

## **ANNUAL REPORT OF THE CHAIRMAN 2015-16**

I am pleased to report that 2015-16 has been a year of significant progress for the Society of Business Economists. The Society's membership has recovered to levels last seen before the Global Financial Crisis, it recorded its first financial surplus since before the crisis and it is providing more events for its members than it has done previously.

Much of the improvement in the fortunes of the Society in recent years can be attributed to the hard work and leadership of Dame Kate Barker who, as most of you will know, recently retired as Chairman of the SBE. During her Chairmanship, Kate focused on two goals: first, putting the Society's finances on a sounder footing and, second, improving the value of the services that the Society offers to its members. With the assistance of Council, she achieved both goals during her three-year tenure. The Society is now running a surplus for the first time since 2008-09 and it is providing more services at a lower real cost. Following in Kate's footsteps will be a tough act for me. However, I am delighted that she has agreed to remain on the Council to give much needed advice and to focus on boosting the Society's membership.

The improvement in the Society's finances allows us to continue to enhance the services that we offer to current and prospective members. This year, in addition to the invaluable support of John Abberton, Katie Abberton and Shirley Kimber of PXL in administering the Society's affairs, we have also employed the services of Dr Rebecca Harding on a consultancy basis. Rebecca's role is to broaden the Society's membership and to improve services for its members. This is an important new venture for the SBE and I would encourage you to contact Rebecca (and the Council more broadly) if you have any views on how the Society could improve and expand the services that it provides. We wish Rebecca every success in her new role.

The Society could not survive without the hard work and dedication of its Council. It is only since I became Chairman at the end of June that I have become fully aware of the breadth of the – often unseen – tasks that Council members undertake to ensure the smooth running of the SBE. I am particularly indebted to Sandra Curtis, the Society's Honorary Secretary, for her dedication. Also, to Alison Cottrell, the Society's Membership Secretary, James Lambert, the Society's Treasurer, Sunil Krishnan for his work on the Society's Masterclass Series and website, Amanda Rowlatt for spearheading the joint SBE/GES programme, Ian Harwood for his work on the SBE's professional development programme, Andrew Milligan OBE, who chairs the Society's Investment Committee, Jim Hirst for his work on the Rybczynski prize and salary survey, George Buckley and Bronwyn Curtis OBE.

## **MEETINGS AND EVENTS**

The Society ran a very successful schedule of meetings and events in 2015-16 and, in the calendar year for 2016, we will offer more events for members (13 in total) than we have done in any previous year on record.

Unusually, we have held two annual dinners in the past 12 months. In November 2015, Governor Visco of the Bank of Italy was the guest speaker at the dinner held in the Millennium Gloucester Hotel. In June of this year, we returned to our more usual surroundings of the Institute of Directors building to hear President James Bullard of the Federal Reserve Bank of St. Louis speak on the challenges facing monetary policy. As in past years, the Annual Dinner benefited from the kind sponsorship of Standard Life.

The Annual Conference in October 2015 featured a number of excellent speakers. Spencer Dale, formerly Chief Economist of the Bank of England and now Chief Economist of BP, spoke on the “new economics of oil”. Dr Claudio Borio, Head of the Monetary and Economic Department of the BIS, discussed the BIS’s economic and financial outlook. In addition, Ian Shepherdson set out his views on the US economic outlook, Sarah Hewin discussed emerging markets and Dr Andrew Sentance CBE discussed the UK outlook. The Conference was expertly chaired by the BBC’s Evan Davis and kindly sponsored by PwC.

In the past year, the Society’s highly successful Masterclass programme has featured presentations by Professor John Van Reenan on the UK’s productivity problem, by Professor Jorn-Steffen Pischke on the use of metrics in economics, by Lord Adair Turner on monetary policy after the crisis and by Chris Williamson of Markit on the PMI data. The Masterclass programme is coordinated by Council member Sunil Krishnan and I would encourage you to approach Sunil if you have any ideas for future subjects.

The Speaker Series continued to have a wide range of excellent and engaging talks: Sir Charlie Bean discussed the findings of his independent review of statistics; Sir Dave Ramsden, the Society’s President and the Treasury’s Chief Economic Advisor, gave a briefing on the 2015 Autumn Statement; Martin Beck of Oxford Economics and Neville Hill of Credit Suisse discussed the outlook for the UK economy; Roger Bootle discussed his views on the implications of Brexit; James Smith and Chris Drane of the Treasury discussed the Budget; and John Pullinger CBE and myself discussed the past performance and prospects for change of UK national statistics.

We are currently working on the next series of meetings and I’m sure you’ll find the speakers equally thought-provoking.

## **MEMBERSHIP**

The Society’s membership continued to rise in 2015-16, reaching 586 in August from 575 in the previous year. Within this total, the number of full, non-retired members rose from 467 to 483. Our new Graduate membership category, aimed at economists at the start of their careers and providing a natural ‘bridge’ between student and full membership, also began to increase. We look forward to welcoming more Graduate members over the coming year, and to their maintaining a strong relationship with the Society throughout their professional lives.

