

## **ANNUAL REPORT OF THE CHAIRMAN 2014-15**

This was an eventful twelve months politically in the UK – with the Scottish referendum last September raising questions about the survival of the nation in its present form and in May this year an unexpected election victory for the Conservatives. The UK economy has continued to grow, though at a varying pace and with increasing worries about our export prospects due to stronger sterling and, in the summer, faltering Asian economies. We have of course still continued with Bank Rate at the historic low of 0.5%.

For the SBE the main progress has been the new website, which I hope all members have looked at. It contains news of forthcoming events, as well as the popular book reviews still kindly marshalled by Diane Coyle. Jim Hirst continues to oversee the production of the useful salary survey. Most importantly, accounts of speaker events, speaker presentations and in many cases podcasts are made available, so that members who find attendance difficult can still enjoy the talk. This is a big step forward which we hope is of real benefit particularly to members outside London. Feedback on the website would be very welcome. Thanks are due to Adam Chester for supporting the creation of the site, and to George Buckley for his recording skills and event write-ups.

The SBE was also represented by Ian Harwood on the QAA Economics Benchmarking committee which periodically reviews the university economics curriculum – significantly, the first time non-academics have been invited to participate in such an exercise. The Economics Subject Benchmark Statement was published in July.

## **MEETINGS AND EVENTS**

The highlight of the past year was undoubtedly the Annual Conference, now kindly sponsored by PwC and introduced by Andrew Sentance, PwC Senior Economic Adviser and SBE Vice President. Once again Evan Davies was an excellent chair, and we were particularly fortunate to host an important speech from Dr Ben Broadbent, Bank of England Deputy Governor. Robert Chote gave a clear account of the OBR's views on fiscal policy. And three distinguished speakers gave a lively set of talks on aspects of the global economy: Gavyn Davies (Fulcrum Asset Management), Stephanie Flanders (JP Morgan) and Jeffrey Currie (Goldman Sachs).

The evening meetings continued to have a wide range of excellent and engaging talks, the first of which was a joint event with Pro-Bono Economics at which Andy Haldane, Bank of England Chief Economist, spoke about philanthropy. Other meetings featured George Magnus on China; Danny Gabay (Fathom Consulting) and Samuel Tombs (Capital Economics) debating the UK outlook; Paul Johnson (IFS) with his take on the fiscal outlook; Lord Paul Myners on the ownership of public companies and Don Kohn (Bank of England Financial Policy Committee) on financial stability. The series finished with a debate on Inequality between Professor Ozlem Onaran (University of Greenwich), Max Lawson (Oxfam) and Emran Mian (Social Market Foundation).

We also held three very interesting masterclasses: Amelia Fletcher (FCA and University of East Anglia) on Competition Policy in Online Markets; Peter Kellner (YouGov) ahead of the General Election and Matt Waldron (Bank of England) on the Bank's forecasting model.

Last, but certainly not least, our President Sir Dave Ramsden (whom the SBE congratulates again most warmly on his knighthood) kindly spoke at events after both the Autumn Statement and the Budget. These talks are always very clear and illuminating – they also enable a good discussion about fiscal policy among the SBE members.

## **MEMBERSHIP**

Membership remains robust, at 577 in August from 571 a year earlier. Student members - important for the diversity and future of the Society - have driven the growth; the Society now has 44 student members compared with 25 in August 2014, laying a strong base for the coming years. Our student members will also, of course, be well-placed to take advantage of our new Graduate membership category, approved at last year's AGM and aimed at ensuring that the Society remains as accessible as possible to members at all stages of their career.

Our focus for the coming year will be on strengthening member retention by ensuring that the Society remains as relevant as possible to all members, wherever they live and whatever their working patterns. An important aspect of this will be making ever more effective use of the Society's improved website (which now allows, for example, the renewal of membership online). Responses to our member survey earlier this year also gave us valuable insights into what worked well - and what could work better - across a range of issues including speaker topics, the timing of meetings, use of the website and engaging with current and potential members; all ideas that are now shaping the Society's activities over the coming year, and I'd like to reiterate our thanks to all those members who kindly shared their thoughts with us.

