

CHIEF EXECUTIVE'S REPORT

Purpose

To update the Board on key policy and programme developments at national and regional level. The report includes an update on national (lead role) matters, the Independent Supplementary Review (ISR) and engagement with key MPs.

Regional perspective

Key economic developments

1. The latest GDP revisions showed that the UK economy grew by 0.3% (up from 0.1%) in the last quarter of 2009. This upward revision is corroborated by the latest results of the South East Quarterly Business Survey (February 2010) which indicate that, for a majority of businesses, overall performance has remained stable (47%) or improved (30%), while a fifth (22%) reported worsening performance in the last 3 months. In Q1 2010, South East business confidence rose for the fourth consecutive quarter, reaching its highest level since 2004 according to the latest ICAEW Business Confidence Monitor. The performance of the manufacturing sector in the South East has also improved considerably in the first quarter of 2010, according to the latest EEF Business Trends Survey.
2. However, after a relatively stable few months, the performance of the South East labour market has deteriorated somewhat, with a rise in unemployment of 12,000 in the 3 months to December (the largest of any region) and an increase of nearly 10,000 in the claimant count between December 2009 and January 2010. Redundancy notifications increased significantly, from 980 in January to 3,650 in February.
3. That said, February's South East PMI continued to signal a positive start to 2010 for the region's private sector economy. Total activity increased at the fastest rate for almost two-and-a-half years, and the South East registered stronger growth than all other UK regions except London and the North West. Meanwhile, new business increased at a marked rate that was above the UK average. The manufacturing sector continues to be the main driver of growth in the South East.

Regional Select Committee on Housing

4. On 9th March, Paul Lovejoy, Martin Tugwell and I with Councillor Richard Gates, Leader of Waverley Borough Council and a member of the Regional Housing and Regeneration Board, represented the South East England Regional Partnership Board at a Regional Select Committee hearing into housing. Key lines of enquiry included performance against regional housing targets, effects of policy on performance, including the Green Belt, flexibility in the type of homes, effects of the recession, retrofitting, provision of housing for older people and working with the Government Office and the Homes and Communities Agency (HCA).

National perspective

RDA Lead Roles

5. In our **skills** lead role, the key issue has now become the need to create traction for new priorities; in particular, ensuring that the system is sufficiently responsive to delivery of regional and national priorities for skills to deliver *New Industry New Jobs* . On behalf of the RDAs, we have been working with BIS officials and Skills Funding Agency to define a responsive, demand-led system.
6. Through SEEDA's lead role on **innovation**, we contributed to the Annual Innovation Report. The RDA section, "Innovation in England", highlights key facts on RDA-Technology Strategy Board (TSB) alignment, Innovation Vouchers and RDA impact. The chapter describes the collective support for innovation from the RDAs, developing agendas around TSB alignment and New Industry, New Jobs, followed by a series of themed case studies illustrating key messages. Alongside this, the summaries of the Regional Prospectuses has been published as "Accelerating Business Innovation across the UK", describing the strengths and priorities of each region and Devolved Administration.

"Going for Growth"

7. On 23rd February, Lord Mandelson held an event in central London with the nation's media to highlight the achievements of all nine RDAs over the last 10 years. Rob Douglas was invited to speak from the top table, alongside Lord Mandelson and Rosie Winterton MP after attending a meeting of the Council of Regional Ministers. SEEDA produced a series of case studies and fact sheets that were distributed at the event, which are available from SEEDA's Corporate Office should you like to see them.
8. Following Government's launch of "Going for Growth" in January, SEEDA had been leading a report on behalf of all RDAs to review how our universities, supported by RDAs, can effectively drive economic growth and prosperity in their regions. The report was submitted to Lord Mandelson on Friday 5th March and SEEDA Chairman, Rob Douglas, is due to meet with him shortly to discuss its findings. The final report has attempted to balance the RDAs role as advocates for the universities, whilst challenging universities to engage more on Foreign Direct Investment, collaboration and skills development in support of the *New Industry, New Jobs* priorities.
9. To capture comments and input to this report from a South East perspective, an event was hosted by SEEDA on 23rd February with Jonathan Shaw, Minister for the South East and universities from across the region. The event explored the collaborative role universities play in stimulating economic development and business competitiveness in a global market. Barriers were discussed and examples of best practice highlighted that can be effectively deployed across other parts of the region. A regional report will be produced by mid March.

10. Alongside the report submitted by SEEDA on behalf of the RDAs as “The Role of Universities in Raising UK’s Business Competitiveness”, the RDAs were also tasked to produce a complementary report giving a business perspective on the “Going for Growth” agenda. SEEDA worked closely with our Business Member Organisations to give a South East perspective to the submission, which Advantage West Midlands led on behalf of the RDAs. Key headlines from this report include businesses welcoming a more coherent approach to national industrial policy, but with an acknowledgement that “horizontal” policy also needs to be strengthened, focusing on business support for high growth companies regardless of sector. This report was also submitted to BIS on 5th March.
11. Neither report is public but copies are available to Board Members from the Corporate Office.
12. A summary of progress in delivering *New Industries, New Jobs* "One Year On" will be published close to the budget, anticipated on 24th March. It will describe how NINJ and Going for Growth have changed the debate to acceptance of a more active approach to tailoring government policy to support different sectors and types of technology. It will cover progress against the 40 commitments in NINJ, highlighting key deliverables, including the RDA NINJ work programme, Partnerships for Growth and the Skills for Growth strategies. It will highlight the critical role the RDA are playing in delivering NINJ in the regions and nationally in terms of driving and combining sector strategies and skills strategies, and embedding innovation through developing strong, collaborative relationships with BIS and the Technology Strategy Board. SEEDA has responsibility for delivering the skills and innovation strands of NINJ and for leading development of the Professional & Business Services and Space Sectors.

Organisational matters

Budget cuts

13. RDAs have now been informed formally of a reduction in the Skills Brokerage budget by around one quarter from £37m to £29.6m in 2010-11. SEEDA has been aware of this impending cut and it is taken into account in business planning for 2010/11. RDAs have also been asked to consider the impact and implications of budget reductions in the Business Link budget and the products covered by the Solutions for Business brand (e.g. Manufacturing Advisory Service, Grant for Research and Development, IGTs, Grant for Business Investment, Designing Demand etc). We have kept our response at a high level, focussing on principles rather than detail and are including these potential scenarios in our plans.

Independent Supplementary Review (ISR) of RDAs

14. The NAO completed their week long review with us on Friday 26th February covering three lines of enquiry: prioritisation, implementation of continuous improvement and evaluation and performance management. Stakeholder and Board Members have been very supportive during this process and I wanted to take this opportunity to thank everyone involved. The final report is expected in early May after all RDAs have had their report moderated. A draft report was received on Friday 12th March and comments have been made seeking a fairer reflection of some of the positive evidence produced.

Stakeholder Engagement

15. As part of the national RDA network Stakeholder engagement programme, I have recently met with a number of key South East MPs, including Sir George Young, Michael Howard, David Willetts, Jeremy Hunt and Theresa May. I am also due to meet with Adam Afriyie shortly.

Author

Pam Alexander, Chief Executive

16 March 2010