

## **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 organisational matters, i.e. the closure of the Fit for the Future consultation and the Independent Supplementary Review (ISR).

### **National perspective**

#### **1. Skills**

“Skills for Growth”, the National Skills Strategy, was published by BIS on 11 November, followed by the National Skills Investment Strategy 2010-11 on 16 November (<http://www.bis.gov.uk/policies/skills-for-growth>).

Following extensive close working between RDAs and BIS officials and ministers, the strategies confirm the Government's position that:

- Public funding for skills should increasingly support skills which will be economically valuable for businesses and individuals;
- RDAs will lead in preparing Regional Skills Strategies - integrated within the Single Regional Strategy and with joint sign-off by the RDA and local authority leaders - and on advocacy to drive up demand for skills;
- RDAs will help work through the priorities for skills provision, starting for 2010/11;
- Skills provision will be judged by its quality, and through a basket of measures around productivity and impact, not just numbers of qualifications.

In order to give RDAs capacity to undertake the new responsibilities, agreement in principle has been reached between RDAs, LSC and BIS that additional staff resource should be secured through two-year secondments of up to six staff in each region from the LSC, with these posts being additional to existing RDA head-count. It is hoped people will be in post by January 2010 to undertake urgent work required.

The first meeting of the new South East Economic Development and Skills Board discussed the need to define priority issues which it will advise the Skills Funding Agency to give priority to when letting contracts for 2010. SEEDA will be establishing arrangements to develop the full Regional Skills Strategy, working closely with partners, over the coming months.

#### **2. Women's Enterprise Task Force (WETF)**

The Women's Enterprise Task Force (WETF), which was set up by Gordon Brown to increase the quantity, scalability and success of UK women's enterprise, has produced its final Report and Recommendations, *Greater Return On Women's Enterprise* (GROWE - [http://www.womensenterprisetaskforce.co.uk/growe\\_report.html](http://www.womensenterprisetaskforce.co.uk/growe_report.html)). The report was launched at the final WETF event on 18 November 2009, highlighting that women's enterprise can create jobs, wealth, and GVA – but only with the right support. The report defines the critical measures.

WETF co-Chairs Pam Alexander and Glenda Stone set out the Task Force's achievements in the past – and also how the GROWE Recommendations will be taken forward by others in the future. Lord Davies of Abersoch CBE, Minister of State for Trade, Investment and Small Business joined the final WETF event to speak about how the Government is committed to supporting women's enterprise and the recommendations of the Task Force.

## **Regional perspective**

### **3. Key economic developments**

According to the Purchasing Managers' Index, both business activity and incoming new orders in the South East rose for the fourth consecutive month in October, and the rate of growth accelerated at its fastest for 2 years. Across the region, there are reports that businesses have started to see stabilisation or improvement in the volume of domestic and overseas orders, staff numbers, costs and cashflow. Growing numbers of companies in the South East are now more optimistic about the business climate looking ahead. According to interim results from the RDA Business Survey for November, 32% of companies expect the business climate to improve in the next 12 months, up from 23% in June. While 22% of firms in the South East still expect the business climate to get worse in the next 12 months, this is significantly lower than in June (33%). Overall, South East businesses are more optimistic than the national average.

### **4. Major redundancies**

SEEDA is leading a taskforce approach in response to recent announcements on possible redundancies relating to Lloyd's Group and BAE Systems. Lloyds Group has decided to relocate its pensions and investments operations from Aylesbury to Edinburgh and Bristol, resulting in a loss of 570 jobs over the course of 2010/11 and has announced the closure of its call centre in Brighton, which will affect around 535 roles; of these 162 roles are being redeployed. Therefore, there will be a net reduction of approximately 373 jobs. BAE Systems has announced 642 potential job losses nationally, 444 of which are in the South East (sites are Isle of Wight, Portsmouth and Frimley, Surrey), on which it will begin consultation during 2010/11. This announcement follows a detailed review of its Integrated System Technologies (Insyte) business.

## **Organisational matters**

### **5. Fit for the Future – end of consultation period**

Formal staff consultation ended on the 16th November. The Agency will reduce from a workforce of 430 to 270 by the end of March 2010 with a total of 70 staff being made redundant (through a combination of Voluntary Early Release Scheme and compulsory redundancy) with the remaining being contractors or interims who will be leaving the agency through a managed exit programme. This represents a 17% reduction in headcount and 19% administration savings of £3.4m; the cost of restructuring will be paid back over a 1.5 year period.

A letter explaining the changes, accompanied by a diagram of the new senior structure, went out immediately to over 700 external stakeholders reinforcing the rationale for the change.

The new teams have formed and while some staff are able to start their new roles immediately, others will have a period of transition to the new structure while business matters continue to be delivered. The new structure will be fully operational by the start of the new Financial Year. An all staff away day is planned for the 8th December.

#### **6. BIS/SEEDA Strategic Review meeting**

The annual BIS/SEEDA Strategic Review meeting with Rosie Winterton MP, Minister for Regional Economic Development and Coordination at the Department for Business, Innovation and Skills (BIS), took place on 24 November 2009 with a further meeting with officials. The discussion focused on the regional economy – both in terms of the current position and the economic outlook – New Industry, New Jobs (NINJ), SEEDA's Corporate Plan Refresh, budget changes and barriers to effectiveness and sub-regional working. SEEDA's lead roles were also discussed.

#### **7. Independent Supplementary Review (ISR) of RDAs**

The Independent Supplementary Review (ISR) of RDAs outside London has begun. It will update BIS on specific aspects of the performance of the RDAs inform Treasury's position on RDAs for the next CSR.

SEEDA has submitted evidence and the preliminary visit of the NAO has taken place. The full review by the NAO team takes place week commencing 22<sup>nd</sup> February 2010, with a draft report being produced by 12<sup>th</sup> March 2010. The Board will receive an up-date at its January meeting.

#### **8. Agency Report**

The activity report for December will be available on the SEEDA website shortly.

---

#### **Author**

**Pam Alexander**, Chief Executive, 1 December 2009