

# **One North East Assets & Liabilities Plan**

**January 2011**

**Confidential**





## One North East Assets & Liabilities Plan

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### FOREWORD

#### **By the Chairman and the Chief Executive:**

We hereby present the One North East Assets & Liabilities Plan.

One North East has been operating for over 11 years. On behalf of the Government the Agency has invested over £2.7bn into the North East economy over that time and significantly helped in the economic regeneration of the region.

The Agency has worked hard with many partner organisations in the region to deliver a wide and diverse range of programmes and projects, which have themselves frequently represented the cutting edge of innovation for public investment. In this context, it has been extremely challenging to produce this report in less than six working weeks particularly as it covers, albeit occasionally quite broadly, the full range of assets and liabilities currently held by the Agency.

The Government has announced its intention that all Regional Development Agencies will be abolished in March 2012. The Agency has commenced its Closure and Transition Plan and the disposal of its assets and liabilities forms a key part of that plan. Where the Agency holds assets, these have often been acquired for their long term economic development potential. The Agency will not see this potential realised but it retains (for the remainder of its life) a continuing duty to further the economic development of the North East, whilst recognising the imperatives to achieve value for money and meet the receipts targets set by the Government.

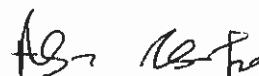
In line with Government objectives for the RDA closure programme, we welcome the approach taken in this Plan to continue to pursue the intended economic development benefits, even in a difficult economic climate, through transferring assets to the most appropriate new hosts, where these benefits can be realised. This is done whilst recognising that within this context we are also under an obligation to deliver maximum value on public sector investments for the Government as it continues to take measures to address the national fiscal deficit.

Partnership working has been key to delivering our programmes and we continue to value engagement with regional stakeholders even as the Agency prepares for closure. This Plan has been discussed with Local Authorities, the region's Universities, the Northern Business Forum, the Homes & Communities Agency and a number of other key partners. We acknowledge with thanks the flexibility and support which has been provided in making time available to comment on earlier drafts of this Plan, particularly in view of the extremely tight deadlines.

The Plan outlines the measures that the Agency will take to dispose of all of its business assets and liabilities by 31 March 2012. Its successful implementation can only be achieved by a speedy sign off by Government.



Paul Callaghan  
Chairman



Alan Clarke  
Chief Executive



# One North East Assets & Liabilities Plan

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## Document Status

This Plan is a final version of a confidential submission to the Government. The implementation of its proposals is subject to Government approval and formal adoption by the Board of One North East.



## 1. INTRODUCTION & PRINCIPLES

### 1.1 One North East Context

#### *History & Activities*

One North East ('the Agency') was established in the North East of England, by the Regional Development Agencies Act 1998 with the purposes of:

- Furthering the economic development and the regeneration of its area;
- Promoting business efficiency, investment and competitiveness in its area;
- Promoting employment in its area;
- Enhancing the development and application of skills relevant to employment in its area;
- Contributing to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.

The Agency began operations in April 1999 and built upon the work of predecessor organisations. In seeking to achieve its statutory purposes, the Agency has built an extensive and diverse portfolio of economic development activity, delivered in partnership with a broad range of public and private partners in the North East. The Agency has used its budget allocation of over £2.7bn over 11 years to increase productivity and participation in the North East economy. Its investments have created or attracted 19,000 companies, created or secured 160,000 jobs and helped to increase the level of economic growth in the region.

The Regional Economic Strategy for the North East prioritised where the investment would bring greatest benefit to the North East economy. The vast majority of the budget has been used to provide grant funding to support strategic economic development activity that facilitates the growth of businesses and industries in the North East. Therefore, many regional assets which have been developed with the benefit of Agency funding are held by partners rather than the Agency itself. The Agency has used some of its funding to maximise opportunities in new and innovative technologies in the North East, such as offshore wind, low carbon, industrial biotechnology and plastic electronics, as well as in existing businesses and sectors, and in places where investment will achieve the greatest economic benefit. Over 11 years the Agency has provided leadership, support and capacity to enable these large-scale North East projects to be conceived, developed and delivered.

As part of this programme of activity, the Agency has also invested in a range of projects that have resulted in the development or purchase of assets which are held by the Agency itself. These assets include land and property to host a range of activity across the region to promote economic growth, intellectual property rights arising from activity funded by the Agency and interests or stakeholdings in our Extended Enterprise organisations that deliver specific economic development activity.

In 2010 the Agency brought together its experiences from well-established regional investment funds and 10 years of programme delivery into the JEREMIE Holding Fund (known as Finance for Business North East). The fund will provide £125m of capital investment over five years to over 850 small and medium sized businesses. The innovative structure of the fund allows for funding provided by the Agency, the European Investment Bank and the European Commission (through ERDF) to be used to respond to market needs by injecting finance into businesses when and where it is needed.

The Agency has set up and supported a network of Innovation Connectors. They provide a physical focus for science and innovation activities which help drive future economic growth, and at the same time boost the regeneration of particular areas. Examples of Innovation Connectors include:

- Narec which is leading the way in exploiting the economic potential of offshore wind and wave power.
- Newcastle Science City which focuses on life sciences, sustainability, energy and molecular engineering and the development of major new science infrastructure and sites in Newcastle.
- NETPark, an R&D centre, which is concerned with innovation in printable electronics and electronic engineering, is central to the development of new technology based businesses.
- Northern Design Centre. This is a physical hub for the established Design Network North which is currently being constructed. The space will be used to host activities which improve design capacity and capability within regional businesses through the provision of a flagship design and networking facility aimed at increasing the propensity of local businesses to incorporate design into their daily activities. In addition it will provide starter and grow-on space for locally based businesses, largely within the creative and design sectors.
- Centre for Process Innovation (CPI). The Agency was instrumental in the establishment of CPI in the region. CPI has made large investments in innovative bio and chemical process technology and has created open access, pilot scale facilities.
- Sunderland Software City was designed to encourage the growth of the software industry in the region through the development of world class facilities, initiating new approaches to integrating business and universities and acting as a catalyst for the growth of new and existing businesses.
- Digital City is based in Middlesbrough and was developed to realise the area's potential to generate and sustain a fast growing, high level economic base in the creative and digital sector. It provides business space for new digital and creative companies and also supports digital academics to become leading entrepreneurs.

The £7.8m Plugged in Places (PiP) project is ongoing, with 1,300 electric vehicle (EV) charging points being installed to connect all of the major towns and cities in the region. It is also supported by over 50 partners from across the public and private sectors, who are contributing circa £1m to the project. The Agency has worked closely with the Office for Low Emission Vehicles

(OLEV) and Cenex to offer specialist strategic and technical advice. The project is also participating in the ENEVATE project to establish a European Knowledge Network on electric vehicles and has been requested by the International Energy Agency to lead development of a working group of pioneering cities around the world that are advancing electric vehicle infrastructure pilots. The "Switch EV" trial of 35 electric vehicles is now underway in the North East, backed by funding from the Agency and the Technology Strategy Board.

Since 2004, the Agency has used the 'Regional Image Campaign' to promote the North East as a great place to live, visit and study. The impact has been considerable; over the first three years marked improvements in perceptions nationally were seen, whilst local people are now far more likely to speak positively about the region. In 2008 a new phase of the Regional Image Campaign gave much greater emphasis to the business and innovation theme, positioning the region as a location of choice to work, build a career, establish a business, relocate and invest. This has resulted in assets such as the 'Passionate People, Passionate Places' brand and various tourism focused websites, databases and a photo library.

### ***Performance***

The Agency in its lifetime has continuously achieved performance and financial targets. Some of the Agency's underpinning achievements throughout this period include:

- A very strong return of £4.64 for every £1 of investment. (PwC Impact Evaluation Report, March 2009);
- Considerable success in attracting additional investment into the region through influencing Central Government funding and building innovative public/private partnerships;
- In 2002, the Gross Value Added per head for the North East was 77.7% of the national average, however by 2006 this gap had narrowed to 79.0%, a very significant improvement brought about as a result of the focus on key interventions by the Agency and other regional partners;
- An exemplary record of managing our financial resources effectively;
- Strong track record on governance, probity and assurance, as demonstrated through audit reports and other scrutiny, such as the Independent Performance Assessment in 2006.

The past five years have seen the regional employment gap halve from over 100,000 to around 50,000, although most recently the trend has shown a slight rise due to the difficult economic conditions. Although growth performance has been held back by relatively low levels of business stock and start ups, both at around 60% of national rates, the six years leading into the recession saw the region's VAT registered business stock grow at a faster rate than the national average.

### ***Closure and Transition***

Following the abolition announcement in June 2010, the Agency has been working closely with Government, through the Agency's sponsor Department for Business, Innovation & Skills (BIS), to put in place arrangements that will ensure an orderly closure of the Agency and a smooth transition where possible to the future economic development landscape. Until Parliament and Ministers formally abolish the Agency through the anticipated Public Bodies Act, the Board and the Accounting Officer remain responsible for discharging the Agency's statutory purposes within the rules imposed and intend to maintain the highest standards whilst doing so for the benefit of the people of the North East.

The Agency's overall approach to closure and transition supports the following vision:

*To achieve a smooth, efficient and effective transition and wind up of the Agency that maximises the value for the North East Economy and public investment.*

Existing corporate values have been enhanced to ensure the approach embodies: (i) Pride, Respect and Professionalism, (ii) Openness, Transparency and Honesty and (iii) Support and Full Engagement.

This Plan reflects the ongoing and sincere ambition to secure the best possible economic outcomes for the North East, whilst ensuring maximum return on public investments within this context.

## **1.2 The Agency's Approach to Disposing Assets & Liabilities**

### ***Incorporation of National Arrangements for RDA Closure***

A national RDA Transition Board has been set up by BIS oversee the process of closing the RDAs. In drawing together its approach to disposing of its assets and liabilities, the Agency has taken account of the work of this Board and in particular its assets policy workstream, which has issued guidance on drafting plans along with definitions, principles for disposal and guidance on State Aid.

The Agency has incorporated further guidance from Government given through the Action Note process including the letter setting out the departmental split of responsibilities between BIS and the Department for Communities & Local Government (DCLG) and any other relevant action notes. **This Plan sets out a strategy for an orderly and accountable transfer or disposal of the Agency's assets and liabilities by 31 March 2012.** The Government has indicated that the Agency's authority to dispose of assets and liabilities will be returned when this Plan is approved. Until that time, any disposals will require the express prior consent of BIS.

Whilst the Plan has been drafted, the Agency has continued to observe the Government freeze on disposals, as set out in the summer 2010 activity restrictions and extended by BIS Transition Action Notes 15 and 43.

The Agency has also taken account of emerging economic development policy from Government, in particular priorities for future publicly funded activities and the spatial level of delivery. The Local Growth White Paper has provided the rationale for the Agency's approach to some of its key policy areas. It is important to note that this is based on the Agency's understanding of the current position of economic development policy at 31 January 2011, with both Government and partners acknowledging that this is still an emerging picture. The ability to incorporate further national policy development into RDA closure plans will significantly decrease as RDAs near their anticipated closure dates.

### ***North East Context***

This Plan has been drafted in the context of changing economic development policy, together with uncertainty on the future delivery arrangements across the North East. As at 31 January 2011 the North East has two Local Enterprise Partnerships ('LEPs') in place. The Local Authorities and business community have also agreed to form the North East Economic Partnership ('NEEP'), which provides the basis for working together on strategic economic priorities for the North East. These arrangements will become more developed over the course of the coming months and the Agency will, as far as possible, take these into account in the implementation of this Plan, as long as this is consistent with the Agency's responsibility to Government to transfer all of its material assets and liabilities by 31 March 2012.

### ***Stakeholder Engagement***

In order to ensure the best possible outcome for the North East from the disposal of its assets, the Agency is committed to involving its local and regional partners in the planning process. Prior to the drafting of this plan, meetings were held with the Agency's key stakeholders to discuss the process and their likely preferences, working with them to incorporate their aspirations into this Plan.

The Agency has been particularly keen to ensure that the North East's Local Authorities, the Homes & Communities Agency (HCA), LEPs and NEEP have been consulted and their views on the future of RDA assets in their areas have been an important part of forming our recommendations for strategic options. Where the Agency has entered into joint ownership or partnership to hold an asset the Agency has, as far as possible, considered the views of the other parties involved. Where the Agency is clear on the final destination of an asset, in particular where national policy decisions have been taken, it has consulted with the receiving body.

The Agency recognises that this Plan represents the start of the process of disposing of its assets and liabilities and over the coming months engagement

with stakeholders on the final destination of assets and mechanisms for disposal will be critical.

A full list of meetings and consultations is included at Appendix A.

### 1.3 Key Principles of the Agency's Plan

The national transition objective for RDA assets and liabilities is as follows:

*"To support the orderly closure of RDAs by managing the transfer or disposal of RDA assets and liabilities (1) in a way that delivers value for money and (2) delivers the best outcome for the region."*

In drawing together the Agency's approach to disposing of its assets and liabilities, account has been taken of the work of the National Transition Board and in particular the Assets & Liabilities group, which has established a framework of overarching and process principles for disposals in line with the guidance set out in *Managing Public Money*. The key principles are:

- The existing statutory framework (based on the RDA Act) will be respected until new legislation comes into force – in practice this means that RDAs will remain accountable for managing the disposal of their assets and liabilities in order to further economic development in their areas;
- All disposals must comply with EU state aid rules;
- Wherever possible, assets and associated liabilities must be "bundled" and disposed of together;
- Wherever possible, assets and liabilities should be disposed of before the end of March 2012;
- Consideration should be given to the question of whether the asset (and associated liabilities) will prosper with a planned new host – this will require a balance to be struck between furthering local economic development and supporting national deficit reduction measures.

This Plan has been prepared in accordance with RDA Transition Guidance Note 6, which was sent to RDAs on 6 December 2010. The main parameters of this guidance were set as follows:

- The Plan should consider the whole portfolio of the Agency's assets and liabilities (excluding pensions, cash and short-term debtors and creditors);
- It should identify strategic options for managing, disposing or transferring assets and liabilities;
- The Plan should be based on the overarching principles agreed by the RDA Transition Programme Board;
- The Agency should liaise with key partners where possible;
- The Plan should contain a summary of assets and liabilities as at 31 December 2010, set out in a pre-existing format ("Classification & Analysis Tables");
- For items with a value estimated below £150,000, the Plan should set out a high level description of the approach to dispose or transfer;
- The Plan should contain an analysis of each strategic option.

## **1.4 Plan Structure and Methodology**

The purpose of the Plan is to:

- Set out the principles and methods to dispose of the Agency's assets and liabilities prior to closure and wind-up;
- Make recommendations on the strategic options for assets and liabilities held by the Agency;
- Outline potential monitoring arrangements for the disposal of the Agency's assets and liabilities;
- Outline how disposals will be achieved by 31 March 2012.

The Plan sets out the Agency's commitment to ensuring its assets will be disposed of using an open and transparent methodology, giving particular consideration to the future use of the asset. The detailed process for disposal of assets is set out in detail at Appendix B.

It is presented in a series of Chapters, which correspond to broad asset categories. These categories are natural groupings which emerged from the Agency's recent and comprehensive work to identify all assets and liabilities associated with the business. The Plan takes each category in turn as follows:

- Land & Property;
- Equipment;
- Intellectual Property;
- Access to Finance;
- Business & Operations;
- Other Rights & Obligations, including funding commitments beyond 2012.

Each Category Chapter sets out:

- The key assets and liabilities in the Category;
- An overall approach to the disposal of assets and liabilities in that Category and timeline for activity;
- The costs associated with that activity until discontinued or disposed;
- The costs of sale or disposal and any costs of conversion;
- Staffing requirements in relation to any ongoing management or monitoring of the asset or liability;
- A financial table summarising the key information on all areas described in the Chapter, profiled from the current position to 31 March 2012 and beyond;
- A technical annex setting out the options and further information in greater detail.

The Chapters are supplemented by a Monitoring and Financial Summary Chapter, which provides a rolled-up review of the key financial information to assist with monitoring. This closing table demonstrates the ongoing challenge for Government to continue the key elements of the Agency's work. The last

Chapter also sets out the Agency's proposals in relation to Board oversight and implementation planning.

The Agency has examined whether certain options (potentially with a small amount of additional investment) would make greater financial and economic returns. It has developed a methodology to recognise an asset for its potential value, by identifying "potential assets" and any investment (cost of conversion) which would realise their maximum value. Where there are anticipated costs of conversion, these are outlined in each Chapter.

## 1.5 Assumptions

It has been necessary to adopt some assumptions in the development of this Plan. The following are the key assumptions applied:

- **RDAs will lead on disposing of their own assets and liabilities** under the powers of the current RDA Act and within existing delegated authorities for disposal. In accordance with this assumption this Plan is developed on the basis that:
  - The Agency will continue to exist as a legally constituted entity with sufficient operating resources and staff until 31 March 2012.
  - The Agency's Board, along with the Chief Executive as Accounting Officer, are primarily responsible for all key Agency decisions.
  - The Agency will comply with governance frameworks as set out in the Accountability & Financial Framework. The Agency recognises that when the primary rationale for a disposal is not the economic development of the region, it must obtain the best price reasonably obtainable and comply with other Government guidance such as *Managing Public Money*.
  - All disposals will be conducted properly and lawfully. The Agency will also ensure that it complies with all current legal and other national obligations (including in accordance with the relevant European law (see Appendix C on State Aid and Valuation Process). The Agency will ensure that all disposals are managed in an open, fair and transparent manner which provides an equal opportunity to all bidders to acquire the assets.
- **It is critical that Government approval of this Plan is confirmed swiftly** to allow the Agency one complete financial year to implement the disposals. The Agency has assumed that the Government will restore the Agency's powers to manage and dispose of its assets and liabilities to those which existed prior to the introduction of the current disposal moratorium. To allow efficient implementation within agreed and planned timescales, the Agency will be allowed flexibility to maintain its own staff to ensure it retains the capacity and expertise to manage this complex process.
- **All assets and liabilities associated with units, functions or programmes will be transferred together.** This is illustrated by

innovation assets. The Government has announced its intention to establish Technology and Innovation Centres (TICs). It has been nationally agreed that BIS will remain the sponsor department for the production of the RDAs' Assets and Liabilities Plans but that DCLG (potentially through the HCA or such other body as it may nominate as its agent) will be the residuary body for Land and Property Assets and that BIS will be responsible for Innovation Assets. The Agency has assumed that Land and Property associated with Innovation Assets should be transferred with those Innovation Assets.

