

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, latest economic intelligence and the Annual Report and Accounts.

Regional perspective

1. Key economic developments

The latest Purchasing Managers Index survey indicates that business activity and levels of incoming new business increased in May for the eleventh consecutive month, while employment increased for the second month in a row. Anecdotally, growth was often linked to strong export performance and manufacturing-led domestic demand.

The EEF (Manufacturers Business representative organisation) Business Trends survey for Q2 2010 also points towards significantly improved performance for manufacturers in the South East, with the vast majority of firms reporting improvements in business conditions. Expectations for the next quarter are generally for a 'slower acceleration' in output, orders and employment, with cash flow remaining stable.

Labour market figures indicated continued improvement in May, with claimant count unemployment falling month-on-month by 10,000 and the number of vacancies rising by just over 10,000, a 25% increase. While some of this improvement will be due to seasonal factors, it led to the claimant to vacancy rate falling to 2.9 in May, from 4.0 in April. Redundancy notifications were 2,736 in June.

According to the latest RICS Housing Market Survey from May, house prices rose in the South East for the eleventh consecutive month. The seasonally adjusted net balance of surveyors reporting price rises increased to its highest level since January 2010. Only London saw a higher balance of surveyors reporting increases, as has been the general trend over the past year.

Data from BankSearch suggest that the number of business start-ups in the South East fell slightly in May, though levels are still higher than at any time since well before the recession began. On average, the number of business start-ups in 2010 so far has been 14% higher than the same period last year (January to May), and 10% higher than the same period in 2008.

2. Stakeholder Engagement

The focus of the last six weeks has been on the RDAs and discussing budget cuts and the future of the economic development; both dealt with under other items.

On 16th June, the Chairman and I met with the other Greater South East RDA Chairs and Chief Executives to discuss priorities moving forward and the future of the Thames Gateway programme in due light of the new political environment. There will be further discussion with stakeholders and partners over the coming weeks to define future priorities and actions in the context of the Comprehensive Spending Review.

I also attended the UK Research Funders Forum on 16th June in SEEDA's lead role capacity for innovation. I delivered a presentation on how the RDAs, Technology Strategy Board and Higher Education are working together for national priorities for innovation within businesses, which led to a discussion on the importance of RDAs current work to future innovation strategy.

SEEDA with the Homes and Communities Agency (HCA) held the first Board meeting for the Joint Venture – South East England Property Limited – on 17th June. This meeting was to finalise points in respect of the company formation such as appointment of Directors and a review of the exiting business plan.

In recent weeks, I have also visited two South East based companies: McLaren, and Gordon Murray Design (with the strategic account managers. The purpose was to understand more about these businesses and their future plans within the region. Whilst SEEDA's changing position means we may not be able to deliver any new funds for businesses, we are still able to make connections for strategically important companies for the South East economy.

National perspective

3. RDA Lead Roles

The Chairman and I are meeting with David Willetts, Minister for Universities and Science, on 26th July to discuss lead role priorities. We have also requested a meeting with Iain Duncan-Smith to discuss our employment lead role; in the meantime I am liaising with DWP officials on employment issues.

The Chair and I recently met with the Chair and Chief Executive of UK Commission for Employment and Skills; this was a helpful and productive meeting and explored areas of joint working.

Organisational matters

4. Annual Report and Accounts

The 2009/2010 Annual Report and Accounts have now been approved by Audit Committee and signed off by the Chairman and me. We expect these will be laid before Parliament on 19th July 2010. This purpose of including a reference here is to invite the Board to **NOTE** the Annual Report and Accounts for 2009/2010, which are being circulated in parallel.

Editor:

Pam Alexander, Chief Executive, 13th July 2010