We will continue to focus in 2016-17 both on maintaining the service provided to members, and expanding the breadth and depth of the Society’s membership. This will include continuing to make ever more effective use of the Society’s website and events calendar, to ensure that our activities remain accessible and relevant to as many members as possible. One of the great benefits of Society membership is, of course, the opportunity to meet and develop links with economists working in different sectors and industries, and we will be holding a number of meetings with the Government Economic Service which we hope will facilitate the development of member networks across both the public and private sectors.

Last year also saw the introduction of the SBE Affiliates initiative; this allows individuals who do not meet the Society’s professional membership requirements to attend its meetings and other events. This new category will be attractive to many who work with economists and have an interest in economics, and we hope that a steady increase in its popularity over the coming year will be of benefit to Affiliates and Members alike.

## **FINANCE**

In 2015-16, income from membership subscriptions rose 5% and income from investments also increased marginally. The Society's operating income increased significantly (87%) from the previous financial year, to £32,260, driven largely by the incidence of hosting both the 2015 and 2016 annual dinners in the 2015-16 financial year.

Over the course of the year, the Council remained focused on reducing costs, while maintaining an attractive range of events and publications for members. General administrative expenses fell by 30% to £44,282 in 2015-16. (Operating expenses were £33,754, significantly higher than the £11,778 recorded in 2014-15, mainly due to the cost of hosting two annual dinners in 2015-16.) Excluding the cost of conferences and dinners, operating expenses fell by over one-third to £4,134 in 2015-16. In particular, journal expenses fell to zero as the content moved online. Moreover, the Society did not incur any costs in holding evening meetings, Masterclasses or post-Budget briefings, thanks to the generosity of Ashurst LLP, the BBA, Deutsche Bank, Goldman Sachs and the Bank of England in offering venues and refreshments.

Overall, the Society achieved a surplus of £16,417 in 2015-16, as compared to a deficit of £7,564 in the previous financial year. The last surplus was recorded in 2008/09, at the advent of the financial crisis.

The Society remains in good financial health. We are budgeting for another surplus in the 2016-17 financial year and the Society's reserves currently stand at £114,450 – an increase from £98,035 in 2014-15.

The Society's income is dependent on membership subscriptions, advertising income and attendance at the annual dinner and conferences. Please do therefore 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 £185,000 in total at current valuations (as of October 2016). This compares with a book value as accounted for in the reserves of £89,690. However, sale of some of the assets would trigger a capital gains tax bill. The investment committee considers that the current mix of investments remains appropriate to help support the Society's income.

## **COUNCIL**

At the AGM in November 2015, Charles Burton and Adam Chester retired from the Council, and Sunil Krishnan and Amanda Rowlatt were elected as new members.

Congratulations to George Buckley and Chris Giles, who were elected as SBE Fellows during 2015-16.

Also to Toby Nangle – winner of this year's Rybczynski prize, with an essay on labour power and the neutral real rate.

## **WEBSITE AND SOCIAL MEDIA**

In 2014-15 we launched a new website for the SBE, making the site a more integral part of the Society's activities and its communication with members. The website contains news of forthcoming events; accounts of speaker events, including speaker presentations and, in many cases, podcasts; the popular book review section, which is kindly marshalled by Diane Coyle; the economists' salary survey, overseen by Jim Hirst; economists' job opportunities and lots of other information useful to members. The introduction of the website last year was a success but we can always improve and we would welcome any feedback. Sunil Krishnan has taken over responsibility for the website, following the retirement of Adam Chester from the Council, and he is ably supported in this role by Nik Otley.

More recently, we have also launched an SBE Twitter account, with the assistance and support of SBE member George Matlock. The number of followers to the Society's Twitter account is rising and, over time, we anticipate that this will become an increasingly important means of communication with the Society's members. I encourage as many of you as possible to follow the SBE. We are also seeking feedback on whether the Society should engage in other forms of Social Media, such as LinkedIn or Facebook.

## **THE YEAR AHEAD**

The Society of Business Economists is not immune to the economic environment in which it exists. In the aftermath of the Global Financial Crisis, membership numbers fell (from a peak of 631 in 2008 to a low of 480 in 2012) and the Society's accounts swung from surplus to deficit. It has taken a number of years and significant hard work from all of those involved with the Society to return it to the position it is in today, with close to 600 members and a return to financial surplus.

The initial impact of the vote for Brexit has been more muted than the majority of economists expected but it is early days and there may be more negative consequences to come. If the economy were to weaken significantly, this would likely have negative consequences for the SBE. That said, the increase in the Society's membership, the improvement in the Society's finances and the expansion of the services that the Society offers to its members all leave it in strong position to weather the challenges that lie ahead. In my opinion, the outlook for the Society appears more positive than it has done for some time.

**Dr Kevin Daly**

**Chairman**

**October 2016**