- **Valuations are taken from the March 2010 Accounts.** The assets and liabilities recorded in the Plan are generally assessed on the basis of valuations used for the Agency's 2009-10 Annual Report and Accounts. In particular this is the case for the Land & Property Chapter. The Agency has not carried out revaluations for the purposes of this Plan and for previously unvalued assets and liabilities. It is assumed that the Agency will establish market value at the point of disposal using the methods described above. The Agency has estimated whether the overall value is expected to be above or below the materiality threshold for these assets. All valuations are for planning purposes only.
- **Low value assets are not a material concern.** The Agency has been instructed that individual assets with a value of less than £150,000 need only be addressed in overview terms. Despite this, the Plan assumes that the RDA will ensure these assets are disposed of with all appropriate rigour and following the other assumptions set out in this section.
- Responsibility for the ongoing management and monitoring of the **European Regional Development Fund 07-13 Programme (ERDF)** will be transferred to DCLG. As a result of this assumption no staffing, financial or other resources relating to these activities are included in this Plan. This assumption also applies to the Rural Development Programme for England (RDPE), which will be transferred to DEFRA.
- **The North East will have two fully operational Local Enterprise Partnerships and a North East Economic Partnership.** This Plan assumes the existence of a North Eastern LEP, a Tees Valley LEP and the NEEP. It assumes that the NEEP will be fully formed and functional by 31 March 2011. Due to the emerging detail of the position, alternatives are also proposed should this not occur. This Plan also assumes the continued existence of current Local Authorities, Universities and Business and other representative groups as they existed on 31 December 2010. Without limitation, it is similarly assumed that where proposals are made to transfer activities to Government Departments (such as BIS or DCLG) or organisations (such as Capital for Enterprise Ltd. or the Technology Strategy Board) there is sufficient capacity to manage the functions transferred.
- **There will be appropriate commercial engagement with our partners in accordance with existing obligations.** The use of statutory transfer

schemes (both at the point of abolition under the anticipated Public Bodies Act or by reversal of schemes made under the Regional Development Agencies Act 1998) can have the effect of overriding legal and contractual rights and obligations. However, the Agency will actively engage with partners to ensure appropriate outcomes are reached by agreement if possible.

- This Plan assumes that use of a **residuary body**, to manage out any remaining assets and liabilities, will be kept to a minimum. The Agency does understand such a vehicle may be set up by BIS and/or DCLG. It is anticipated that the longer it takes for Government to sign off this Plan, the more likely it will be for a greater proportion of disposals to be made by the Agency to any such residuary body.
- At the time of writing, the Agency has assumed that **alternative disposal measures** may be available for RDAs to use. The Agency has asked Government for confirmation that the following may be used as disposal methods but clarification is awaited:
  - Trusts;
  - Deferred consideration;
  - Disposals to the private sector using public concessions;
  - Alternative methods of accounting for transfers made to Local Authorities;
  - Use of Central Government transitional funding pots and the process to approve and draw down monies.

In the Plan, the Agency has utilised these options where appropriate. However, the Agency would like to explore them further with Government and stakeholders:

## 2. LAND & PROPERTY

<b>Statement of Purpose: Land &amp; Property</b>	
<b>Category Description</b>	The Agency's Land and Property portfolio, which includes owned sites, gap funding arrangements and interests in Public-Private Partnerships. Ownership is as a result of inherited properties and an active strategy to assemble sites that are key to the economic development and successful regeneration of the North East. In most instances these sites were purchased on evidence of market failure.
<b>Key Assets</b>	<ul style="list-style-type: none"> <li>• The value of the owned site portfolio totals £54.2m (as of March 2010) and includes urban brownfield sites such as Middlehaven (Middlesbrough) and shared interests in sites for new technology and growth sectors such as Science Central (Newcastle), and port sites at Blyth and Tees Valley.</li> <li>• 50% ownership share in two Public-Private Partnership property vehicles, which have a combined value of approximately £130m.</li> <li>• Investment in a series of projects through gap funding, joint ventures and other contracts to facilitate economic development.</li> </ul>
<b>Overall Approach</b>	<p>The Agency has recommended transfer/disposal treatments on a case-by-case basis for each asset. Proposed treatments range from:</p> <ul style="list-style-type: none"> <li>• Transfer to relevant Local Authority using a range of mechanisms;</li> <li>• Transfer to the NEEP (or the LEPs);</li> <li>• Disposal at market value to open market;</li> <li>• Transfer to HCA where HCA owns contiguous land;</li> <li>• Transfer to a residuary body for those assets which cannot be dealt with as above (last resort option only).</li> </ul>
<b>Timelines &amp; Milestones</b>	<ul style="list-style-type: none"> <li>• March 2011 - receive approval from the BIS Transition Board to develop a detailed Implementation Plan.</li> <li>• April – May 2011: Develop the Implementation Plan.</li> <li>• June 2011 - March 2012: Implement Plan including carrying out due diligence.</li> </ul>

### 2.1 Category Description and Key Areas

The assets in this category refer to the Agency's interests in physical land and property. There are a number of property interests that could result in net liabilities due to large holding/maintenance costs and lengthy lead in times before development and value can be crystallised.

Below is a list of land and property assets owned in title by the Agency, listed by Local Authority area:

Ref.	Site	Area (ha)	March 2010 Valuation (£)
3842	Blyth Quayside, Blyth	2.76	
3842	Narec Blyth Dock, Blyth	3.76	
3836	Commissioners Quay, Blyth	1.00	
3863	Former Kwiksave, Berwick	0.43	
3850	Cowpen, Blyth	2.10	
3852	Hadston Industrial Estate, Hadston, Northumberland	1.68	
3864	Spittal Quay, Berwick	0.45	
3867	Quayside, Berwick	0.28	
2120	Weetslade, Wideopen	17.39	
3878	New York Industrial Estate, North Tyneside	17.42	
3879	Balliol West Business Park, Longbenton	18.46	
3817	Harton Staithes, South Shields	2.02	
3834	Trinity South, (Circatex) South Shields	4.69	
3812	Viking Industrial Park, Jarrow	15.42	
2110	Westoe, South Shields	17.90	
2115	Monkton Business Park, South Tyneside	27.77	
3872	106 Corporation Street, Newcastle Upon Tyne	0.02	
3861	Former Brewery Site Science City, Newcastle	5.85	
3869/1&2&3	Malmo Quay, Ice Factory & Hume St sites, Ouseburn	1.11	
3833	Former Westgate House, Westgate Road, Newcastle	0.19	
3866	53-57 Blandford Square, Newcastle Upon Tyne	0.10	
2010	Stella House, Newburn Riverside, Newcastle	1.83	
2010/DA	Newburn Riverside Hotel Site, Newcastle	1.37	
3868	Tyne Bridge Tower, Gateshead	0.11	
3840&1	1-6 and 35-40 Holmeside, Sunderland	0.36	
3818 3841/1 2 3-5, 6, 7	Stadium Park (Sheepfolds), Sunderland	9.04	
3862/1 2a&b 3, 4-7,8, 10, 11	Central Area (Nile/Villers St), Sunnyside, Sunderland	0.41	
3862/12 &13	11-14 & 15-18 Hudson Road, Sunderland	0.19	
3862/9, 14, 15	NE Quarter (Travelodge site) Sunnyside, Sunderland	0.05	
3870	Former Durham Ice Rink, Durham	0.57	
3809	South West Industrial Estate, Peterlee	20.26	
3810	Evans Incubator Centre, Newton Aycliffe	0.91	
3880	Belmont Business Park, Durham	0.29	
3865	Old Shire Hall, Old Elvet, Durham	0.47	
181	North West Industrial Estate, Peterlee	16.73	
3810	Heighington Lane, Newton Aycliffe	0.69	
3871	Hotel Development Site, Riverside Gd., Chester-le-Street	0.52	
3000	Seaham Grange	12.55	
2135	Vane Tempest, Seaham	32.70	
2140	Dawdon, Seaham	14.44	
2145	Foxcover, Seaham	30.68	
3804	Wynyard Park, Wynyard, Billingham	86.94	
3860	Site at North Shore, Stockton	0.08	
3835	Land at Durham Tees Valley Airport	0.72	
3839	Middlehaven, Middlesbrough	8.52	
3829	Imperial Park, Middlesbrough	0.72	
3848	Central Park, Darlington	5.46	
3882	Invista Site (Project Phoenix), Wilton *	54.60	
	<b>Total of sites currently held</b>	<b>442.01</b>	

\* Site purchased since 31 March 2010 and valued at purchase price.

In addition, the Agency has transferred two sites since 31 March 2010 based on contractual triggers which came into effect before the disposal freeze for RDAs. These sites are:

Site	Area (ha)	March 2010 Valuation (£)
Hylton Park, Sunderland	1.53	
Seaham Colliery	13.80	

The Agency has also created property interests through Gap Funding to the private sector or other public sector partners. Gap funding arrangements enable developments to go ahead in deprived wards. In general, Gap funding arrangements bridge the gap between development cost and anticipated end values for the developer (asset sale or leases made). Normally, the Agency would pay grant as a proportion of overall cost as the development progresses, and would conduct a post-completion review to re-assess the cost/value gap.

The Agency has a series of programme commitments on projects related to its capital development portfolio, which in some cases extend beyond March 2012.

In addition, the Agency has also supported the investment in property through other public sector partners to deliver regeneration outcomes. Whilst the Agency does not have control of these assets via title, there are rights and obligations in favour of the Agency to ensure that partners deliver the agreed objectives of the project (failing which clawback will be pursued).

## 2.2 Consultation

The Agency has consulted as extensively as possible in the time available with Local Authorities, HCA, Northern Business Forum and the region's Universities. Meetings have been held at a senior level with individual Local Authorities to discuss all options for the transfer of assets and in all instances a broad understanding on the way forward was agreed. The issues discussed have been taken into account when developing the proposals, and an overview of comments is shown at Appendix A.

## 2.3 Overall Approach

### *Principles and Guidance*

There are a series of objectives which have been considered when making recommendations for the transfer of the Agency's assets which achieve the balance of securing market value and delivery of long term local economic benefits, alongside an assessment of the capability and capacity of recipient organisations ability to deliver the strategic aims of the projects.

The Agency welcomes the joint guidance of BIS and DCLG on the treatment of the Agency’s land and property assets and has worked closely with HCA as required. The majority of the Agency’s assets would fall under the remit of DCLG given the regeneration ambitions and mixed use nature of the projects. However there are a few assets, which should be retained directly or via a residual interest by BIS.

**Matrix of Available Options**

The Agency has prepared a technical matrix which identified disposal or transfer options. These options, detailed in the table below, were discussed with the Local Authorities and other partners. The Agency has applied this matrix to its strategic options analysis of each asset in order to make the most appropriate treatment proposal on a case-by-case basis.

Option	Mechanism	Issues	Comments
Freehold disposal to Private Sector – market value, no clawback	Standard disposal approval in A&L plan. Conveyance of interest. Completed by March 2012	None	Sale will be at market value with independent verification
Freehold disposal to Private sector with clawback	Standard disposal approval in A&L Plan. Conveyance and legal charge. Sale complete by March 2012.	The successor to take benefit of legal charge will be DCLG/BIS and undertake clawback assessment.	<ul style="list-style-type: none"> <li>Market value should be established and adjusted for factors such as restricted use.</li> <li>Charge likely to affect fundamental appetite of purchasers; or more importantly that of funding bankers.</li> </ul>
Freehold disposal at market value to LA or other public body in NE	Standard disposal approval in A&L Plan. Conveyance and legal charge. Sale complete by March 2012.	DCLG to take benefit of legal charge and undertake clawback / overage assessment.	Knock on implications in respect of charge as above.
Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by the relevant Local Authority following a transfer from the Agency made on a deferred consideration basis	Transfer at market value to relevant Local Authority by conveyance (on a deferred consideration basis).subject to restrictive covenant, option or legal charge. Following open market sale, net receipts will revert to Agency or DCLG.	Details of monitoring/ management with the Agency & subsequent host to be agreed - presume DCLG - this includes clawback. Some sites are already subject to existing development agreements with the private sector. However, the same principles apply to Local Authorities on a deferred consideration basis.	<p>Early agreement required with LAs to meet running costs.</p> <p>Addresses concern regards LAs being unable to meet payments for market value considerations upon acquisition on 31 March 2012.</p> <p>Allows site to be marketed when market conditions improve.</p>
Transfer to DCLG/HCA at Nil Value	Act of Parliament / Statutory Transfer	DCLG/HCA wholly accountable for sites.	Does not support localism but could address capacity issues with LAs

Option	Mechanism	Issues	Comments
Transfer into trust	Trust Deed	Transfer at minimal value. Benefit owned by RDA and transferred to DCLG.	Transfers should be to public sector organisations only.
Transfer to BIS or residuary body		Detracts from principle of RDAs managing their own disposals	Should be pursued as a last resort only.

### **Summary of Approaches**

The Agency has worked closely with partners to determine the most appropriate disposal treatments and control mechanisms for the physical assets which will achieve both local ambitions and best value over the longer term. HCA has had sight of the individual Business Plans and supports the recommendations.

In headline terms, the Agency's approach favours disposal in the following priority order:

1. Disposals to the public sector at full value.
2. Disposals to the public sector (including the NEEP and LEPs), using other disposal mechanisms where the value for money and economic development objectives are clearly satisfied (such mechanisms include options, deferred consideration or trusts).
3. Disposal to the private sector at full value (as the economic development objectives are less likely to be pursued).
- 4a. (For L&P assets related to innovation assets) Transfer to BIS or agents of BIS.\*
- 4b. (For all other L&P assets) Transfer to DCLG/HCA acting as a residuary body for Land & Property.\*
5. Transfer to BIS or BIS residuary body (as a last resort only).\*

\* In these instances the Agency would seek prior written agreement from the new host that the assets and their proceeds would be used exclusively for the economic development of the North East region.

### **Disposal of Owned Assets to Public Sector**

Local Authorities under emerging Government policies have increased responsibilities for delivering economic growth and therefore need to balance limited and reduced resources with their ability to deliver economic regeneration.

In most instances the Local Authorities in the region have identified that funding property acquisitions especially where there is no immediate financial return to repay interest charges on prudential borrowing will be challenging. Also their cash reserves are extremely limited and recent financial restrictions may prevent investments in property. In all instances Local Authorities recognise their responsibilities to deliver economic regeneration and wish to

retain an interest in the properties. Subject to detail they are willing to take ownership of the sites with a deferred payment to DCLG/HCA, but only on realisation of the asset value.

Whilst the overarching principles are to achieve best value this is difficult in the current circumstances. This is because, as a result of discussions with stakeholders, the consensus from partners is that the market conditions are depressed and public partners do not have resources available to acquire the assets at the current time.

The Agency has explored with Government the possibility of using alternative solutions to allow the asset to economically prosper. This can be achieved through:

- The disposal of property interests which are limited as to use by the implementation of restrictive covenants and secured by property charges on a deferred consideration basis. This would allow Local Authorities to prepare the property for development and then sell it for the best consideration reasonably obtainable at that time. Proceeds from the sale (less certain costs incurred by Local Authorities in the development of the property) would then become payable (as deferred consideration) to the Agency, or, following the abolition of the Agency, to DCLG or its nominated agent (HCA). The Agency will be seeking written agreement from DCLG/HCA that proceeds received by them under this solution will be utilised for the economic development and regeneration of North East England.
- The use of a trust mechanism where the asset is placed in trust with the Agency as beneficiary entitled to the returns. The beneficiary interest on abolition of the RDA would be transferred to DCLG/HCA. This would operate in a similar way to the previous bullet point – i.e. the Local Authority under this arrangement would have the responsibility for the delivery of the project and an open market sale thereafter to achieve best consideration reasonably obtainable.

In each of these two cases the value is retained by the 'grantor', the Agency, and this can be transferred on abolition of the RDA to DCLG. On disposal by the Local Authority, the receipt less agreed deductions would be returned to the Agency/DCLG. The Local Authority will maintain influence over when and how the property will eventually be sold.

Where the land is to be transferred to Local Authorities, they will have the responsibility to maintain, manage and develop the sites with the costs funded by themselves but reimbursed from property receipts before DCLG receives a return. However, in respect of previous comments regarding financial restrictions, some Local Authorities are concerned that they may be unable to meet these immediate property liabilities and staffing costs associated with the management and delivery of development proposals. A suggested way forward is an advance payment to fund maintenance and staffing costs.

The consultation exercise also highlighted the need, due to insufficient resources within the Local Authorities and HCA, to have the ability to ringfence property income for the continued delivery of the projects within the North East region. As a result, the Agency will be seeking a clear proposal from each potential host to demonstrate that the North East will see real economic benefit as a consequence of them holding the asset in this way and that there is a clear indication of how long the asset will be held before being offered for sale.

As DCLG will have a strong role to play in supporting the management of the development process and monitoring progress, a close working relationship will be required at a local level to ensure a prompt response to the needs of organisations in the North East.

The Agency estimates that the ongoing staffing resource to manage owned sites is 12 FTEs.

### ***Disposal of Public-Private Partnerships to Public Sector***

The Agency has entered into two Public Private Partnerships: North East Property Partnership (known as Buildings for Business) and Onsite North East. The combined value of the Agency's interest is approximately £130m. (subject to valuation). As the Land and Property assets are held within joint venture limited partnerships, individual sites cannot be accessed for disposal. It is only possible to dispose of the Agency's partnership stake in each joint venture and not on a site-by-site basis. Since the inception of Buildings for Business in 2004, the Agency has received £ in income and continues to receive an annual dividend of £ . In respect of Onsite North East, there is the potential of an income from 2012 onwards.

Following consultations with Local Authorities, Northern Business Forum (NBF) and Universities for the North East, there is a strong commitment to retain the value of these partnerships in the region. **It is proposed that they are managed locally by the NEEP.** The assets could be transferred using a statutory transfer scheme at the point the Agency is abolished or, prior to that, using a trust mechanism or one of the other alternative methods discussed above.

Local Authorities and business have made the Agency aware of the significant steps that have been taken in the development of the NEEP. However, it remains important that there is a clear and compelling case to demonstrate the economic development capabilities of the NEEP and how any income received will be successfully directed to these purposes. As part of the detailed consideration of implementation options, the Agency's Board would need to be satisfied that:

- The proposal is fully supported by regional stakeholders (particularly the region's Local Authorities);

- The NEEP has legal status, is fully functioning and operational by the point of transfer;
- The business plan for the NEEP will clearly demonstrate the necessary capability and capacity to manage the assets and to utilise the income from the partnerships for best strategic economic outcomes for the region, mindful of attaining value for money;
- The NEEP's role as a strategic delivery body is fully articulated and is recognised as such by stakeholders and Government;
- As far as possible the Joint Venture partners agree to the proposals and that potential legal challenges are avoided.

Whilst the Agency recognises that some income will be used both for operating costs (of the NEEP and potentially the LEPs) and potentially some of the maintenance cost of regionally significant assets owned by Local Authorities, it is anticipated that the majority of the income would be directly invested by the NEEP, working in conjunction with the LEPs, in economic development activities. This would have the effect of recycling the income into new projects.