We will also be aiming to raise awareness of our new SBE Affiliates initiative, which allows interested individuals who do not meet the Society's professional requirements for membership, to have access to meetings and other events. We are confident that this option will be attractive to many who work with economists and have an interest in business economics, and that the resulting broadening of the SBE's network will be of benefit to its members

## **FINANCE**

In the year ended 30 June 2015, the Society's underlying financial health continued to improve as operating costs were reduced further. Turnover fell by 8% on the previous financial year, reflecting a change in the composition of the Society's membership as the number of full active members reduced slightly and student membership grew. The membership committee is seeking to address the reduction in turnover by promoting the Affiliate category and through a renewed focus on broadening the Society's membership across the profession. We are also committed to increasing further the number of Student and Graduate members in order to safeguard the Society's future.

Operating income fell by nearly £20,000 from 2013/14, almost entirely a result of the annual dinner not falling into the 2014/15 financial year and the additional revenue from the Jens Weidmann lunch held in 2013. However, we anticipate that two dinners will be held in the 2015/16 financial year, which will significantly increase operating income (although the revenue from the dinner only covers costs in order to maintain a competitive ticket price for members, sponsorship ensures a healthy financial return for the Society). Encouragingly, advertising income increased by 20% compared to 2013/14. Following the success of the lunch with Jens Wiedmann, the Society will also seek to hold similar events in the future, which also contribute significantly to the Society's finances.

During the 2014/15 financial year, the Society invested £10,000 in redesigning the website as part of its strategy to offer members greater access to its activities. The new website also aims to promote the Society to potential members.

Over the course of the year, the Council remained focused on reducing costs whilst maintaining an attractive range of events and publications for members. Journal expenses fell significantly in 2014/15, and are expected to fall to zero in the 2015/16 financial year as the content moves online. The Society also saved money on printing and postage and negotiated lower accountancy fees. The cost of hosting evening meetings, master classes and post-budget briefings fell to zero for the first time thanks to the generosity of Ashurst LLP, the BBA, Deutsche Bank, Goldman Sachs and the Bank of England in offering venues and refreshments. Overall, general administrative expenses therefore remained broadly flat, although the figures also reflect a one-off back payment due to PXL.

Overall, the Society's operating loss increased from £4,929 in 2013/14 to £5,789 in 2014/15. This level of operating loss is low by historic standards and the Society continues to maintain a healthy level of reserves, currently standing at a book value close to £100,000. Had the annual dinner been held during the financial year, the Society would have made an operating profit (even after the website investment and one-off administrative costs). With an attractive annual conference, two annual dinners, a renewed focus on membership and further cost reductions, we are budgeting for a surplus for the 2015/16 financial year.

Please do continue to recommend the Society to colleagues and keep the Society in mind for advertising and sponsorship opportunities.

## **INVESTMENTS**

The Society's investments amount to around £175,000 at current (ie not book) valuations. However, sale of some of the assets would trigger a capital gains tax bill. The investment committee considers the current mix of investments remains appropriate to help support the Society's income.

## **COUNCIL**

At the AGM in November 2014 Sandra Curtis, Ian Harwood, James Lambert and Andrew Milligan retired by rotation and were re-elected.

Congratulations to Dr George Buckley (Deutsche Bank) and Chris Giles (Financial Times) who were elected as SBE Fellows during the year. Also to Tim Harford – winner of this year's Rybczynski Prize with a very entertaining essay.

## **THE YEAR AHEAD**

The new website was a good step forward last year, and Council intends to keep it under active review. In addition, we may start to dip our toes into social media.

The recent member survey gave Council much to think about and a provisional meeting on the future course of the SBE was held in September, after the 2014-15 year end. We hope that we will continue to improve our service to members over the next year.