-med.aspx>) . An investment of £1m from EEDA supported development of an Enterprise Academy for 16-19 year olds (<http://www.ucs.ac.uk/Community/Collaborations.aspx>).

## Who was involved in this project?

- EEDA
- University of East Anglia
- University of Essex
- Higher Education Funding Council for England
- Suffolk County Council
- Ipswich Borough Council
- Learning and Skills Council
- A number of local authorities and colleges in Suffolk
- Business Community, including Suffolk Chamber of Commerce
- Health Sector
- Voluntary Sector

## Impact and Achievements

- The aim was to enhance higher education provision in Suffolk and help to increase participation by local people in higher education. The project aims to grow over 10 years from the existing 2,900 Suffolk College-based students to at least 5,000 within 5 years and eventually over 7,500. Whilst it is anticipated that the majority of students will come from the region, UCS also have national and international reach, building on the reputations of the parent organisations, Essex and UEA
- It was estimated the new university would help to create 1,655 jobs, 19 new businesses and remediate 5.4ha of brownfield land.
- UCS also have direct engagement with in excess of 600 business, public and third sector agencies across the region – of whom 500+ are private businesses [as of Dec 09]

- EEDA's funding was key. The demands on HEFCE's budget meant that it would not have funded UCS completely. It needed to have confidence that a third party was willing and able to make a substantial contribution and consultation evidence suggested that UCS would not have proceeded to the detailed feasibility stage, much less become a reality, without EEDA.

## UCS and the Ipswich Waterfront

From the mid 1990s the Ipswich Wet Dock (Waterfront) was identified in local strategies as a clear regeneration priority. However it was also recognised as a difficult development opportunity with complicated ownership structures, contaminated land, derelict and dangerous buildings, and little or no private sector developer interest. In 2003 with support from EEDA, one of the first Area Action Plans in the UK was produced for Ipswich. This highlighted some of the problems in central Ipswich, including:

- the need for improved connectivity within the town centre
- the requirement to deliver a sustainable retail offer
- underperformance of Ipswich town centre
- need to support the emerging education quarter

Given that the Waterfront is, no more than 8 minutes' walk from the town centre, the AAP concluded that efforts to tackle these issues should be centred on the Waterfront. The Waterfront had the potential to play a catalytic role to effect appropriate forms of economic development between it and the city-centre proper.

Subsequently EEDA invested over £30 million in a number of different projects on the Waterfront. Including support for the formation of the UCS, these have concerned public realm investments (Neptune arena), the provision of business space (Felaw Maltings, and IP-City) and the acquisition and refurbishment of strategic buildings (Cranfields Mill now the home of Dance East).