It is proposed that a thorough review of the NEEP proposals is undertaken as at 31 March 2011 in order to ensure that the proposals can deliver the economic ambitions of the region and demonstrate the capability to manage these assets. **If the NEEP is not fully formed and functional by 31 March 2011, the Agency will consider alternative options.**

The Agency's Board believes that there are two viable and acceptable alternative options:

- The first is a transfer to a single Local Authority acting as accountable body for all 12 North East Local Authorities, the NEEP and the LEPs, subject to the satisfaction of the similar conditions relating to management of the assets and use of income for strategic economic development purposes for the benefit of the North East, as would apply to the transfer to the NEEP. The Agency would anticipate that, prior to any transfer, the Local Authorities, NEEP and LEPs would agree acceptable proposals with the Agency about how the income will be apportioned between these bodies and a strategic plan for the delivery of key objectives.
- If this cannot be agreed, the final acceptable alternative would be to transfer the Agency's interest in these partnerships to DCLG/HCA. Subject to DCLG/HCA agreement, income received from the property partnerships should be ringfenced for strategic economic development for the benefit of the North East and the partnership interests should be locally managed where possible.

Throughout the process, the Agency has consulted with UK Land and Langtree Ltd., the private sector partners. UK Land has committed to ensuring the benefit and value of the assets remain in North East England.

The Agency estimates that the ongoing staffing resource to manage the Public Private Partnerships is two FTEs.

#### ***Disposal of Owned Sites to Private Sector***

It is the ambition of the Agency to dispose of some of the assets by way of sale to the private and public sectors at open market value with minimal controls or constraints imposed.

Disposals will be progressed where there is evident interest by the public or private sectors and where the Agency is currently in the process of marketing the assets through a funded procurement route.

A transparent disposal process will be followed, however there will be ongoing costs to market, appraise and dispose of these assets which have not been considered as part of the Agency's preliminary budget allocation settlement and ongoing financial commitments.

The disposals will be state aid compliant and adhere to the principles of national and European law as set out in Appendices B and C.

#### ***Transfer of Owned Sites to DCLG (Where HCA owns contiguous land)***

There are three locations where the Agency and HCA own contiguous land: Middlehaven in Middlesbrough, North Shore in Stockton, and Holmeside in

Sunderland. To safeguard values and regeneration objectives, it is proposed as the preferred option to transfer the land holdings to HCA.

This will allow for a more efficient management operation and it is recommended that this is undertaken via statutory transfer. This is because there are established mechanisms for accounting for transfers between non-departmental public bodies, legal rights are not affected and no stamp duty is payable. However, the Agency would hope to agree detailed development plans with DCLG/HCA and key partners prior to any transfer so that there was transparency about the commitments to develop the sites going forward.

#### ***Transfer of Contractual Joint Ventures to DCLG/HCA***

As a consequence of its investments in property the Agency has entered into a number of contractual property joint ventures with both public and private sector. The obligations on the Agency and Joint Venture partners vary. However, in most instances these are to ensure delivery of the intended project. There is an ongoing role, for up to ten years, to manage and monitor the projects and secure recovery of any financial returns when appropriate.

The Agency proposes that its interests and benefits in, and management and delivery of, these joint venture projects should be transferred to DCLG/HCA subject to agreement on ringfencing of proceeds for use in relation to the economic development and regeneration of the region.

The Agency estimates that the ongoing staffing resource to manage contractual joint ventures (as well as clawback, rights and overages outlined below) is three FTEs.

#### ***Transfer of Potential Clawback and Rights to Overages to DCLG***

The Agency has entered into a number of gap funding agreements, or funded partners to acquire property interests. In most instances the Agency is required at stipulated periods to review the agreements and developments to ensure that the agreements have been honoured and any excess profits return to the Agency. These agreements are with the private sector, public sector and voluntary sector.

The Agency recommends that its interest and benefits in, and management of, these gap funding ventures should be transferred to DCLG.

A list of gap funded projects has been prepared (see Technical Annex to this Chapter) and schemes have been prioritised for review. Clawback and the potential for future overage payments on each gap funded project will need to be assessed by the new host and will require ongoing monitoring.

The Agency estimates that the ongoing staffing resource to manage out these rights and obligations (as well as contractual joint ventures outlined above) is three FTEs.

## 2.4 Case-by-Case Proposals for Owned Sites

Individual Business Plans have been prepared for each property asset which the Agency owns or has a vested interest. This may consist of a single property or numerous properties where they form part of a larger area based regeneration project. They include details relating to a description of the asset, the project aims, partners and roles and responsibilities, strategic issues and linkages, scheme progress, funding and financial issues, risks, delivery options for the sites pending the closure of the Agency, and recommendation for disposal/ transfer of the asset. These Business Plans are attached at Appendix D.

Following consultation with partners, preferred options have been set out as below (listed in sections relating to Local Authority areas):

Ref.	Site	Proposed treatment	Rationale
3842	Blyth Quayside, Blyth	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC involved via wider masterplan for area.
3842	Narec Blyth Dock, Blyth	Transfer to BIS. Burt St units at Market Value to Northumberland CC.	Safeguards potential national innovation asset. Narec represents national facility to retain income and invest in future development. Burt St: to NCC at market value as units have rental income; in line with local management of stand alone industrial units ancillary to Narec.
3836	Commissioners Quay, Blyth	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC involved via wider masterplan for area.
3863	Former Kwiksave, Berwick	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC active partner in Berwick Futures steering group.
3850	Cowpen, Blyth	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Transfer to NCC in line with localism agenda.
3852	Hadston Industrial Estate, Hadston, Northumberland	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Transfer to NCC in line with localism agenda.
3864	Spittal Quay,	Eventual open market sale to ensure best	Localism agenda; NCC active

Ref	Site	Proposed treatment	Rationale
	Berwick	consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	partner in Berwick Futures steering group.
3867	Quayside, Berwick	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Northumberland CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC active partner in Berwick Futures steering group and tenant of part of site.
2120	Weetslade, Wideopen	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by North Tyneside Council following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NTC involved in project and aware of requirements (liabilities) for project progression, plus NTC have land interests.
3878	New York Industrial Estate, North Tyneside	Sale at market value to North Tyneside Council	Localism agenda; public sector must retain ownership due to former Enterprise Zone accountancy rules
3879	Balliol West Business Park	Sale at market value to North Tyneside Council	Localism agenda; public sector must retain ownership due to former Enterprise Zone accountancy rules
3817	Harton Staithes, South Shields	Hotel site to Private Sector. Remainder - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by South Tyneside Council following a transfer from the Agency made on a deferred consideration basis	Localism agenda; STC active partner and landowner in South Shields Riverside. Project progress expects procurement of hotel developer over approx next year, and transfer of remainder land to STC
3834	Trinity South, South Shields	Residential site to Private Sector. Incubator to South Tyneside Council for  Remainder - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by South Tyneside Council following a transfer from the Agency made on a deferred consideration basis	Localism agenda; STC active partner and landowner in South Shields Riverside. Project progress expects procurement of residential site jointly with STC land over approx next year. Transfer of remainder, including Incubator site, to STC.
3812	Viking Industrial Park, Jarrow	Sale at market value to South Tyneside Council	Localism Agenda; site requires resolution of management issues (liabilities) plus potential former Enterprise Zone accountancy rules implications.
2110	Westoe, South Shields	Transfer to HCA	Agency land holding transferred to developer, remaining obligations/clawback are in favour of HCA, under their leadership of the National Coalfields Programme.
2115	Monkton Business Park,	Eventual open market sale to ensure best consideration reasonably obtainable is	Localism Agenda; site requires resolution of

Ref.	Site	Proposed treatment	Rationale
	South Tyneside	achieved – development and disposal to be managed by South Tyneside Council following a transfer from the Agency made on a deferred consideration basis	management issues (liabilities).
3872	106 Corporation Street, Newcastle	Joint sale of 50% each to Newcastle CC and Newcastle University at Market Value	Localism agenda; NCC and University are remaining partners in Science Central project, therefore appropriate to take 50:50 split of Agency ownership at market value.
3861	Former Brewery Site Science City, Newcastle	Joint sale of 50% each to Newcastle CC and Newcastle University at Market Value, subject to the existing joint venture agreement	NCC and university currently own Brewery site along with Agency on 1/3 each basis. In line with localism agenda, the remaining active partners in Science Central project to take 50:50 split of Agency ownership at market value.
3869/1&2 &3	Malmo Quay, Ice Factory and Hume St sites, Ouseburn, Newcastle	Development agreement pursued with private sector disposals. Residual sites not sold under development agreement will transfer to Newcastle CC on a deferred consideration basis	Project progression expects procurement of developer for NCC and Agency land over next year - Agency sites drawn down on phased basis, therefore appropriate to unite NCC and Agency ownership.
3833	Former Westgate House, Westgate Road, Newcastle	Continue with existing development agreement to pursue open market sale. Otherwise, eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Newcastle CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC aware of project, plus have land interest at site.
3866	53-57 Blandford Square, Newcastle Upon Tyne	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Newcastle CC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; NCC active partner and landholder in both local area and as tenant at this property.
2010	Stella House, Newburn Riverside, Newcastle	Main Building to Civil Service Estate. Land to north sale at market value to owner of Newburn Riverside. If no agreement on sale - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Newcastle CC following a transfer from the Agency made on a deferred consideration basis	Operational office transferred to become part of Civil Service Estate, as part of work led by Cabinet Office/Government Property Unit. Land to north to be sale at market value to overall developer of Newburn Riverside (Onsite Agency JV with Langtree). If no agreement, transfer to Newcastle CC under localism Agenda.
2010/DA	Newburn Riverside Hotel Site, Newcastle	Continue with existing development agreement to pursue open market sale. Otherwise, transfer into Onsite North East portfolio at market value.	Development agreement already in place; NCC to take residual land interest in line with localism agenda.
3868	Tyne Bridge Tower, Gateshead	Disposal at market value to Gateshead MBC	Localism agenda - GMBC active partner and landholder at Gateshead Quays area.

Ref	Site	Proposed treatment	Rationale
3840 &1	1-6 and 35-40 Holmeside, Sunderland	Transfer to HCA or, if not acceptable, provide Sunderland CC with an option to acquire on a deferred consideration basis	HCA significant landowner in project.
3818 3841/ 1,2, 3-5, 6, 7	Stadium Park (Sheepfolds), Sunderland	Sale of SAFC leasehold interests to Sunderland AFC. Balance of development: disposal at market value to Sunderland CC	Localism agenda; SCC active partner and landowner in Stadium Park project. Sale to leaseholder on market terms of area held on long leasehold interest.
3862/ 1, 2A& B,3,4 -78, 10, 11	Central Area (Nile/Villers St), Sunnyside, Sunderland	Disposal at market value to Sunderland CC	Localism Agenda; SCC active partner and landowner in Sunnyside project.
3862/ 12 &13	11-14 & 15-18 Hudson Road, Sunderland	Disposal at market value to Sunderland CC	Localism Agenda; SCC active partner and landowner in Sunnyside project.
3862/ 9 14,15	NE Quarter (Travelodge site) Sunnyside, Sunderland	Sale to Private Sector	Project progression expects procurement of hotel developer over approx next year.
3870	Former Durham Ice Rink, Durham	Open Market Sale. Residual interests - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Durham CC following a transfer from the Agency made on a deferred consideration basis	Project progression expects procurement of developer over approx next year; DCC active partner and landowner in project and appropriate to take any residual land interest.
3809	South West Industrial Estate, Peterlee	Disposal at market value to Durham CC	Localism agenda: public sector must retain ownership due to former Enterprise Zone accountancy rules.
3810	Evans Incubator Centre, Newton Aycliffe	Sale at market value in line with contractual obligations. If no agreement - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Durham CC following a transfer from the Agency made on a deferred consideration basis	Proposed sale would trigger pre-emption rights under contractual documentation to sell to service provider at market value; if no agreement with the private sector, transfer to Durham CC in line with localism agenda.
3880	Belmont Business Park, Durham	Disposal at market value to Durham CC	Localism agenda; long leaseholder recently refused market deal to purchase, therefore considered appropriate to transfer to DCC.
3865	Old Shire Hall, Old Elvet, Durham	Sale at Market Value. Residual interests/all interests if sale not complete - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Durham CC following a transfer from the Agency made on a deferred consideration basis	Project progression expects procurement of developer over approx next 18 months; DCC active partner in project and appropriate to take transfer of land and/or any residual interest.
181	North West	Disposal at market value to Durham CC	Localism agenda: public

Ref.	Site	Proposed treatment	Rationale
	Industrial Estate, Peterlee		sector must retain ownership due to former Enterprise Zone accountancy rules.
3810	Heighington Lane, Newton Aycliffe	Disposal at market value to Durham CC	Localism agenda: site has no development value and is already maintained by Durham CC as wildlife habitat.
3871	Hotel Development Site, Riverside Ground, Chester-le-Street	Sale to Private Sector. If no agreement - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Durham CC following a transfer from the Agency made on a deferred consideration basis	Project contractual documentation expects transfer to private developer. Should matters not progress, site to be transferred to DCC in line with localism agenda, plus DCC own residual freehold interest.
3000	Seaham Grange	Disposal at market value to Durham CC	Localism agenda: public sector must retain ownership due to former Enterprise Zone accountancy rules.
2135	Vane Tempest, Seaham	Disposal at market value to Durham CC	Localism agenda: developer appointed, ongoing monitoring of form of development.
2140	Dawdon, Seaham	Disposal at market value to Durham CC	Localism Agenda; site requires resolution of management issues (liabilities).
2145	Foxcover, Seaham	Sale at Market Value of part. Residual interests - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Durham CC following a transfer from the Agency made on a deferred consideration basis	Sale at market value of last remaining undeveloped land; remainder to DCC as part of localism agenda as public sector must retain ownership due to former Enterprise Zone accountancy rules plus ongoing liabilities.
3804	Wynyard Park, Wynyard, Billingham	Sale in line with contractual obligations. If not progressed - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Stockton BC following a transfer from the Agency made on a deferred consideration basis	Contractual option to sell at should beneficiary of option not progress, transfer to Stockton BC in line with localism agenda.
3860	Site at North Shore, Stockton	Transfer to HCA	HCA significant landowner in project.
3835	Land at Durham Tees Valley Airport	Sale at market value. If no agreement - eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Stockton BC following a transfer from the Agency made on a deferred consideration basis	Sale at market value to owner of DTVA southside area; if no agreement, transfer to SBC in line with localism agenda, also SBC partners in project.
3839	Middlehaven, Middlesbrough	Transfer to HCA	HCA significant landowner in project.
3829	Imperial Park, Middlesbrough	Sale at market value to long leaseholder. If no agreement - eventual open market sale to ensure best consideration	Sale at market value to existing long leaseholder; if no agreement, transfer to

Ref.	Site	Proposed treatment	Rationale
		reasonably obtainable is achieved – development and disposal to be managed by Redcar & Cleveland BC following a transfer from the Agency made on a deferred consideration basis,	Redcar & Cleveland BC in line with localism agenda.
3848	Central Park, Darlington	Eventual sale in accordance with the terms of the development agreement in place in relation to the property.– development and disposal to be managed by Darlington BC following a transfer from the Agency made on a deferred consideration basis (taking into account the terms of the current development agreement)	Localism agenda; DBC active partner, landowner and party with the Agency to development agreement with scheme developer.
3882	Invista Site, Wilton	Eventual open market sale to ensure best consideration reasonably obtainable is achieved – development and disposal to be managed by Redcar & Cleveland BC following a transfer from the Agency made on a deferred consideration basis	Localism agenda; Redcar & Cleveland involved in project and considered appropriate to transfer land interest.

## 2.5 Costs of Transfer and Forward Management

The Agency has estimated that the cost of transfer including legal costs, valuation fees, due diligence work and marketing, excluding payments for management of the properties, will be significant. Until the preferred approach is approved by BIS then it is considered premature to tender this work for competitive quotes. However, experience working with similar projects suggests a figure of at least £1.5m may be required..

As discussed above, there may be Local Authorities unable to fund ongoing management and development costs. In these instances there would be a requirement for the transfer of assets to be subject to a payment in favour of the recipient body. The total is currently estimated at £3m. It is possible that should the NEEP receive a transfer of the Agency's ownership interests in the public private property partnerships, that it could provide some of these costs from its income from the partnerships.

The transfer of an asset will only take place where the purchaser or recipient body can demonstrate to the Agency the ability and capacity to ensure the site will prosper economically. In all instances the Agency will seek evidence of the proposed investment plans of the acquiring Authority. Costs associated with this will be the responsibility of the purchaser or recipient body to weigh up when bidding or negotiating for the property. Progress made against the investment plan will need to be monitored by DCLG.

The Agency estimates that the staffing costs, from April 2012 to March 2014, for receiving public bodies would amount to a total of around £1m.

As described in each of the sections above, the Agency estimates that the ongoing staffing resource to manage all of the assets beyond 31 March 2012 in this Chapter is 17 FTEs. However, it is not decided whether these FTEs will

transfer to other organisations along with the properties. This will be considered and discussed with the relevant receiving bodies.

**2.6 Timelines & Milestones**

A possible timeline including key milestones with regards the disposal of land and property assets is shown below.

- January 2011: Initial discussions have taken place with all Local Authorities and the HCA to feed into the Assets and Liabilities Plan.
- 1 March – 30 April 2011: Develop the detailed Implementation Plan.
- 31 March 2011 – BIS approval of Assets & Liability Plan and formal adoption of the Plan by the Agency's Board.
- April 2011 - March 2012: Delivery of the Implementation Plan including carrying out due diligence.

