

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

BOARD MEETING ON 26 MARCH 2009

ITEM 4

SEEDA Board Paper - Economic Conditions and SEEDA's Response

Recommendation

The Board is invited to **NOTE** report on the economic situation, and highlights a range of practical initiatives currently being taken either by, or with the involvement of, SEEDA.

Regional Economy

1. The latest economic intelligence collected by SEEDA shows that the regional economy has weakened further in February. In particular, there have been further reductions in the volume of output, volume of new orders and levels of employment, as reported by latest Regional Intelligence Snapshot produced by SEEDA and by the latest Purchasing Managers' Index (PMI) produced by The Royal Bank of Scotland.
2. However, both these sources of information show that the decline experienced in February was not as large as experienced in late 2008 and according to the PMI there has been a slight recovery in the rate of decline of both volume of output and number of incoming new business. Moreover, the results from a survey of 600 regional companies conducted in February across all sectors of the economy, as well as confirming the negative trends over the last three months for the large majority of regional businesses, it also shows that businesses are quite optimistic when looking ahead over the next three months, with a larger proportion of businesses expecting an improvement of overall business performance than those expecting a deterioration¹.
3. According to HR1 data, more than 5,400 redundancies were announced in the South East in February 2009, which is some 11% fewer than in January.² Manufacturing and transport accounted for almost half of all redundancy notifications, with manufacturing alone accounting for almost a third of all redundancy notifications in the South East over the past month.

SEEDA's Response

4. The Board has been kept up to date with SEEDA's response to the economic conditions and a document 'Open for Business' has now been

¹ A report presenting the results from this business survey will be available on Friday the 20th of March.

² Note that this data only captures redundancies of more than 20 employees; some of the job losses are not scheduled to take place until later in 2009; and in some cases the redundancies are happening in another region but are registered in the South East because it is home to the company's headquarters.

published and sent to partners and stakeholders setting out the range of support from SEEDA, Business Link, JobCentre Plus and the Learning and Skills Council.

5. Recent new measures include strengthening the Continuing Employment Support Service, a joint SEEDA/Jobcentre Plus programme, works in partnership with main government agencies and offers a free, tailored, in-house package of support to all affected workers before they leave their employment, thus negating the need in many cases to access benefits. The Transition Loan Fund has now approved loans of £1,155,000 to eleven businesses. Finance South East report a strong pipeline but a slowdown in enquiries. SEEDA is also setting up a Financial Services forum so we can work with the banks collectively. The region's Business Links have undertaken over 6,000 Healthchecks.
6. In order to prepare for the eventual upturn, SEEDA is increasingly refocusing its projects and programmes around the core theme of productivity gain. This will take the form of more innovation support to businesses, for instance the refocused Manufacturing Advisory Service, encouraging R&D linkages between universities and business; infrastructure investment with a strong economic growth dimension to it (such as incubators); targeting inward investment in key sectors which reflect the intellectual and skills base of the South East; and focusing on fast growth business whilst using Business Links for volume support.