The tables below set out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing of the assets:

**Owned Assets**

Category: Land & Property		Current	Quarter Ending:				Year Ending:			Future Years	
		Jan 2011	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014		March 2015
1. Assets	Value (£000)	54,184	45,000	41,500	41,500	25,000	20,000	0	0	0	0
	Number	68	66	65	65	35	30	0	0	0	0
2. Programme Commitments	Value (£000)	27,379	20,277	16,285	12,293	12,293	12,293	6,146	0	0	0
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0	0
4. Staff	Number (fte)	12	12	12	12	12	12	6	4	0	0
5. Costs	Capital (£000)		7,102	4,392	4,392	400	300	6,147	6,146	0	0
	Current (£000)		125	125	125	125	125	1,840	1,660	0	0
6. Income	Disposal Proceeds (£000)		0	3,000	0	2,000	2,550	0	0	0	0
	Other (£000)		0	205	205	205	206	821	821	821	0

**Property Partnerships**

Category: Property Partnerships		Current	Quarter Ending:				Year Ending:			Future Years	
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014		March 2015
1. Assets	Value (£000)	129,557	126,988	126,988	126,988	126,988	124,580	120,552	116,398	112,111	0
	Number	2	2	2	2	2	2	2	2	2	0
2. Programme Commitments	Value (£000)	0	0	0	0	0	0	0	0	0	0
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0	0
4. Staff	Number (fte)	2	2	2	2	2	2	2	2	2	0
5. Costs	Capital (£000)		0	0	0	0	0	0	0	0	0
	Current (£000)		0	125	125	125	125	100	100	100	0
6. Income	Disposal Proceeds (£000)		0	0	0	0	0	0	0	0	0
	Other (£000)		2,500	1,500	1,500	1,500	3,000	10,500	9,500	9,000	0

**Notes:**

1. Value of Assets based on Loan Notes plus 50% net value of each Partnership. It is assumed that the Agency's share will be transferred to the NEEP - the value forecasts are included beyond March 2012 for information.
4. Number of staff required to monitor and safeguard the Assets
5. Legal and professional Fees associated with transfer of portfolios. Staffing costs of £100k after March 2012
6. Income is drawdown from NEPP until March 2012, after which £3m p.a. expected from Onsite NE

**Clawback & Overage**

Category: L&P Clawback/Overage	Current Dec 2010	Quarter Ending:					Year Ending:			Future Years
		March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015	
1. Assets	Value (£000)	0	0	0	0	0	0	0	0	0
	Number	162	162	125	100	65	60	40	20	0
2. Programme Commitments	Value (£000)	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0
4. Staff	Number (fta)	3	3	3	3	3	3	1	0	0
5. Costs	Capital (£000)		0	0	0	0	0	0	0	0
	Current (£000)		0	0	0	0	0	200	100	0
6. Income	Disposal Proceeds (£000)		0	0	0	0	0	0	0	0
	Other (£000)		0	250	250	0	0	200	200	200

**Notes:**

1. GAP, PIP and CIF schemes are currently being reviewed. A figure can not be ascertained until all Development Agreements are looked at on an individual basis and any potential overage/clawback calculated.

5. Costs are estimates of staffing costs for future years

**2.7 Recommendations**

The main recommendations in this Chapter are summarised as follows:

- The Agency's Land & Property assets are treated on a case-by-case to ensure that the most appropriate destination is secured;
- Assets (and their associated liabilities) are transferred in Local Authorities securing full value consideration where possible or using other methods as required;
- The Agency's interests in Public-Private Partnerships continue to be managed within the region for the benefit of the region, with both dividend receipts and capital receipts being reinvested to meet the ongoing management and maintenance costs of the assets transferred to Local Authorities and in further economic development projects (with transfer to DCLG/HCA as an alternative option);
- A selection of owned sites are sold at full market value;
- Budgets should be confirmed and approved for transfer costs of £1.5m, management, maintenance and marketing of transferred sites of £3m and staffing costs of £1m;
- In relation to the staffing identified, where possible these should be co-located in the North East. This will ensure the most efficient access to knowledge and capacity in managing the assets.

**TECHNICAL ANNEX: TABLE OF GAP FUNDING SCHEMES**

The following schemes, list by the four main sub-regional areas, have been supported by Agency Gap Funding.

The Agency retains contractual rights to clawback based on future values and total development costs of the properties. Management and monitoring of these schemes requires ongoing provision beyond the life of the RDA.

<b>Northumberland</b>	
Baker Road	Earth Balance - Phase 2
Coniston Road	Amble Regeneration - Coquet Hall
Nelson West Phase 2	Cerc, Blyth
Lionheart Phase 2 (Infrastructure)	19 Coquet Street, Amble
Admiral Business Park	Amble Regeneration - Freddie's Club
Alnwick Business Village	Sleekburn To Bedside, Cyclepaths
Nelson West Phase 3	Ashington - Lynemouth Cycle Path
Ashwood	Northumberland Business Park, Annitsford
Ramparts 15 & 16	South Jetty at Little Shore, Amble
Quay Road (Stephen Reay), Blyth	Half Tide Barrier at Little Shore, Amble
North Road New Industrial and Commercial Development	The Fourways, Amble
Low Prudhoe - Speculative Units	Infrastructure Works, Blyth
Lionheart Plot 11	Ferguson Warehouse
Earth Balance Project (west Sleekburn)	Town Square, Amble
	Bedlington Station
<b>Tyne &amp; Wear</b>	
Windmill Hills	National Glass Centre
Simonside Court	International Centre for Life
Rekedyke Improvements	Waygood Gallery
Tyne Tunnel - Intersect 19	Grainger Town Public Realm Phase IV
North Hylton Enterprise Park	Grainger Town Public Realm Phase V
Clocktower Court, Holts Yard	Hillgate Gateshead Quays
Low Yard, Walker Riverside	St Mary's Square, Gateshead
North Hylton Business Units	Sage Car Park
Littlehaven, South Shields	Chinese Cermonial Arch
Pavillion Office Units, Tyne Dock	Neptune Yard
26-30 Clayton Street	Ford & Pennywell Advice Centre
Exchange Buildings	Time To Play Limited, Chelmsford
Swan Road Development	North Seaton Colliery Community
70-74 and 82-86 Clayton Street	Meadowell Community Resource Centre
Central Post Office, St Nicholas Street	East Howdon Community Centre
Boldon Business Park	Gateshead Jewish Nursery
Tyne Dock Estates, South Shields	Cornerstone, Benwell
The Old Brewery, Houghton Le Spring	Womens Health In South Tyneside
West Harton Housing, Gateway to Ouseburn	Blyth Star Enterprise
Wylam Wharf Phase II, Hendon	Union Depot, Pegswood
East End Managed Workspace, Hendon	Pennywell Neighbourhood Centre
Newbiggin Hall Phase II	Action Station Ltd, South Shields
Cross House, Westgate Road	Fourways Enterprise/Employment
Fisher St Industrial Units, Newcastle	Renew North East, Gateshead
Baltic Flour Mill, Gateshead	Shilbottle Centre
Smiths Park Centre, North Shields	Lime Street Warehouse
Performance Square, Gateshead	Pallion Action Group
Multi-storey car park, Newcastle	Choppington Social Welfare Centre

<b>Time &amp; West (continued)</b>	
Regional Northern Music Centre, the Sage	Lynemouth One Stop Shop
Land at Smiths Park, North Shields	Cowpen Community & Training Centre
Harton Staithes Phases ½	Raich Carter Centre, Sunderland
Newbiggin Hall Phase 3	Shiney Advice & Resource Project
Land at Scotswood Road, South Benwell	Sunderland Youth Enquiry Service
The Old Town Hall, North Shields	Swan Street Centre Phase 2
	C.h.a.n.c.e Sunderland
	Swan Street (phase 1) Sunderland
<b>Durham</b>	
Villa Real Business Centre Phase 3	Managed Work Space, Bishop Auckland
Premises at Wedohl Way - Northern Trust Company Ltd	Murton Welfare Hall
University of Durham	Seaham Eastlea Community Centre
Hawthorn Colliery, Murton	Jubilee Fields Community Centre
Land at Greenlane Industrial Park	Bullion Hall, Chester-le-Street
<b>East Valley</b>	
Thornaby Town Hall	Cargo Fleet Office Accommodation
Nifco	Plot 2, Site NE3830/3, Queens Meadow
Crown House, Middlesbrough	St John's Gate, Persimmon Homes
Stockton Incubator	Britannia Biscuits, Imperial Food Park
UK Steel Enterprise	St John's Gate, Persimmon Homes
Rivergreen Developments, Queens Meadow, Hartlepool	Britannia Biscuits, Imperial Food Park
Hartlepool College	Hunden's Lane Sewer Upgrade Central Park – NWL
Dovecot Arts Centre, Stockton	Biofuels Funding Agreement
Grove Hill 2000, Middlesbrough	Site at Grove Hill, Middlesbrough
Durham Lane Industrial Park, Eaglescliffe	Annies Prop - 12/14 Church Street, Hartlepool
Fujitsu Way, Heightington Lane	Dorman Museum, Middlesbrough
Borough Business Centre, Shildon	Lower East Street, Middlesbrough
Heighton Lane West Bridge Infrastructure	Greenway Centre Extension
2/2A Marton Road, Middlesbrough	Owton Rossmere Community Resource
The Innovation Centre, Kirkleatham Business Park	Langridge Initiative Centre
Drum Industrial Estate, Chester-le-Street	South Thornaby Community Centre
Caterpillar Project, Skinningrove	The Willows Centre Extension
Berwick Hills, Middlesbrough	Trimdon Resource/Training Centre
Jupiter House, Middlesbrough	Dowdon Community Centre
The BoHo Zone, Middlesbrough	Craghead Gateway Community Facility
Preston Farm, Stockton	The Haig Crescent Centre
Centre North East, Middlesbrough	
Primrose Hill - Supreme Property	

### 3. EQUIPMENT

<b>Statement of Purpose: Equipment</b>	
<b>Category Description</b>	Equipment associated with the operational activities of the Agency.
<b>Key Assets</b>	Office Equipment and furniture, ICT and audio visual equipment, specialist scientific apparatus and consumable items.
<b>Overall Approach</b>	<ul style="list-style-type: none"> <li>• Open sale or auction via the Agency's tendering website as and when they become surplus to requirements.</li> <li>• Assets not sold will be disposed of by alternative means as waste.</li> <li>• Ongoing engagement with Government Property Unit to ensure approach is in line with BIS overall aims for property and equipment.</li> </ul>
<b>Timelines &amp; Milestones</b>	Equipment and consumable items will be disposed of last. The Agency will ensure that the assets are managed and safeguarded effectively until disposal..

#### 3.1 Category Description

The assets in this category include but are not are not limited to office equipment and furniture, specialist scientific equipment, security equipment, ICT and audio visual equipment and consumable items.

#### 3.2 Relevant Framework Principles or Other Guidance

The disposal proposals take into account the principles of the National Transition Board Assets and Liabilities Working Group and will be State Aid compliant. The Agency will adopt a process for disposals of assets and liabilities which will be demonstrably open, fair and transparent and will provide equality of opportunity for all. Accordingly the Agency will ensure that all disposals have a clear audit trail to demonstrate these principles. The use of the Agency's e-tendering system to advertise the opportunities and run the disposal process will ensure that these principles are adhered to, will provide a clear audit trail to this effect and will allow the Agency to dispose of these assets for minimal cost.

Clear evaluation criteria will be published for the disposal of all assets when they are advertised. For certain assets such as office equipment, this will only take into account the best consideration that is offered for the assets.

The Office of Government Commerce (OGC) has a "furniture clearance house" for the advertisement of the sale of furniture and office equipment. The Agency will use this forum to post adverts directing potential bidders to the Agency's e-tendering portal.

Where any European Regional Development Fund monies have been used to purchase any of the assets these will be dealt with to ensure appropriate audit requirements are met.

### 3.3 Key Assets

The assets within this category include office furniture, equipment, ICT equipment, artwork and associated consumable and peripheral items associated with our business operations. Most of the equipment is based at the Agency's head office at Stella House, Newcastle-upon-Tyne or leased offices at Riverside House, Newcastle-upon-Tyne and Cavendish House, Stockton.

There are also some items of specialist equipment, which the Agency owns as part of its support for specific programme or activity areas.

### 3.4 Overall Approach

For certain assets it is anticipated that the Agency will receive instructions relating to their disposal from Government. All other assets will be offered for sale on the open market using the Agency's established e-tendering system [www.onenortheast.bravosolution.co.uk](http://www.onenortheast.bravosolution.co.uk).

Where the market is tested through open advertising and it is unresponsive, the Agency may need to dispose of assets as waste. Should this be the case the Agency will seek to dispose of the assets without incurring expenditure and in accordance with the associated regulations relating to specific equipment e.g. IEE regulations.

#### *Office furniture and equipment at Riverside House*

The Agency has a requirement to dispose of office furniture and equipment following the move of staff from the leased Riverside House offices to the main office accommodation at Stella House. The lease is due to expire on the Riverside House offices at the end of March 2011 and dilapidations are needed to bring the building back to the original condition pre lease agreement. The Agency sought permission from BIS on 7 January 2011 to allow the process for the sale and disposal of the assets which are now surplus to operational requirements to commence.

Permission to proceed on the following basis was received by the Agency on 12 January 2011.

The process for the sale and disposal of these items will be through publicly advertised channels – utilising the Agency's e-tendering portal to facilitate the process and using the OGC Furniture clearance to advertise the opportunity. The process will allow the Agency to embed the principles of the EC Treaty and ensure that the Agency's Accounting Officer is acting within the current government guidelines. Should the market test fail to achieve interest and

successful disposal of the equipment, the Agency will seek alternative methods of approach in disposal of the equipment as waste.

*Office furniture and equipment at Cavendish House and Stella House*

Option 1

Individual items for disposal or “lots”/“bundles” of items will be advertised on the e-tendering portal with the complete description, height dimensions etc and reserve/indicative price for each item. The items will be advertised for a minimum of 10 days in the public domain. An advert will also be placed on the Office of Government Commerce (OGC) Furniture Clearance website, alerting bidders to the disposal of surplus furniture and equipment.

The best consideration offered for each item will be accepted. Where the same consideration is offered for the same item from multiple bidders then the bidder who offered first will be successful. The time of submission of the consideration is automatically generated within the bravosolution e-tendering system.

The methodology for disposals will be confirmed in the implementation action plan.

Option 2

Equipment based at Cavendish House and Stella House may be retained following discussions with the Government Property Unit so that it may be utilised by a future public sector occupier.

Should notification be received from the Government Property Unit (GPU) that new occupiers will take over the building post March 2012, the Agency will liaise with the GPU on which assets are to be disposed of and which are to be retained. On 10 January 2011 the Agency accommodated visits from members of the Civil Service North East Estates Management Delivery Board to view the Stella House accommodation.

Where assets are to be disposed the principles outlined in option 1 will be followed. Where the market is tested via open advertisement to the sale of the assets and surplus equipment remains, these assets will be disposed of as waste.

Alternative approaches to the disposal of equipment in the event of the lack of market response would be to dispose of the assets within the relevant local area to charitable or not for profit organisations.

### **3.5 Timelines & Milestones**

Equipment at Riverside House will be disposed of no later than 31 March 2011 when the lease expires.

Other equipment and consumable items will be disposed of as and when they become surplus to requirements.

The table below sets out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing the assets:

Category: Equipment		Current	Quarter Ending:				Year Ending:			Future Years	
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014		March 2015
1. Assets	Value (£000)	832	752	672	592	512	432	0	0	0	0
	Number	8	7	7	7	5	4	0	0	0	0
2. Programme Commitments	Value (£000)	0	0	0	0	0	0	0	0	0	0
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0	0
4. Staff	Number (FTE)	1.5	1.5	1.5	1.0	1.0	0.5	0	0	0	0
5. Costs	Capital (£000)		0	0	0	0	1	0	0	0	0
	Current (£000)		0	0	0	0	0	0	0	0	0
6. Income	Disposal Proceeds (£000)		5	0	0	2	20	0	0	0	0
	Other (£000)		0	0	0	0	0	0	0	0	0

**Notes:**

1. Furniture and fittings treated as single group asset for each office.
5. Minor costs for Stella House dilapidations
6. Disposals of Riverside F&F, artwork and IT hand held equipment both net of cost of sales.

#### 4. INTELLECTUAL PROPERTY

<b>Statement of Purpose: Intellectual Property (IP)</b>	
<b>Category Description</b>	Broad range of different types of IP, the majority is of low value (all assets are individually thought to have a value below £150,000).
<b>Key Assets</b>	Websites, databases, toolkits, photograph libraries.
<b>Overall Approach</b>	<ul style="list-style-type: none"> <li>• Light touch due diligence will be undertaken to establish likely marketability for each IP asset and any costs of conversion/protection. Decisions will be made on a case by case basis.</li> <li>• Sale on the open market where IP is thought to have value and is transferable.</li> <li>• Where items are assessed to have no value on the open market and where there is a strategic case for retention in the public sector, the IP will be transferred to other public sector bodies along with the liabilities and maintenance responsibilities (this principally applies to websites).</li> <li>• In some instances the IP will be packaged along with other assets and liabilities as part of a transferable unit (e.g. innovation-based patents with capital equipment and associated liability).</li> <li>• Any IP not sold or transferred will be archived/disposed of in accordance with Agency procedures.</li> <li>• All related information held will be handled in accordance to the Data Protection Act (1998).</li> </ul>
<b>Timelines &amp; Milestones</b>	<ul style="list-style-type: none"> <li>• Assessment and due diligence on IP to commence February 2011 and be complete by 31 May 2011.</li> <li>• Submission of the knowledge management plan to BIS 31 March 2011.</li> <li>• All IP with commercial value advertised by 30 June 2011.</li> <li>• IP that forms part of a transferable unit will transfer as per timescales for that unit.</li> <li>• IP not sold or transferred to be archived/disposed of by March 2012.</li> </ul>

##### 4.1 Category Description

The assets outlined within this section vary greatly. The majority are websites that have been developed as part of the day to day work of the Agency. Some directly relate to the Agency, for example the One North East corporate website [www.onenortheast.co.uk](http://www.onenortheast.co.uk), whilst others are project-related but are hosted and managed by the Agency. Although many contain commercially valuable information, it is thought that in the vast majority of cases this value is offset by the ongoing liability for the maintenance and management of the sites.

This section also contains a significant number of databases, toolkits and knowledge-based assets which are also included on the knowledge inventory

and will therefore be included within the knowledge management plan for submission to BIS by 31 March 2011. It is assumed that implementation of this Plan will commence in April 2011 and will support the disposal of knowledge assets as outlined within the knowledge management plan submitted to BIS on 31 March 2011.

#### **4.2 Relevant Framework Principles or Other Guidance**

As part of the review of all IP, assessment and disposal options will also follow/consider Annex A of the knowledge management guidance (as provided by BIS to RDAs as part of the knowledge management inventory process). This includes but is not limited to the following:

- Data Protection Act (1998) - much of the IP will contain personal data about individuals, including names, date of birth, contact details and equality and diversity information, which is contained in files, filing systems, databases.
- Any confidentiality agreements/requirements that apply to the information particularly company data or data regarding individuals.
- Guidance provided by the Central Office for Information regarding archiving websites (TG105) and managing URLs (TG125) particularly for the purposes of The National Archive.
- The Agency's knowledge management systems and procedures including archiving and disposal of information.

#### **4.3 Key Assets**

All assets are of relatively low financial value. However, many are seen to have strategic importance for example the Article 55 resources which form part of the ERDF package for transfer to DCLG or the Inward Investment marketing materials, databases etc for transfer to UKTI.

Other key assets include the 'Passionate People, Passionate Places' brand and various tourism focused websites, databases and the photo library. The key assets, and the proposed treatment, are best illustrated with reference to the following case studies.

#### **4.4 Overall Approach**

As outlined the assets and liabilities included in this Chapter are varied and the Agency will therefore need to take a range of approaches dependent upon the nature of the asset. The approaches adopted will be as follows:

- Light touch due diligence will be undertaken to establish ownership and likely marketability for each IP asset. This due diligence will be proportionate to the perceived value of the asset and the basis for all decisions regarding its disposal. A range of techniques will be utilised and support will be provided to the Agency by either or both of the Centre for eBusiness (a division of Enterprise Development North East Limited, a

wholly owned subsidiary of the Agency) and Codeworks for website evaluation.

- Decisions will be made on a case by case basis. Proposals which secure continued economic development benefits for the region will be preferred (although receipt of the best consideration reasonably obtainable will form part of the evaluation process for bids). These will be included in the Knowledge Management Plan, which the Agency will submit to BIS on 31 March 2011.
- Sale on the open market where IP is thought to have value and is transferable will follow the process outlined in Appendix B and will ensure market value is obtained.
- Where market testing reveals no commercial value, the Agency will seek to utilise the asset in the public sector (see Case Study below).
- In some instances the IP will be packaged along with other assets and liabilities as part of a transferable unit e.g. innovation based patents with capital equipment and associated liability. More detail is outlined in Chapter 6.
- Any disposal or archiving of IP will be done in accordance with the Agency's standard policies and procedures and national archiving responsibilities and only after other avenues have been exhausted.

All information will be handled in accordance with the Data Protection Act (1998), with appropriate confidentiality being maintained as outlined in Chapter 4.2.

**Case study - transfer of Destination Photography Library to another public body**

The Agency's image library contains around 1,000 high quality images of destinations, landscapes, attractions and heritage sites across North East England. The work has been undertaken by a number of local landscape photographers from 2005 to 2010. The Agency has full usage rights for the majority of all imagery and has full ownership of the copyright. It is proposed that the library is transferred to VisitBritain.

In selecting the most appropriate solution for the proposed transfer, consideration has been given to a solution that will offer the simplest future access to the photography across the breadth of all current and future organisations with the responsibility or opportunity to promote North East England.

VisitBritain, the national tourist board for promoting inbound tourism to Britain, has a long established photography library, 'Britain on View'. This is an online library with both a commercial website ([www.britainonview.co.uk](http://www.britainonview.co.uk)) and a public sector/not for profit site ([www.visitbritainimages.com](http://www.visitbritainimages.com)). Images

placed on the public sector site can be easily downloaded free of charge by Visit England, all of the Destination Management Organisations (DMOs) in North East England, Local Authorities and other partners. National and international press also have some access to the free to use imagery. As well as being used to promote North East England as a tourism destination, imagery can be used to support campaigns for business growth and inward investment.

There are a number of benefits to gifting the images to VisitBritain. By placing a large number of striking images onto the photo library, destinations in North East England are more likely to be selected to front major national and international tourism campaigns. The established awareness of the photography library means the images are likely to be used by travel trade operators and journalists across the globe.

#### 4.5 Timelines & Milestones

The Agency envisages the following outline timetable to dispose of assets and liabilities related to Intellectual Property (with key milestones) as follows:

- Submission of the knowledge inventory to BIS by 31 January 2011;
- Assessment and due diligence on IP to commence February 2011 and be complete by 31 May 2011;
- Submission of the Knowledge Management Plan to BIS by 31 March 2011;
- All IP with commercial value advertised by 30 June 2011;
- IP that forms part of a transferable unit will transfer as per timescales and shown in other Chapters of this plan;
- Any IP that fails to sell or to transfer to be archived/disposed of in accordance with Agency procedures by March 2012.

The table below sets out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing the assets:

Category: Intellectual Property		Current	Quarter Ending:				Year Ending:				Future Years
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015	
1. Assets	Value (£000)	90	90	90	70	30	0	0	0	0	0
	Number	105	105	105	55	10	0	0	0	0	0
2. Programme Commitments	Value (£000)	0	0	0	0	0	0	0	0	0	0
3. Other Liabilities	Value (£000)	100	100	80	40	20	0	0	0	0	0
	Number	25	25	20	18	10	0	0	0	0	0
4. Staff	Number (f/m)	10	10	8	6	4	0	0	0	0	0
5. Costs	Capital (£000)		0	0	0	0	0	0	0	0	0
	Current (£000)		5	12	5	5	9	0	0	0	0
6. Income	Disposal Proceeds (£000)		0	3	3	4	0	0	0	0	0
	Other (£000)		0	0	0	0	0	0	0	0	0

**Notes:**

1. / 3. Websites with costs for hosting, maintenance etc. Liabilities will be reduced by either closing, transferring or selling of sites.
4. Managing sales, transfer, closure, archiving. More detail in Knowledge Management plan to be submitted to BIS by 31 March 2011
5. Legal support costs, other consultancy, archiving, hosting costs etc.
6. Sale from a small number of IP assets.

## TECHNICAL ANNEX: LIST OF INTELLECTUAL PROPERTY ASSETS

Asset Name/Title	Description
<b>Websites</b>	
Skills North East Website	<a href="http://www.skillsnortheast.co.uk">www.skillsnortheast.co.uk</a> . Regional Employment and Skills Partnership established Skills North East website to host and hold all regional skills data and partnership information.
One North East Corporate Website	<a href="http://www.onenortheast.co.uk">www.onenortheast.co.uk</a> . One North East Corporate Website that allows the public and our stakeholders to find out about the work that the Agency does. Provides an information repository for the work that the Agency conducts.
North East England Office in Brussels	<a href="http://www.northeastengland.eu">www.northeastengland.eu</a> . Website for the promotion of North East England Office in Brussels.
Business Support North East Website	<a href="http://www.businesssupportnortheast.co.uk">www.businesssupportnortheast.co.uk</a> . Website set up to promote the use of the Government brand, Solutions for Business.
ONE Board Extranet	<a href="http://www.onenortheast.net">www.onenortheast.net</a> . Extranet to allow Agency to share information with board members online.
Moving North East Website	<a href="http://www.movingnortheast.co.uk">www.movingnortheast.co.uk</a> . Website developed to support the investment team's work on the Lyon's Review in 2004-5.
North East Non-Executive Director Website	<a href="http://www.northeastnonexec.co.uk">www.northeastnonexec.co.uk</a> . Website for the promotion of becoming a non-exec director in North East England.
NERIP Websites	<a href="http://www.nerip.com">www.nerip.com</a> and <a href="http://www.nerip-neel.com">www.nerip-neel.com</a> . Information repositories of research comm. by NERIP/One/partners. New research archives presently being added (e.g. IGNITE website).
MAS - NEPA website	<a href="http://www.nepa-info.co.uk">www.nepa-info.co.uk</a> Website for the MAS-NEPA project.
Northern Rock Outplacement Extranet Site	<a href="http://www.nrjobsearch.co.uk">www.nrjobsearch.co.uk</a> Password protected website for Northern Rock employees facing redundancy.
PV North East Website	<a href="http://www.pvnortheast.org.uk">www.pvnortheast.org.uk</a> . Website to promote the strength of the PV industry in North East England.
RDPE North East website	<a href="http://www.rdpnortheast.co.uk">www.rdpnortheast.co.uk</a> . Website that tells visitors about RDPE funding, who is eligible, how to apply etc.
Real Help for Business and People Now	<a href="http://www.realhelpnortheast.co.uk">www.realhelpnortheast.co.uk</a> - Website to promote the routes to support for businesses facing hardship and people facing redundancy during recession and current spending cuts.
Strategy for Success Website	<a href="http://www.strategyforsuccess.info">www.strategyforsuccess.info</a> - Website for the promotion of the Strategy for Success.

Asset Name/URL	Description
North East Business Space website	<a href="http://www.northeastbusinessspace.com">www.northeastbusinessspace.com</a> - An online sites and premises database containing details of allocated employment sites and available business accommodation premises within the north east region.
Science and Industry Council Website	<a href="http://www.sicouncil.co.uk">www.sicouncil.co.uk</a> Website to promote the work of the Science and Industry Council.
Tees Valley Employer Engagement Portal	Website.
Tyne and Wear City Region Employer Engagement Portal	Website.
Energy North East website	<a href="http://www.energynortheast.net">www.energynortheast.net</a> , <a href="http://www.n-ergise.net">www.n-ergise.net</a> plus nine other domain names to protect the main domain name
North East England Ambassadors	<a href="http://www.northeastambassadors.com">www.northeastambassadors.com</a> A Website to attract businesses and individuals to sign up to be an ambassador for the region.
Waste to Resources Website	<a href="http://www.wastetoresources.co.uk">www.wastetoresources.co.uk</a> Website to encourage businesses to think more about how they handle their energy and resource efficiency.
West Durham Rural Pathfinder	<a href="http://www.westdurhampathfinder.com">www.westdurhampathfinder.com</a> . Website to communicate the findings of the pathfinder project.
Youth Advisory Board website	<a href="http://www.yabnortheast.org.uk">www.yabnortheast.org.uk</a> Website set up to act as the voice of the region's young people for the North East 14 - 19 Commission.
North East England Regional Image Portal	<a href="http://www.northeastengland.co.uk">www.northeastengland.co.uk</a> - The web portal for regional image and promotion. The webpage is the generic entry point for regional image promotion and is aimed to signpost users to 4 sites i.e. Invest North East England.
North East Volunteers	<a href="http://www.northeastvolunteers.org.uk">www.northeastvolunteers.org.uk</a> Website to support those who wish to volunteer and those seeking volunteers.
IGNITE ICT - Design Statement website	IGNITE is the North East Regional Centre of Excellence for Sustainable Communities and works with key partners in the region to expand skills and knowledge and raise standards of practice in core sustainable communities occupations. There are a few tools that form part of the IGNITE portfolio and are viewed as an asset to the Agency. <a href="http://www.designstatement.co.uk">www.designstatement.co.uk</a> is an interactive writing tool for design and access statements.
Enterprise 2010 - The Ideas Bank	A regional website which has a bank for ideas, concepts and opportunities in the North East Region.
Hanlon website/database	Website / Database - Hanlon is used to collect information on individuals through their employment and entrepreneurial journeys. It enables multiple providers of support to track an individual's journey.

Asset Name/Title	Description
Extended Enterprise website, toolkits and information	Information relating to the Agency's Extended Enterprise and its Engagement strategy.
Northern Way Website	Northern Way website, location of Northern Way publications library.
OneZone, One North East Intranet	Corporate Intranet site for One North East.
Schools Engagement with the RES - Schools North East website & content	Schools North East website & content.
Higher Level Skills and Brokerage Portal	Website Portal - Skills focused portal to help SMEs identify HE provision that will meet their needs.
Energy & Environmental Industries Website	<a href="http://www.eeif.co.uk">www.eeif.co.uk</a> To promote the North East Low carbon and environmental goods and services network.
Tourism Websites Domain Name and Content	"Visit North East England" and "Groups North East" websites - Websites aimed at promoting the region to visitors and group travel (coach operators).
<b>Databases and computer models</b>	
One North East Corporate Stakeholder Database	Database held in programme SalesLogix.
Integrated Policy Model (IPM)	A computer based model which disaggregates scenarios of the regional economy across the 23 pre-April 2009 local authority boundaries.
SAM and Companies at Risk – saleslogix database	Holds company information.
International Database - Australian and New Zealand consumer database	Australian and New Zealand consumer database collected as part of 2010 marketing campaign in market. 26,616 records collected.
North East England Travel Trade Database - Tourism Marketing	A database of circa 3,500 key UK group travel contacts.
Consumer database - tourism marketing	The UK consumer database has been collected via marketing activity and has 153,625 email contacts.
Graduates For Business	Graduate & Employer Database.
Programme Management System	Database of Agency funded projects. Database has information on business process, outputs, and finances, as well as electronic documents.
Procurement - e-tendering portal and back office	The ownership under licence of the Bravosolution e-tendering system and the database of registered users, who have assigned category/commodity interests.
Promoting the Region - Investors and Regional Business Database	Database of 2000 investors and regional businesses.

Asset Name/Title	Description
Transport Wider Economic Impacts Model	Spreadsheet based model reflecting the impacts of transport improvements on travel times and costs with functionality to predict several other economic impacts
Transport Package Carbon Calculator	Spreadsheet based model designed to assess the impact of packages of interventions on transport sector carbon emissions.
SAM and Companies at Risk	SAMNet (Extranet)
Festivals and Events online toolkit	An online toolkit giving structured guidance to event promoters on how to run successful festivals and events.
IP Data and Research Documents	
STEM Portal	Provide data and information for employers, careers and others about careers that require STEM subjects and STEM activities across the region. Website focused on skills information around Science, technology, Engineering and Maths.
Bii Intellectual Property	Intellectual property. Aspirin Combination Invention, patent application number PCT/GB2008/001373 and Signature Peptide Identification PCT/GB2008/000607
Designs of the times 07	IP agreement with the Design Council where the Agency owns 50% of all IP generated through Dott07. Dott07 was a project which engaged the North East in design and sustainability.
North East Tourism Awards	IP and Rights surrounding the delivery of the annual regional awards which links into the national awards.
TVIP Engineering Diversification Study	Commissioned research into the business support requirements of engineering maintenance companies in Tees Valley.
TVIP - Carbon Capture and Storage Engineering Design - CCS engineering design study.	Study into the engineering design requirements for a CCS network for industrial emitters on Tees Valley.
TVIP - Carbon Capture and Storage Financial Modelling	Study into financial models for a CCS network, identifying financial viability of a network and financial scenario work for an industrial CCS network for Tees Valley.
TVIP Energy Hub study	Study into the potential for waste heat and energy integration on Tees Valley.
Differing rates of employment in Diverse Groups (Research)	Research Paper
Regional Employability Framework	Research and IP re the model
VONNE Reports	VONNE Reports which support the Voluntary and Community Sectors.
Business Ambassador Regional Programme - Evaluation Report	Evaluation Report.

Asset Name/Title	Description
Renew Strategic Reports - Various	Range of strategic reports e.g. Regional Waste Study, Regional Plastics Study, Battery Recycling Study, NE Environmental Technologies Network.
STEM Integrated Education Strategy.	Website, resource materials, reports, evaluation, photos, case studies.
Reports & Studies - 14-19 Regional Capacity resource	Reports and Studies.
Meeting Future Workforce Needs of Priority Sectors	3 x work related learning strategies.
Engineering Show 2010	IP on show content, website, logos, branding.
Higher Level Skills Capacity Fund	Knowledge relating to multiple projects supported under this fund.
Higher Level Skills Capacity Fund - Offshore Wind	Multiple with multiple partners - includes Rotor Hub for Wind Turbine, Microscopes, running gear etc.
Corus Skills and Employment Support	R&D Reports.
Plugged in Places Intellectual Property	PIP website, Charge your Car Brand, website, domain names and social networking sites.
Low Carbon Economic Zone Feasibility Studies	Various Feasibility Studies and reports.
European and FP7 support	European Enterprise Network and Integrated Innovation Support Programme.
Tourism Research and Statistics:	Reports and data.
Northern Way publication library	Substantial library of over 100 publications relating to the policy and research work of The Northern Way. topics covered include transport, innovation, private finance, worklessness, skills, housing.
<b>Brands and Goodwill</b>	
Passionate People Passionate Places brand	Brand and toolkit for use for awareness campaign for the North East.
One North East brand	ONE brand (logo and goodwill). Sale thought unlikely need to ensure closure as per Agency processes).
Compete North East	North East project designed to support businesses gain access to public sector and Olympic contracts
If We Can You Can	A campaign to raise awareness of entrepreneurship in the region.
Offshore Wind marketing project	Brand development and marketing strategy.
<b>Images</b>	
North East England Tourism Image Library - Tourism	The Image Library is a considerable regional asset containing circa 1,000 images of key regional tourism

Asset Name/Title	Description
Marketing	destinations/attractions, the majority of which is copyright free giving unlimited usage.
Northern Way Photo Library	Library of photographs from across the North of England, representing the various themes of The Northern Way.
Tourism Business Corporate Images	Digital photography of tourism businesses at work (For example chef / cook, waiter, reception, chamber maid, cash till, online-transactions, etc).
<b>Training materials, workbooks and guidance</b>	
Legal Services - training materials and guidance	Training materials on state aid and FAL completion and associated guidance notes.
Legal Compliance training and associated documents	Pack of training, guidance and documentation related to legal compliance.
Good Practice Framework Toolkit	Toolkit of good practice relating to Employability.
Procurement Strategy and Procurement Workbook	The Procurement Strategy and workbook contains precedents, guidance, templates, process diagrams and case studies.
Procurement - Audit Packs both Single Programme and ERDF Procurement packs	As part of the due diligence and requirements of the successor body to meet audit requirements - procurement evidence and audit packs.
Procurement - ERDF Procurement Documents, training programmes and workbook	Various guidance, templates and training materials in relation to Procurement requirements, process and best practice around the ERDF programme requirements. Training documents, Procurement handbook.
Procurement – Framework (Panel) Handbooks	Each current Agency framework has a Panel Handbook which contains all the related documents to utilise and evidence the procurement.
<b>Intangible</b>	
General Block Exemption Schemes	General Block Exemption Schemes.
Statutory Books of Extended Enterprise Organisations	The Extended Enterprise Team maintains the statutory books for a number of Extended Enterprise Organisations (EEO).
Design Network North	DNN website, network, material, brand and goodwill.
TV Footage of North East England	TV footage for the 2009/2010 TV advert promoting North East England as a tourism destination.
Entrepreneurs Forum	A regional Entrepreneurs group raising the aspirations of regional SMEs.
Inward Investment Marketing materials	A range of inward investment marketing materials on the North East key sectors as well as an overview of investment opportunities.

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<b>Asset Name/Title</b>	<b>Description</b>
North East England Service Provider Register (NEESPR)	A web based directory of service providers which is used to promote impartial brokerage.
North East England Investment Centre (NEEIC)	The North East England Investment Centre (NEEIC) was established to help new and existing businesses to develop and grow by investing public funds in them.

## 5. ACCESS TO FINANCE

<b>Statement of Purpose: Access to Finance</b>	
<b>Category Description</b>	Venture capital and loan funds (VCLF) which provide various forms of finance direct to business.
<b>Key Assets</b>	14 legacy funds (no longer investing but under portfolio management) and 8 live funds (i.e. making investments from 7 Finance for Business North East Funds (global offer) and the Creative Co Investment Fund). There are also 4 companies in which the Agency holds ownership interests. Key legacy funds include COIF , POC , NEIF 3 and NEIF 3B NEL Growth Fund and the Evolve Mezzanine Fund and the key live fund is FBNE £160m (public sector contribution (ERDF/SP) approx £90m.). This figure includes operating costs.
<b>Overall Approach</b>	<ul style="list-style-type: none"> <li>• Capital for Enterprise Ltd. (CfEL) will take responsibility for overseeing VCLFs at a national level, so transfer of the Agency's funding and ownership interests in the North East JEREMIE initiative will be in accordance with the agreements made with the National Transition management group.</li> <li>• ERDF investments in VCLFs will transfer to DCLG along with the Agency's ERDF team.</li> <li>• Single Programme investments in VCLF's will transfer to BIS (or CfEL as BIS' agent).</li> <li>• Management of legacy funds (including portfolio management of residual investments and transfer of North East VCLF companies) should sit within North East Access to Finance Limited as originally intended.</li> </ul>
<b>Timelines &amp; Milestones</b>	Transfer to CfEL expected by June 2011 in accordance with the National transition management plan.

### 5.1 Category Description

This Chapter covers all of the Agency's venture capital and loan funds, traditionally referred to as Access to Finance Initiatives. The main elements are:

- Funding contributions (through ERDF and Single Programme) and legacy interests in a total of 22 venture capital and loan funds. This includes 14 historic or legacy funds and eight live funds (seven currently operating under the FBNE initiative together with the Creative Co Investment Fund).
- Interests in five companies delivering Access to Finance in the North East:
  - North East Regional Investment Fund 3 Limited ('NERIF 3');
  - North East Regional Investment Fund Partner Limited ('NERIF P');
  - North East Access to Finance Limited ('NEA2F');
  - North East Finance (Holdco) Limited ('NEF');

- North East Finance division of Enterprise Development North East Ltd (the 'NEF division of EDNE').
- Support and funding of the Finance for Business North East (also known as 'JEREMIE') corporate structure which includes NEA2F to March 2013 and operating costs for NEF and product fund manager costs for JEREMIE to 2015.

## 5.2 Relevant Framework Principles or Other Guidance

### *National Context and Key Assumptions*

Work is being undertaken at a national level through the National Transition Board. As part of this a number of overriding principles have been established to help the discussions on the future public sector management of regionally delivered Access to Finance initiatives. These principles require the Agency to:

- Operate in line with the principles in the Local Growth White Paper (with CfEL taking the national lead for VCLFs);
- Maintain continuity of delivery of SME investment support;
- Limit Government's exposure to potential liabilities arising from the schemes;
- Maximise the effective delivery of VCLFs and the potential long term returns;
- Manage effectively any staff transfer issues relating to the delivery structure;
- Ensure that the first returns from ERDF (invested in SMEs) are reused in the region for the benefit of regional SMEs;
- Facilitate DCLG becoming the managing authority for ERDF.

The Local Growth White Paper made clear Government's intention to continue to invest in measures to address market failure in equity and debt markets for SMEs. As this is a national market failure, and to provide economies of scale, this activity will be led and managed at national level. The White Paper makes the case for greater coherence and consistency in establishing and managing existing and future publicly backed VCLFs and states Government's intention for the future management of these schemes to be underpinned by three principles:

1. A national structure of oversight and management function maximising the specialist skills and knowledge of CfEL as the Government's centre of expertise in SME finance interventions.
2. A delivery structure will be retained whereby fund management, referral and investment decisions remain sited in the areas that funds are commissioned; and, that national oversight and management incorporates a supporting structure of local engagement and input. This presents a potential role for LEPs' strategic voice and as a source of rich insight in to the needs and priorities for businesses in local areas.

3. New structures of management and delivery will remain compliant with rules set out by ERDF and protect the financial and legal interests of Government and delivery partners including other private sector investors.

A national transition group has been established with representatives from CfEL, BIS (ED, EDD & legal), DCLG, HMT, shareholder executives and RDAs. The Agency has been fully engaged and is working to ensure that all assets and liabilities are transitioned in accordance with the agreements made.

### 5.3 Key Assets

#### ***Finance for Business North East (JEREMIE Initiative)***

The key Access to Finance initiative in the North East is the operational Finance for Business North East programme. It covers a £125 million fund and associated operating costs and is funded using the EU JEREMIE programme (funding from Single Programme, ERDF and the European Investment Bank). Six live funds are currently investing in businesses, utilising a procured panel of fund managers with a seventh (micro finance) due to commence investing in early 2011.

These will be in active investment until mid 2015 with portfolio management out to the end of 2020. Single Programme/ERDF is only available to cover the investment period with returns on investments and Idle Funds expected to meet all costs/charges beyond this date.

ERDF legacy funds must be reused for the benefit of SMEs in the region in which they arose. The aim is to use legacy funds to enable a JEREMIE type programme to be re-created every five years as funds become available for re-investment. The JEREMIE programme is not expected to start to generate significant legacies until the final payment to the European Investment Bank (EIB) is discharged (forecast 2017).

There is an ongoing need for monitoring from both the Single Programme and ERDF funding perspectives. This is currently undertaken jointly between Agency staff and ERDF Managing Authority.

#### **Case Study – Finance for Business North East and supporting structure**

This fund is a regionally significant priority and transfer will involve the novation of several funding agreements to other Government departments/NPDBs:

- SP funding for NEA2F (approx. £2m)
- Joint SP/ERDF funding for NEF operating costs (£8m)
- Joint SP/ERDF funding for Product Fund operating costs (£22m)
- SP funding for Investment Capital (£18.25m)
- ERDF funding for Investment Capital (£44.25m)

It will also involve the transfer of the Agency's interests in NEA2F and NEF to

another public body (likely to be CfEL) and the transfer of the Agency's wholly-owned subsidiary companies NERIF 3 and NERIF P to NEA2F (or CfEL). To close businesses and move assets would potentially be more complex.

The main issues to address during any novation/transfer would be:

- Maintaining classification of both NEA2F and NEF as private sector. If the current corporate structure is altered the current private sector classification will be put at risk.
- Ensuring any plans for legacy funds (if placed with NEA2F) are covered by sufficient legal agreements to build national oversight and control.
- Continuing monitoring of Single Programme and ERDF investments and the methods to be employed for permissions to be given in respect of the use of legacy monies;
- Ensuring that legacy returns from historic funds are treated in the most tax efficient manner.
- Ensuring that both SP and ERDF legacy monies are ringfenced for reinvestment in the region.
- Methods to reallocate monies from non Agency owned Access to Finance companies in the North East (e.g. NF Holdings).
- Addressing any issues relating to DCLG Managing Authority role in relation to legacy deployment and management of FBNE.
- Section 5 clearance for transfer of One North East ownership interests in companies.
- Address any state aid issues of transfer of assets (legacy) from public body to private (technically held in trust for region but may need to access for administration costs).
- Make up of Board structures.
- Addressing issues in relation to European Investment Bank position as debt funder of the FBNE programme.

This complex transfer must be managed according to the emerging target date of June 2011.

### ***Regional Governance Structures for Access to Finance***

The decision to utilise the JEREMIE Initiative to access EIB match funding was in many ways a natural progression for the region. As discussed more fully below, the Agency has a strong history of developing regional investment funds and other access to finance initiatives. Over this time it has built up strong expertise both in the public and private sectors. In many ways, utilising the JEREMIE opportunity was the next logical and evolutionary step for the region. This step allowed an Agency review of how Access to Finance was managed and governed. A new governance structure was developed, taking on lessons from previous experiences. The review resulted in a two company model. The parent company, NEA2F, is designed to hold the financial and knowledge legacy for the North East. NEA2F was created (as discussed with Government at that time) to hold and oversee the management (maximisation) and reinvestment of legacies. The other principal role of NEA2F was to hold

the regional 'corporate memory' and learning from past initiatives. It is its responsibility to provide advice and guidance with the ambition of ensuring any future initiatives represent the optimum strategic use of the resources available for the North East. Other specific responsibilities of NEA2F are to:

- Monitor the wider access to finance investment fund activities in the region;
- Oversee the residual activities from the wide and disparate range of legacy funds and access to finance activities from previous Single Programme and European Programme periods;
- Safeguard and redeploy the legacy monies that are passed to it that arise from existing fund activities and all future funds;
- Use legacy funds to facilitate the development of new regional funds and in particular successors to JEREMIE;
- Initiate investee support programmes for SMEs covered by JEREMIE;
- Facilitate stakeholder engagement that will demonstrate the region as a good place for investment.

This company is independent of public control but has a governance framework which ensures that funds held by this company can only be used for the benefit of the North East.

A four year funding agreement to NEA2F was provided in April 2009 and is due to finish in March 2013 (subject to BIS confirming it will take on liabilities beyond 2012).

The (JEREMIE) Finance for Business North East programme is managed and co-ordinated by NEF. NEF is a wholly owned subsidiary of NEA2F but for governance and funding reasons is substantially operationally independent.

This two company structure has been designed to ensure classification of the delivery companies by the Office of National Statistics as private bodies. The structures ensure that EIB borrowing does not fall onto the National Accounts (PSBR) and that the requirements of the ERDF Managing Authority and the specific European instruments concerning the EU JEREMIE initiative are satisfied. This structure is extremely complex and carefully balanced to address the requirements of the various funders.

### ***Historic and Legacy Initiatives***

There are 14 regional legacy funds from the previous Access to Finance programmes which either have or will soon reach the end of their investment periods. These funds have an estimated original capital value of around £100m at the point of investment. The funds have made just over 800 investments in 681 businesses. Some of the investments have now been completed, and the number of live investments at 31 December 2010 was

around 400. Legacy funds have resulted from VCLF projects that were only funded through Single Programme, only funded through ERDF, or a mix of both Single Programme and ERDF. Also alongside these are a number of agreements covering management costs against legacy.

### ***NF Holdings Limited***

In addition (and for historic reasons) the Agency (and the ERDF Managing Authority) holds limited residuary interests in any proceeds generated from the sale of the assets of NF Holdings Limited. The main assets of that company are two commercially operating fund management subsidiaries (NEL Fund Management Group Limited ('NEL') and North Star Equity Investors Limited ('NSEI')) and other fund management related organisations which will eventually be sold on an arm's length basis. NF Holdings Limited operates five investment funds made up of a combination of ERDF and Single Programme. Eventually the company will also hold legacy returns. These legacy returns are, in accordance with ERDF funding rules, regionally hypothecated and must be reinvested in Access to Finance initiatives in and for the benefit of the North East. There will be an ongoing monitoring obligation in relation to this legacy in respect of both the ERDF and Single Programme Funding.

The Agency retains some influence over the destination of consideration monies on the sale of NEL or NSEI or both. The consideration is currently unquantifiable and will be established by NF Holdings on a commercial sale process, following consent to the proposed sale being given by DCLG (as is required under a funding allocation agreement), The Agency does not have clear rights to the legacy or over any surplus assets of company on liquidation but is entitled to influence their use for the benefit of the region (although for ERDF DCLG must also agree their final use).

## **5.4 Proposed Approach**

### ***Activities to Safeguard***

There are a number of activities which will require ongoing management beyond the expected closure date of the Agency. These are:

- Monitoring of the FBNE fund (and associated projects) – expected end approximately 2021;
- Portfolio management of investments made by Enterprise Development North East Ltd (EDNE) funds – expected end approximately 2013/14;
- Portfolio management of residual investments from legacy funds – expected end approximately 2013/14;
- Portfolio management of Creative COIF to end approximately 2016;
- Monitoring of legacy funds against expected outcomes (inc. generation of legacy funds) – expected end approximately 2015 including closure;
- Monitoring and reporting on use of regional legacy monies;
- Develop proposals for use of Legacy funds (inc. at some point FBNE returns);
- Decisions on use of legacy monies.

#### ***Finance for Business North East (JEREMIE)***

The governance structure is so finely designed and so bespoke to the requirements of the funders, that any attempt to re-engineer the structures (due to the funders' relationship with it and the EU legislative requirements) could result in ONS private classification being lost and create a direct impact on BIS Departmental Expenditure Limits. Altering the structure is not considered to be either a desirable or a realistic option. As a consequence, it is proposed that CfEL simply takes over the Agency's monitoring responsibilities, which include observer rights on the NEF Main Board and on its specialist Advisory Board and other rights to obtain governance assurances and information. Similarly, it is proposed that CfEL also takes over the Agency's rights in relation to NEA2F, which include observer rights on the main board and the right to step into membership in restricted circumstances. Again, these rights provide assurance and support effective delivery of monitoring obligations, as under, the suite of funding/governance agreements.

These proposals appear to be consistent with the emerging national approach being proposed by BIS and CfEL.

These activities currently sit within a single team supported by the senior management structure of the Agency. To continue this activity, the Agency anticipates an ongoing requirement for two FTE staff. There are national plans (under development) to transfer these functions to CfEL, with a similar approach being proposed within each English Region. Feedback received from Local Authorities has also suggested that the NEEP could play a role in supporting CfEL to carry out these functions. This could take the form of the co-location of CfEL staff with those of the NEEP, or, if required, the NEEP

supplementing the two FTE staff whom the Agency proposes to transfer to CfEL with additional resource from the NEEP.

Additionally there will be a requirement for separate monitoring of ERDF funding but it is assumed that adequate specialist capacity will be housed within DCLG. There would be benefits with these activities being physically co-located within the region due to the common interests and specialist nature of the expertise required.

### ***Portfolio Management***

Portfolio management activity of the following four fully invested (or to be fully invested by December 2011) funds will be required:

- Three Pillars Fund (EDNE);
- Design & Creative Fund (EDNE);
- TV Fund (Northern Film & Media);
- Creative COIF (Northern Film & Media).

This legacy portfolio management is currently carried out by Agency staff (on behalf of EDNE) for the 3PF and DCF and NFM for the TV Fund and Creative COIF (which has no contracted portfolio management beyond December 2011). This activity will need to continue to maximise the legacy returns and deal with the responsibilities as an investor in a number of businesses. This activity could require the active management of portfolios in the region of 80 - 100 investments.

It has always been intended that the responsibility for portfolio management would be passed to NEA2F. It can then be continued by staff within that company (which is believed to be the most cost effective option) or outsourced by procurement. The Agency believes that this is could be carried out by one FTE potentially transferred into NEA2F with the portfolio management responsibilities. The arrangement ensures proper separation between the monitoring and management activities.

### ***Monitoring, Reporting & Developing Use of Legacy Monies***

At the time of the design of the two company structure and as discussed with Government during the 'Section 5' application process, it was the medium term intention to transfer all historic legacies under the management of NEA2F.

This remains the preferred regional solution as:

- Governance structures have been carefully designed to ensure the legacies are ringfenced, secure and protected for public duty purposes (but nonetheless within a privately classified company and group).
- Within the structure, the original public funders remain appropriately engaged and maintain the necessary governance assurances.

- Due to history and the development of Access to Finance initiatives over time there is benefit in rationalising management structures most efficiently under single, unified management.
- Constraints over the legacies under existing funding arrangements mean that they are regionally hypothecated and constrained. They must be reinvested in the North East for particular purposes. The first recycling will need to be monitored closely against a set of clear objectives and it would seem appropriate to have this housed within NEA2F (but potentially held in separate accounts or corporate vehicles) with clear reporting lines into CfEL (and where appropriate ERDF Managing Authority).
- The legacies will be subject to ERDF audit and there is the possibility of clawback claims arising during the monitoring period. If legacies are managed under the umbrella of NEA2F it will be possible for one employee of NEA2F to carry out the management role for all funds, thereby ensuring expertise to deal with audit and clawback is maintained, thus allowing optimal management. If there is a claim the private classification of the company insulates the Government and CfEL from legal or moral obligations for repayment of claims.
- The observations above apply equally to future legacy returns from the Finance for Business North East (JEREMIE) legacy.
- By CfEL taking over the Agency's rights, it can monitor and influence the design of future initiatives whilst also being able to draw upon Local knowledge/intelligence to fix the scale of legacies into context with current funds (FBNE) and local activities. Importantly CfEL can do this whilst being insulated from legal and commercial risk. FBNE funds are not anticipated to generate legacies until 2017 at the earliest. These are already covered in the funding and company structure arrangements. Additionally the role of NEA2F is likely to run to 2021 beyond the end of the Holding Fund Management agreements (2020).

Funding beyond March 2013 will be required and the JEREMIE structure anticipates that this can, in part and subject to certain controls, be drawn from legacy monies. The Agency must be satisfied that this funding issue has been resolved before implementing any of these ownership changes.

### ***Decisions on Use of Legacy Monies***

National plans have CfEL/BIS at the centre of any use of legacy monies on new funds. This is clearly stated in the various white/green papers covering Government considerations. In essence this is no different to the practices already in place for current ERDF programme which involve a combination of BIS/CfEL and DCLG.

The intangible is where would any detailed development/appraisal work be undertaken given there is likely to be involvement of ERDF legacies and the need to ensure Managing Authority buy-in to the use of legacy monies.

CfEL is skilled in the development and introduction of funds and has assessed all regional funds to date with no discernable requirement for additional staff (for this function). From National plans it seems likely that there would be a need for the same type of development/appraisal functions required currently within the RDA for approaches that may have accessed Single Programme alongside legacy monies (although given spending constraints it is considered unlikely any significant Government monies would be available for matching against legacy monies). The development/appraisal function may well be different for the Managing Authority role in the ERDF programme.

In terms of the development of new Access to Finance products from legacy monies, it is proposed that NEA2F would take responsibility for this, working under the supervision of CfEL. The Agency hopes that CfEL will choose to have some of its staff located within the region co-located with other Government staff dealing with other Agency assets.

## 5.5 Timelines & Milestones

The key timelines, set out by each element, are as follows:

- **Finance for Business North East (JEREMIE).** National plans have a phased approach for regional Access to Finance and JEREMIE Initiatives across the RDA network. The indicative timetable has the first being transitioned by April 2011 with the final by September 2011. CfEL proposes to transfer the Agency's activity by June 2011. However due to some of the complex relationship issues this timetable may slip.
- **Portfolio management.** Temporary plans are in place for EDNE funds until September 2011. Creative COIF would need to be transferred by January 2012. Other funds should still have sufficient fund management capacity and funding (e.g. NERIFs).
- **All aspects of managing legacy monies.** Indicative timetable has the first being transitioned by April 2011 with the final by September 2011. This may slip due to the complexities of DCLG/ERDF.
- **Transfer of Agency ownership interests in non-JEREMIE Access to Finance Companies,** (NERIF companies). Transfers to be completed by 31 March 2012 following Section 5 approval.

The table below sets out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing the assets:

Category: Access to Finance		Current Dec 2010	Quarter Ending:					Year Ending:			Future Years
			March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015	
1. Assets	Value (£000)	0	0	0	0	0	0	0	0	0	0
	Number	22	22	22	22	0	0	0	0	0	0
2. Programme Commitments	Value (£000)	20,766	20,220	16,120	12,020	12,020	12,020	3,880	0	0	0
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0	0
	Number	0	0	0	0	0	0	0	0	0	0
4. Staff	Number (fte)	3	3	3	3	0	0	0	0	0	0
5. Costs	Capital (£000)		546	4,100	4,100	0	0	8,140	3,880	0	0
	Current (£000)		20	40	40	0	0	0	0	0	0
6. Income	Disposal Proceeds (£000)		0	0	0	0	0	0	0	0	0
	Other (£000)		2,500	0	3,000	500	0	3,000	6,600	2,100	0

**Notes:**

- 1. The number shows Funds that need to be monitored by the Agency, even though not direct Assets
- 4. Number of staff required to monitor and safeguard the Assets - assume 2 for management and monitoring transfer to Capital for Enterprise from Sep 2011, and a further Programme Management to NEA2F from same date.
- 5. The Capital costs are current commitments. Legal costs associated with transfer also noted under current costs.
- 6. Other Income shows returns from Funds. The returns from Transition Loan Fund are assumed to accrue to One North East up to March 2012.

The Agency will implement the proposals in this Chapter by applying under established Section 5 procedures to transfer ownership of the NERIF companies to NEA2F once it is satisfied that:

- There is a credible legacy management plan;
- CfEL has indicated that it agrees to these proposals.

## 6. BUSINESS & OPERATIONS

<b>Statement of Purpose: Business &amp; Operations</b>	
<b>Category Description</b>	Internal Agency 'business units' which could be transferred to, sold to, or continued by new host bodies. All of the Agency's interests in 'Section 5 Companies' (also termed Extended Enterprise Organisations or EEOs).
<b>Key Assets</b>	<ul style="list-style-type: none"> <li>• Transferable Business Units include ERDF, Access to Finance, GBI, RDPE and Grant for R&amp;D.</li> <li>• EEOs include wholly-owned organisations, joint ventures and those in which the Agency retains step-in rights (such as Narec, CPI and NEA2F).</li> </ul>
<b>Overall Approach</b>	<ul style="list-style-type: none"> <li>• Review all options for Business Units and EEOs to ascertain Government requirements, ownership and governance arrangements and market demand on a case-by-case basis.</li> <li>• Support ongoing operations of unit or EEO by:               <ol style="list-style-type: none"> <li>1. Transferring to another Government department or agent.</li> <li>2. Pursuing sale.</li> <li>3. Supporting modification of governance arrangements.</li> </ol> </li> <li>• Where these are not possible the Agency will:               <ol style="list-style-type: none"> <li>1. Commence redundancy processes for internal Agency employees where affected;</li> <li>2. Support EEOs to commence winding down of their operations where necessary.</li> </ol> </li> </ul>
<b>Timelines &amp; Milestones</b>	<ul style="list-style-type: none"> <li>• Submissions to BIS by 30 June 2011 to request Section 5 changes. Changes to be effective from 30 September 2011, subject to BIS approval.</li> <li>• Relevant business units/EEOs will be advertised for disposal by 31 July 2011.</li> <li>• Work to timescales set by Government for the confirmed transfer of functions to other public bodies.</li> <li>• All disposals to occur by 31 March 2012.</li> </ul>

### 6.1 Category Description

Transferable Business Units from within the Agency are those units or teams that hold clear responsibility and expertise for a defined area of Agency work which either (a) the Government has identified as needing to continue following the closure of the Agency under a new host body, or (b) may be capable of transfer to a new host in the North East. For units where the Government has identified an ongoing need, this host is most likely to be a Government Department or nominated agent (for example a NDPB). For others it may be a regional organisation where appropriate. The units included in this plan are those that have been identified up to January 2011 as part of the transitional planning process.

As part of the implementation of this plan it is expected that this list may change as additional areas are identified or as opportunities are lost due to budget restrictions or other issues (such as lack of interest from the market).

Extended Enterprise Organisations ('EEOs') are those legally independent organisations in which the Agency holds an ownership interest and has received consent from Government to hold this interest in accordance with Section 5 of the RDA Act 1998.

The Agency has an extremely diverse Extended Enterprise including:

- Wholly-owned subsidiary companies.
- Joint-venture companies.
- Joint-venture limited partnerships.
- Companies in which the Agency retains rights to "step-in" and take ownership under certain prescribed circumstances.

## 6.2 Relevant Framework Principles or Other Guidance

### *Nationally Significant Activities*

The list of Transferable Business Units that is shown in section 6.5 has emerged from discussions with BIS (though various working groups) and from the Local Growth White paper. It is anticipated that these transfers will be made using legislation or following Government direction. The approach to staff transfers will be dependent upon TUPE and/or COSOP requirements.

### *Other Activities*

There are a range of business activities or ownership interests in EEOs, which partners may be interested in continuing in the North East. The Agency has obtained external legal advice concerning the implications of the financial promotion regime in the Financial Services and Markets Act 2000 on the ability of the Agency to market or advertise Transferable Units or its interests in EEOs for sale. Based on this advice it is believed that marketing and sale of these assets is not caught by the financial promotion regime as these activated would fall outside the definition of "controlled investments" or a "controlled Activity".

## 6.3 Key Assets

The main assets in this Chapter fall into one of the following natural areas:

- Transferable Business Units;
- Innovation-related EEOs, such as Narec and CPI;
- Other EEOs like Hadrian's Wall Heritage Ltd.
- The Agency's Property Partnerships and Access to Finance EEOs are dealt with in Chapters 2 and 5 respectively.

## 6.4 Overall Approach

The Agency is committed to supporting internal Business Units and EEOs through transition to the best of its ability. This will include support in adapting governance structures or operations where necessary, or support the organisations with the practicalities of transition and closure. It is recognised that there may be costs associated with giving this support and this is discussed in more detail in section 6.6 below.

It is also recognised that, as independent legal entities, decision making in relation to the continuing activities of EEOs remains the responsibility of their Boards. However, the Agency will provide all reasonable assistance to the Boards of EEOs through any transition and/or closure processes.

The Agency will consider each EEO and ownership interest in EEOs on a case by case basis. However, as a general rule, it is unlikely that the best consideration reasonably obtainable will be the overriding criteria when disposing of these assets as:

- All EEOs are vehicles that were set up to fulfil a specific public duty objective for the benefit of North East England and the benefit to North East England of these EEOs continuing to operate is deemed to outweigh the National principle that the Agency should receive the best consideration reasonably obtainable on the sale of an EEO.
- Although significant investments have been made by the Agency in its EEOs, many would be unlikely to attract a significant consideration on their sale to the open market, owing to the specific public duty purposes for which they were incorporated.
- A number of EEOs are joint ventures in which the Agency is bound by the terms of Members of Partnership Agreements which limit the Agency's ability to sell its interest to a third party for a profit.

In relation to the Agency's Transferable Business Units it may not be realistic to expect another public body, which will be picking up all core cost responsibilities for the operation of any Transferring Business Units, to pay a cash consideration to the Agency on the transfer of that unit

The Agency has reviewed strategic options for each Transferable Business Unit and EEO to complete an initial assessment and make proposals most appropriate to that Unit or EEO. This has been done on a case-by-case basis.

For each Unit or EEO, the next steps will involve:

- Ascertaining whether Government policy will provide a clear destination, thus providing a lead for a transfer.
- Establishing whether the Unit or ownership interest may have a 'market value' by undertaking some pre-sale due diligence and 'soft' market testing.
- (For EEOs) Revisiting all members' agreements with joint venture partners to ascertain whether the Agency must follow any pre-emption procedures prior to disposing of its ownership interest.

- (For EEOs) Liaising with BIS in relation to Section 5 prohibitions on disposals prior to posting disposal advertisements.

Three main courses of action will then follow:

1. Transfer to other Government Department or agent:
  - i. A framework for the transfer of Business Units from the Agency has been developed and implementation will ensure transparency in decision making through the transfer process.
  - ii. Work with Government Department or agent to identify and agree the assets, liabilities and employees for transfer.
  - iii. Agree the legal terms for employee transfer (e.g. TUPE, COSOP).
  - iv. Develop a detailed transfer plan for each Business Unit that includes any resource requirements and timescales for transfer completion. Such plans will also include the development of a transfer pack containing the relevant knowledge, records and other necessary information assets
2. Pursue sale (where the Business Unit or EEO have potential value and are transferable as agreed with any partners if EEO is joint venture). This sale will follow the process outlined in Appendix B. As described the evaluation criteria in relation to bids for Business Units or EEOs will favour those bids that will ensure continued economic development for North East England. Best consideration reasonably obtainable will also be part of the evaluation criteria but will not be the primary objective.
3. Application to BIS to modify ownership interests in and governance of certain EEOs to enable them to have a sustainable future beyond the life of the Agency:
  - Where it is believed that an EEO has a sustainable future following the abolition of the Agency, but that this future has a greater chance of success if public ownership and governance controls are relinquished, applications will be made to BIS on a case by case basis to request modifications to the EEO's ownership and governance to allow this to occur. Examples of the modifications that may be requested include:
    - BIS agreeing to withdraw the conditions imposed on the Agency and the EEO under the Section 5 consent letter received by the Agency prior to the establishment of the EEO.
    - The Agency withdrawing as a Member of the EEO and giving up all rights (other than those relating to funding allocation letters to the EEO) in relation to its governance, other than possibly maintaining an observer on the Board of the EEO.
    - The EEO altering its corporate structure (for example to become a Community Interest Company or a charity) to provide the public sector with confidence that the governance arrangements of the EEO will remain sufficiently robust for the public sector to withdraw its ownership rights from the EEO without having to be concerned

about the future use of publicly funded assets owned by the EEO. This is most likely where the Agency holds step in rights for innovation assets.

4. If no bids are received or where sustainability is not possible for a Business Unit or EEO the Agency will (subject to receipt of Section 5 consent where required):
  - Support the EEO to carry out an orderly winding down of its operations where necessary;
  - Commence redundancy processes for internal Agency employees where affected.
  - Withdraw its membership from joint venture EEOs which may continue to operate without a public sector successor for the Agency.

During the consultation process various EEOs have stressed the need for actions to be taken quickly in order for them to be placed in a position to secure their own futures. This particularly relates to those EEOs whose funding runs out in March 2011. As a result Government is asked to:

- Take decisions about the suggested options for each EEO at the earliest opportunity (and in advance of the approval of the overall Plan if required);
- Provide the Agency with some funding powers in the 2011/12 financial year in order to allow it to financially support some EEOs through their transition or closure.

If decisions on these issues are not taken with speed our consultations with EEO partners suggest that a number of EEOs will be forced to wind down their operations. If decisions are taken promptly it will give them an opportunity to secure a sustainable future which will be for the benefit of North East England.

## 6.5 Case-by-Case Proposals

### *Transferable Business Units*

The Agency will pursue transfers of its functions, mostly in line with Government/destination body timetables, as follows:

Business Unit	Likely Destination	Official Transfer Date	Status
Access to Finance	BIS (CfEL)	TBC	National policy, Agency is working with Government to achieve transfer.
RDPE	DEFRA	1 July 2011	National policy, Agency is working with Government to

Business Unit	Likely Destination	Official Transfer Date	Status
			achieve transfer.
ERDF	DCLG	1 July 2011	National policy, Agency is working with Government to achieve transfer.
Innovation Centres	BIS (TSB) depending on outcome of TICs agenda - TBC	TBC	Requires discussion on delivery capacity and capability with BIS (TSB) in context of TICs
Inward Investment & SAM	BIS (UKTI) National Contractor -TBC	TBC	National policy, Agency is working with Government to achieve transfer.
Capital Development Portfolio	Various - TBC	Various - TBC	Management functions will transfer aligned to sub-categories when this Plan is approved.
MAS	BIS National Contractor - TBC	31 March 2012	Possible transfer depending on new arrangement.
GBI	TBC	TBC	Possible transfer depending on national policy.
Grant for R&D	TBC	TBC	Possible transfer depending on national policy.
NERIP (Regional Observatory for the North East)	TBC	TBC	Possible open market sale or other transfer.
Plugged in Places	TBC	TBC	Possible open market sale or other transfer.

These timescales are 'best estimates' at this time and are likely to change as details of the transfer requirements are agreed. Other areas will be identified through the implementation action plan.

If no suitable host is agreed for these Business Units the employees will need to be placed at risk of redundancy. Accordingly it is imperative that Government takes decisions at the earliest opportunity, both to provide job certainty to the affected employees and to allow the Agency to progress the transfers at the earliest opportunity.

Our approach for the transferable units is best described using the following examples as case studies.

#### **Case Study – Pursuit of Government Policy to Manage GBI Legacy**

The Grant for Business Investment Scheme provides a capital grant for businesses to support sustainable investment in England, to help businesses

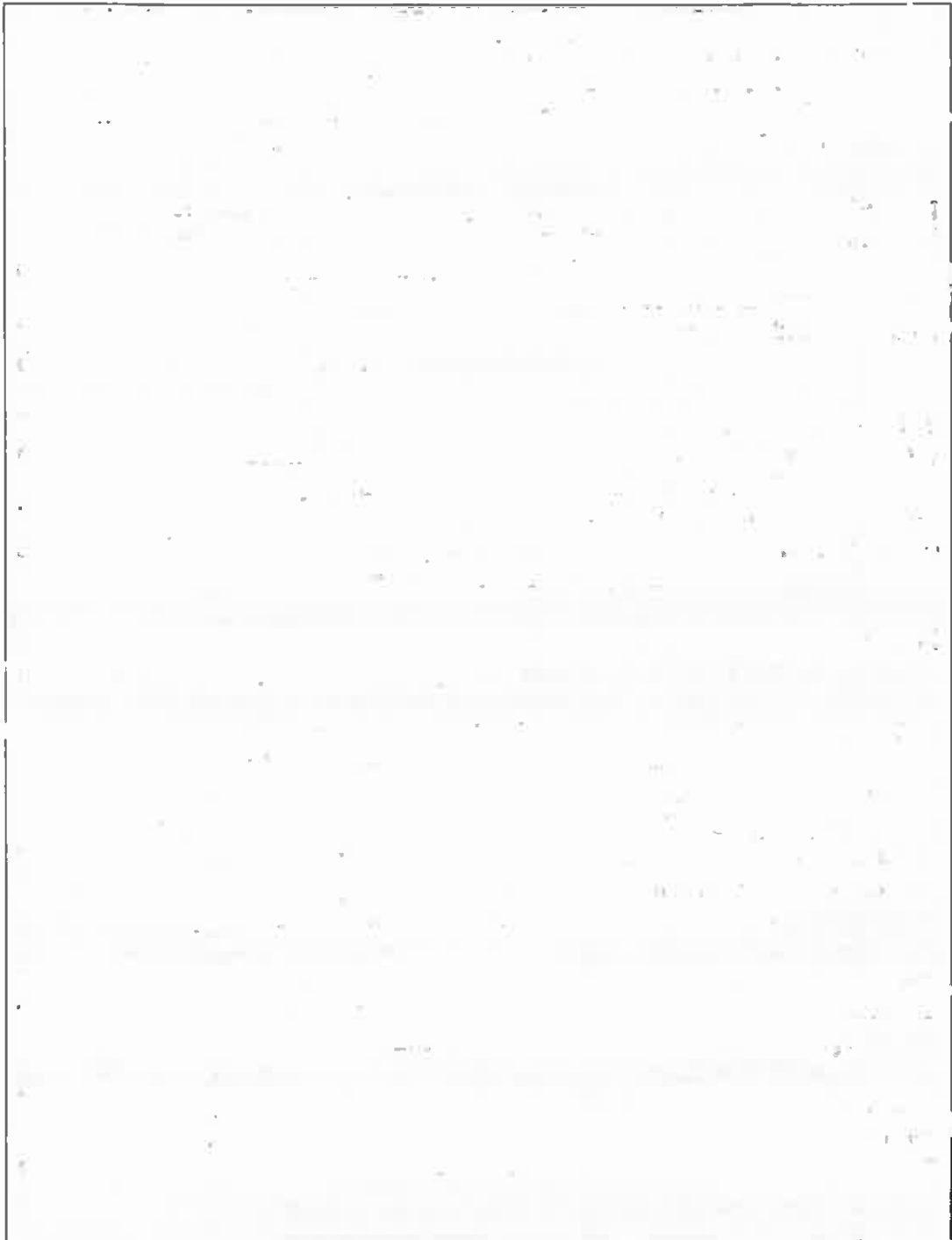
expand, rationalise, modernise and diversify. The RDA has monitoring responsibilities for large (offers in excess of £2m) GBI grants. Currently the Agency has a team of 10 staff delivering the GBI scheme.

The Local Growth White Paper made clear that GBI will cease with the closure of the RDA, with the exception of larger scale cases which will be considered in exceptional circumstances. Options are being explored through BIS Transition Board for managing those projects that have not come to an end by 1 April 2012.

The transition of the GBI scheme will be in accordance with BIS guidance and oversight. At present the RDA has £45m of liabilities within the scheme involving 291 live projects. Whilst the liabilities for a number of the projects will end by the closure of the RDA, 64% of the projects have financial liabilities expected to run beyond March 2012, some up to 2017. In addition 266 live projects require monitoring in accordance with the GBI scheme. Whilst a number of the projects will be out of their monitoring conditions by the closure in 2012, 69% will require further monitoring. It is probable, provided that the GBI projects are appropriately monitored, that clawback rights may arise in relation to certain of the investments.

The nature of GBI commitments, however, is that there will be a number where the grants do not become payable due to the strict requirements of the GBI scheme. An overview to reflect this was applied in the December commitment return. This overview also assumes that any GBI grants forecast after March 2014 would either not be paid due to these requirements, or could be advanced to earlier year by negotiation if required.

BIS has not made any decision as to how the scheme legacy responsibilities will be managed beyond March 2012. Following the closure of the RDA it is expected that the outstanding liabilities will be returned to BIS.



***Access to Finance related EEOs***

The following EEOs are related to the Access to Finance agenda. The specific treatment of these is set out in Chapter 5.

<b>Organisation</b>	<b>Current Arrangement</b>	<b>Proposal</b>
North East Regional Investment Fund	100% owned by One North East	To be transferred to North East Access to Finance Limited.

Organisation	Current Arrangement	Proposal
3 Limited		
North East Regional Investment Fund Partner Limited	100% owned by One North East	To be transferred to North East Access to Finance Limited.
North East Access to Finance Limited	Private ownership. Agency retains rights to step-in under certain prescribed circumstances.	Step-in and other rights contained in Members' Agreement to be transferred as Government directs – either to CfEL or to BIS.
North East Finance (Holdco) Limited	Owned 100% by North East Access to Finance Limited	Will remain under the ownership of North East Access to Finance Limited.

### Property related EEOs

The following EEOs are related to the Land & Property agenda. The specific treatment of the property partnerships is set out in Chapter 2.

Organisation	Current Arrangement	Proposal
Sunderland arc Limited	One-third ownership interests held by each of One North East, Sunderland City Council and HCA.	Operation currently being wound down in an orderly fashion with a target closure date of 31 March 2011.
1NG Limited	One-third ownership interests held by each of One North East, Newcastle City Council and Gateshead Council.	It is anticipated that the company will continue to operate following the closure of the Agency. The two other owners will continue to fund its operation and the Agency will resign as a member prior to 31 March 2012 or, if appropriate, procure that a successor public sector body in the region (such as the NEEP) becomes a member in its place.
North East Property Partnership (and associated companies)	50% owned by One North East 50% owned by UK Land	Transfer to the NEEP, with alternative options to transfer to a single North East Local Authority as accountable body for all 12 North East Local Authorities or, if not feasible, to transfer to DCLG/HCA. See Chapter 2 for details.
Onsite North East Property Partnership (and associated companies)	50% owned by One North East 50% owned by Langtree Developments.	Transfer to the NEEP, with alternative options to transfer to a single North East Local Authority as accountable body for all 12 North East Local Authorities or, if not feasible, to transfer to DCLG/HCA. See Chapter 2 for details.

**Other EEOs**

The following EEOs are not covered elsewhere within this plan. An outline of the proposed approach for each is shown below.

<b>Organisation</b>	<b>Current Arrangement</b>	<b>Proposal</b>
Enterprise Development North East Limited	100% owned by One North East	Centre for eBusiness Division – to be disposed of to the private sector.  RLN Division – to be wound up in an orderly fashion by 31 March 2011.  NEF Division – obligations in relation to fund management of Design & Creative Fund and 3 Pillars Fund investments to be transferred to North East Access to Finance Limited..  EDNE to be wound up by 31 March 2012 following disposal of its assets.
Newcastle Science Company Limited	One-third ownership interests held by each of One North East, Newcastle City Council and Newcastle University.	It is anticipated that the Agency will withdraw and resign its membership of this company prior to March 2012.
North East Regional Aggregation Body LLP	50% owned by One North East 50% owned by North East England Trading Limited	The Agency will attempt to dispose of this organisation to the private sector.  If no bidders come forward other alternatives will be looked at (for example a transfer to Broadband UK Limited).  If no credible bidder comes forward the business will need to be closed and an orderly wind down carried out prior to March 2012.
North East England Trading Limited	100% owned by Enterprise Development North East Limited	This will either be wound up prior to 31 March 2012 or possibly transferred to any buyer of North East Regional Aggregation Body LLP if they wish to acquire the LLP rather than simply the business of the LLP.
Hadrian's Wall Heritage Limited	25% owned by One North East 25% owned by NWDA Remaining ownership between Natural England, English	Funding is currently committed until March 2012. The Board of HWHL is actively attempting to secure future ownership and funding streams to allow the company to continue in operation. If it

Organisation	Current Arrangement	Proposal
	Heritage and Local Authorities	<p>is successful the Agency will seek consent under the Section 5 procedure for it to withdraw as a member of the company and for the Section 5 conditions to be lifted.</p> <p>It is unlikely that the private sector would be interested in acquiring the company as it carries out purely public duty activities.</p> <p>Accordingly if ownership and funding cannot be resolved the Board of HWHL will need to decide on whether an orderly wind down of the business will commence.</p>

Our approach to these EEOs is best shown in the case study outlined below.

**Case Study – Sale of Centre for eBusiness to open market**

The Centre for eBusiness is a division of the Agency’s wholly-owned subsidiary company Enterprise Development North East Limited (‘EDNE’). The Centre for eBusiness is a consultancy concerned with maximising organisational efficiency in the public and private sectors through the increased adoption of new technology. It has been building awareness and adoption of eBusiness for over seven years.

It has a vast range of experience in delivering transformational projects, tailoring bespoke eBusiness solutions to clients’ needs. It currently employs seven FTEs with an annual salary bill of approx. £240,000. The division is currently operating a range of services on behalf of the Agency. However, as part of its current funding it has been required to increase its own income generation and has made significant progress in this regard. The Agency has received private sector enquiries as to its future. There is no obvious opportunity for the division to be transferred to another public sector body.

The Agency will therefore follow an open disposal process for the business. The trade and assets will be sold, which will consist of a package of primarily IP along with associated liabilities (such as primarily lease costs).

A full due diligence pack will be collated including all of the assets and liabilities to be provided to potential bidders for the business. Prior to the release of the due diligence pack to them, all bidders will be asked to participate in an expression of interest phase, designed to ensure that all potential bidders have the capability to ensure the continued economic development of North East England through the acquisition of the business. All documentation relating to the sale process and the establishment of a preferred bidder will be published through the Agency’s e-tendering portal. It is expected that the opportunity to acquire the business will be released following BIS approval of the full A&L plan for a period of two weeks. The

Agency anticipates completion of legal documentation and closure of the sale by 31 October 2011.

As any consideration on the sale of the division will be received by EDNE rather than the Agency a process will be established for EDNE to transmit the consideration back to the Agency. As EDNE is a company limited by guarantee with constitutional restrictions on the distribution of profits to members, it is not able to declare a dividend to the Agency (its sole member).

## 6.6 Timelines & Milestones

The Agency envisages the following outline timetable to dispose of assets and liabilities related to its Business & Operations (with key milestones) as follows:

- The Agency will work with EEOs as part of its implementation action plan to agree potential Section 5 changes which will be subject to BIS approval.
- All Business Units/EEOs will (where appropriate) be advertised for disposal in a phased process agree with the relevant stakeholders as part of the Agency's Implementation Action Plan.
- The Agency will work to any timescales set by Government for the transfer of Business Units/EEOs to other public bodies;
- All disposals to occur by 31 March 2012.
- It is anticipated that disposal costs (solicitors, advertising where appropriate, etc) will be approximately £110k. However, this will depend on the complexity of negotiations with partners and acquiring organisations. In addition it may be necessary for the Agency to incur further costs in relation to specific EEOs (either to maintain their value prior to transfer or to facilitate an orderly wind down and closure). The Agency requests that Government confirm that it may make new financial commitments in relation to such payments following March 2011 (such commitments to be utilised prior to March 2012) either from the Agency's own funds (if available) or from the Government's central funding for transition and closure of RDAs.
- Approximately 100 FTEs are currently employed in Transferable Business Units. This number will diminish as more Business Units are transferred to their new host organisations.

The table below sets out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing the assets:

Category: Business & Operations		Current	Quarter Ending:				Year Ending:				Future Years
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015	
1. Assets	Value (£000)					0	0	0	0	0	0
	Number					0	0	0	0	0	0
2. Programme Commitments	Value (£000)	49,375	30,233	26,628	24,215	16,754	13,861	6,019	1,385	385	0
3. Other Liabilities	Value (£000)	203	203	203	203	203	0	0	0	0	0
	Number	17	17	11	6	3	0	0	0	0	0
4. Staff	Number (fte)	99.0	99.0	77.0	36.0	32.0	2.0	3.5	3.5	3.5	0.0
5. Costs	Capital (£000)		0	0	0	0	0	0	0	0	0
	Current (£000)		10	30	40	20	10	175	175	175	0
6. Income	Disposal Proceeds (£000)		0	0	0	0	0	0	0	0	0
	Other (£000)		0	50	50		100	300	0	0	0

**Notes:**

- Assets of Onsite etc are covered within the land and property section, therefore not included here. This includes Centre for E-Business and ADIT.
- This line is GBI, GRD programme commitments (gross of overview).
- Assume at least 1 liability within each EEO not identified elsewhere within the plan, plus contingent liabilities for HWHL of £103k and EDNE of approximately £100k.
- Assume all staff in the TUs as identified (excluding Capital Development and A2F included in other chapters) plus 4 support staff. Then for the EEOs it is assumed 1 FTE per EEO plus 3 support staff from March 2011 when activity is likely to be at its highest. The 3.5 FTE from March 2012 relate to GBI monitoring and payments of claims.
- Costs for land and property and access to finance section covered in previous sections. Included 40k legal costs in relation to contractual changes at Centres of Excellence and further legal costs in connection with , 20k for Centre for e-Business, 20k for ADIT, 20 HWHL+10k contingency. After March 2012 this is the cost of the GBI staff.
- The majority of the EEO's involve no equity interest and therefore we forecast limited number of sale proceeds. The other income is estimated GBI clawback.

**7. OTHER RIGHTS & OBLIGATIONS**

<b>Statement of Purpose: Other Rights &amp; Obligations</b>	
<b>Category Description</b>	This Chapter covers miscellaneous rights and obligations, the majority of which are classed as contingent assets and contingent liabilities and result from obligations contained in grant agreements.
<b>Key Assets &amp; Liabilities</b>	<ul style="list-style-type: none"> <li>• Assets: liens, charges, clawback</li> <li>• Liabilities: Programme financial commitments, contingent liabilities</li> </ul>
<b>Overall Approach</b>	The Agency will maintain its monitoring responsibilities and keep the Government informed. It will exercise its discretion mindful of the two overarching criteria of value for money and economic benefit to the region.
<b>Timelines &amp; Milestones</b>	It is likely that the majority of contingent assets will crystallise beyond 31 March 2012.

**7.1 Category Description**

The Agency has a class of contingent assets which include legal charges over land, buildings and equipment taken to provide additional assurance in the event of default on high value capital projects. The legal charges cover potential clawback of funding where the Agency considered that the additional assurance was prudent given the level of investment. It also includes clawback, other discretionary rights under Funding Allocation Letters (FALs) and an interest in reserves balance under its grant agreement for Business Link services and contractual and grant funding commitments.

**7.2 Relevant Framework Principles or Other Guidance**

In all cases the Agency has discretion as to whether to enforce its rights. When exercising its discretion, the Agency will consider the purposes for which the rights were created and establish whether continuing protection is necessary or appropriate. In making these decisions the Agency will be mindful of the two balancing criteria of value for money and economic benefit to the region. The Agency is also aware of its responsibility to act within its statutory powers and the possibility of judicial review if it is seen to have acted outside its statutory powers or for extraneous purposes. The Agency will always seek to act reasonably and give reasons for its decisions.

The Agency is also aware of the requirement that its decision making is compatible with human rights legislation (and in particular the rights of both private individuals and corporate bodies to peaceful enjoyment of its possessions under Article 1 of Protocol 1 of the Convention).

**7.3 Key Areas**

### ***Forward Grant Funding Commitments***

The Agency's standard template FAL places an obligation on the Agency to pay funding to the grant applicant for as long as the applicant complies with the conditions of that grant. The FALs place no further obligations on the Agency. Single Programme-only FALs do not provide for statutory successors, therefore there are no obligations for BIS or RDA successor organisations to continue this funding. However, where Single Programme commitments are matched to ERDF in a combined FAL, a statutory successor provision is present and therefore the Single Programme commitment must be honoured. All land and property Gap funding agreements also contain this provision.

All FALs which have been issued to an external grant applicant and with Single Programme payments yet to be made, are treated as actual liabilities. The Agency has forward commitments under FALs and other funding agreements up to 2016. The most significant of these are the JEREMIE funding commitments (as outlined in Chapter 5 Access to Finance).

Those FALs that provide for successors will automatically transfer to a successor body or bodies as provided for in any transfer schemes. The FALs that do not will need to be assigned or novated to a new host organisation, funded in advance or brought to a close by agreement. Consideration will need to be given as to whether the passage of the Public Bodies Bill will give rise to rights of action against the Agency before its abolition, thus creating contingent and possible actual liabilities that are not provided for in its commitment returns.

### ***Forward Contractual Commitments***

The Agency's standard template service contract allows the Agency to terminate contracts on 28 days notice. Until the contract is terminated the Agency is placed under an obligation to pay for the services properly delivered. Provided the supplier is not in breach of its obligations, a failure to pay may place the Agency in breach of its contract. Other contractual obligations upon the Agency relate to data and premises access, confidentiality and non-solicitation. All procured contracts (in reality these are likely to be service contracts only), with payments to be made and which are not to be terminated, have been treated as actual liabilities to the extent that costs are not met by the Agency's administrative budget.

Where the Agency is under a contractual obligation to make payments beyond March 2012 and it is not desirable to terminate the contract, the options are broadly similar to the grant options:

- **Statutory Transfer:** the contract could be transferred to a successor body by way of transfer order along with the rights and the obligations.
- **Novation/Assignment:** the contract with rights and obligations could be transferred to a third party by agreement. The Agency has no rights of assignment/novation in its standard FALs and contracts and therefore the

A list of individual items relating to other rights and obligations is shown at the Technical Annex to this Chapter.

### 7.4 Overall Approach

Anticipated contingent assets and contingent liabilities have already been modelled and forecast as part of the preparation for the Plan. During the implementation phase a complete review of current and recently completed projects will be undertaken to establish if additional potential rights of clawback may arise.

In every case the Agency will exercise its discretion in accordance with its legal obligations and balancing the two criteria of value for money and the best economic development outcome for the region.

As part of the consideration of the economic development outcomes, consideration will be given to the future of the organisation holding the asset. Where the organisation has a clear future with other funding partners, this will be considered in the decision making.

There may be rights and obligations which continue beyond the life of the RDA, in which case the Agency will continue to make full disclosures to Government on the current position and potential ongoing monitoring responsibilities.

### 7.5 Timelines & Milestones

The table below sets out the position of key metrics such as values of assets and liabilities, affected staff, ongoing maintenance costs and any costs/income associated with disposing the assets:

The following table shows the ongoing portfolio of contingent assets, contingent liabilities and programme commitments. The overall value is given as nil to reflect the fact that all relevant trigger events have not yet occurred.

## One North East Assets & Liabilities Plan Chapter 7 – Other Rights & Obligations

Category: Other Rights & Obligations		Current	Quarter Ending:				Year Ending:			Future Years
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	
1. Assets	Value (£000)	0	0	0	0	0	0	0	0	0
	Number	40	40	40	40	40	40	40	40	40
2. Programme Commitments	Value (£000)	116,955	72,018	58,441	24,379	16,653	6,846	0		
3. Other Liabilities	Value (£000)	0	0	0	0	0	0	0	0	0
	Number	1	1	1	1	1	1	1	1	1
4. Staff	Number (fte)							3	2	2
5. Costs	Capital (£000)									
	Current (£000)			3	3	2	2	154	106	106
6. Income	Disposal Proceeds (£000)									
	Other (£000)							50	50	50

### Notes:

1. These contingent assets include charges, rights to assets at contract / grant termination and PMAs (in addition to liens). The identification of further contingent assets is under review and work will be completed in 2011-12.

4. Staff after March 2012 represents the estimated resources required to monitor contingent assets as well as delivering training commitments that are not transferred to other Units. Not included in 2011-12 as included in Operating Costs allocation.

5. Costs of staff above together with £10k p.a. in legal fees

6. Potential income resulting from clawback or other recoveries, which may arise from the ongoing monitoring of projects.

- The plan for any pre-sale due diligence or investment to maximise likely disposal proceeds;
- A detailed timetable for the disposal of each of the assets (sometimes grouped in categories - where this is anticipated to maximise value or minimise cost);
- Detailed evaluation criteria through which the Agency will assess bids for each asset or category of assets;
- Proposals for internal monitoring of implementation progress of the implementation action plan;
- The proposals for appropriate Board and Executive involvement at each stage.

Although this Plan has now been submitted to Government the Agency anticipates that Government will make comments on it. Accordingly it will not become a “live” document until after it has been approved by the Agency’s Board.

### **8.3 Financial Summary**

The following table provides a consolidated summary of each of the financial tables included in each Chapter.

It summarises the key metrics which should form the basis for monitoring the Agency’s progress in disposing of its assets and liabilities. Critically, there are assets, liabilities and management responsibilities which must continue after RDA abolition. The second part of the table describes the Government challenge to ensure these responsibilities are met.

The Agency has already provided detailed returns setting out the Agency’s forward legal commitments under grant and other agreements. This is consistent with Line 2 (Programme Commitments) in the table.

**TECHNICAL ANNEX – SUMMARY OF DISPOSAL METRICS**

Consolidated RDA Assets & Liabilities		Current	Quarter Ending:				Year Ending:			
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015 & beyond
1. Assets	Value (£000)	184,713	172,880	169,300	169,200	152,530	145,012	120,552	116,398	112,111
	Number	407	408	368	293	157	136	82	82	42
2. Programme Commitments	Value (£000)	176,100	116,015	94,346	51,692	43,936	38,461	13,084	0	0
3. Other Liabilities	Value (£000)	303	303	283	243	223	0	0	0	0
	Number	43	43	32	25	14	1	1	1	1
4. Staff	Number (fte)	131	131	107	63	54	20	18	13	8
5. Costs	Capital (£000)		7,648	8,492	8,492	400	301	14,287	10,026	0
	Current (£000)		160	335	338	277	271	2,469	2,141	381
6. Income	Disposal Proceeds (£000)		5	3,003	3	2,056	2,570	0	0	0
	Other (£000)		5,000	2,005	5,005	2,305	3,308	14,871	17,171	12,171

**Notes**

Assumes that the Agency's preferred options and timelines for disposals are implemented.  
Assets are valued at 31 March 2010 valuations where available or estimates.

**THE GOVERNMENT CHALLENGE POST-RDA**

Land & Property Transfer of specific owned sites and monitoring functions to DCLG		Current	Quarter Ending:				Year Ending:			
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015 & beyond
1. Assets	Value (£000)							15,235	15,235	15,235
	Number							159	159	159
2. Programme Commitments	Value (£000)							6,146		
3. Other Liabilities	Value (£000)									
4. Staff	Number (fte)							3	1	0
5. Costs	Capital (£000)									
	Current (£000)							2,040	1,760	-
6. Income	Disposal Proceeds (£000)									
	Other (£000)							200	200	200

Access to Finance Transfer to CfEL in September 2011		Current	Quarter Ending:				Year Ending:			
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015 & beyond
1. Assets	Value (£000)									
	Number					22	22	22	22	22
2. Programme Commitments	Value (£000)					12,020	12,020	3,880	-	-
3. Other Liabilities	Value (£000)									
4. Staff	Number (fte)					3	3	3	3	3
5. Costs	Capital (£000)							8,140	3,880	-
	Current (£000)									
6. Income	Disposal Proceeds (£000)									
	Other (£000)					500		3,000	6,600	2,100

GBI & Grant for R&D Transfers TBC		Current	Quarter Ending:				Year Ending:			
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015 & beyond
1. Assets	Value (£000)									
	Number									
2. Programme Commitments	Value (£000)							6,019	1,355	385
3. Other Liabilities	Value (£000)									
4. Staff	Number (fte)							4	4	4
5. Costs	Capital (£000)							175	175	175
	Current (£000)									
6. Income	Disposal Proceeds (£000)							300	-	-
	Other (£000)									

Other Rights & Obligations Transfer TBC		Current	Quarter Ending:				Year Ending:			
		Dec 2010	March 2011	June 2011	Sep 2011	Dec 2011	March 2012	March 2013	March 2014	March 2015 & beyond
1. Assets	Value (£000)									
	Number							40	40	40
2. Programme Commitments	Value (£000)									
3. Other Liabilities	Value (£000)									
4. Staff	Number (fte)							3	2	2
5. Costs	Capital (£000)									
	Current (£000)							154	106	106
6. Income	Disposal Proceeds (£000)									
	Other (£000)							50	50	50

