



Report of the Head of Economic Development and Regeneration

Purpose of the Report

- 1 The purpose of this report is to provide a performance update for quarter 2, 2006/07 for the Authority's corporate priorities and other performance indicators relevant to our Corporate Aim, Building a Strong Economy.
- 2 As members will be aware there are no statutory performance measures for economic development. Economic development is an area that is difficult to attribute quantitative measures to a local authority due to the necessity for a multi-agency approach to delivery. Despite the difficulties through the Chief Economic Development Officers Society (CEDOS) and the Audit Commission's work on Performance Indicators for Local Authority Economic Development, the County Council has been at the forefront of national attempts to establish meaningful measurements that will enable future targets to be established. This is of particular importance as we seek to show how we provide value for money for CPA purposes and in the light of the inquiry being led by Sir Michael Lyons into sub-national economic development and regeneration.
- 3 The County Durham Economic Partnership (CDEP) is currently reviewing the County Durham Economic Strategy and will publish a strategy that will set targets up until 2012. This strategy is being developed and members will have the opportunity to provide input once a full draft has been established. Action plans will be developed to deliver the strategy and will establish annual targets. Therefore it is anticipated that the new CDEP Strategy in conjunction with the earlier CEDOS and Audit Commission indicators will provide a performance management framework for economic development that will comprehensively capture all of our activity. Due to the fact that this process is not yet complete this report will focus on performance data from the Economy and Enterprise block of the Local Area Agreement.
- 4 It is suggested that members agree to receive quarterly updates on Local Area Agreement data, recognising that not all indicators can be measured quarterly, particularly the CEDOS and Audit Commission indicators. For the NVQ attainment indicators and the County Durham GVA indicator Economic Development and Regeneration are working with colleagues engaged in the LAA to establish proxy indicators. Once these indicators have been established these will also be reported to members with LAA data. It is also suggested that members receive Audit Commission and CEDOS performance indicator updates on an

annual basis. The nature of these indicators should allow us to measure our performance against previous years and report on our performance against other authorities.

Priorities for Improvement

There is one priority area for improvement aligned to our Corporate Aim, Building a Strong Economy.

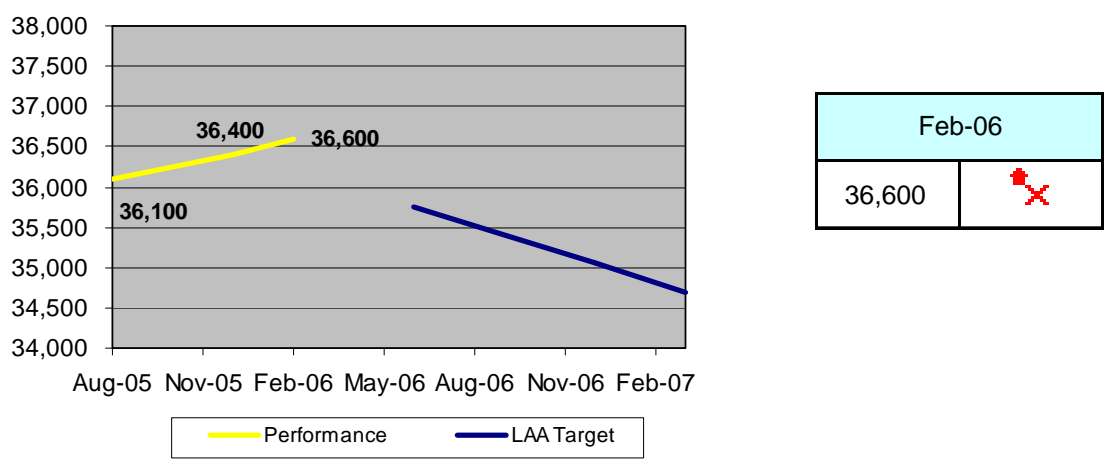
PFI 05 – Promoting Economic Well-being

Within this theme there are 3 outcomes that have been identified as areas we want to improve.

Reduction in the level of worklessness

To know if we are succeeding at this we are measuring:

LAA ED&E 01b – Number of incapacity benefit claimants (LAA stretch target)



Data relating to this indicator is obtained from the Department for Work and Pensions Benefit Claimant Count and predates the start of our Local Area Agreement. For this reason, comparison to target will not begin until the data for 2006/07 becomes available. Furthermore it is anticipated that improvement in performance will only take place in quarter three 2006/07 due to the nature of the activity that is required to effect this indicator.

Increased entrepreneurial activity

To know if we are succeeding at this we are measuring:

LAA ED&E 02b – New VAT registrations (LAA stretch target)

The latest data that is available for this indicator is for 2004. Data is released annually but there is a one year lag, quarterly updates are therefore not available. Economic Development and Regeneration are currently working with partners engaged in the LAA to establish local proxy measures in order to provide real-time measurement for the County in this

area. The best available data shows a figure of 885 new VAT registrations for 2004. The target for 2006/07 is 935.

More people with the skills to meet current and future business needs

To know if we are succeeding at this we are measuring:

- **NVQ Level 2 (LAA stretch target)**

Performance of this indicator is calculated from the annual population survey. The latest data for this indicator (December 2005) states that 181,000 people have the equivalent of NVQ Level 2 across the County, this is 2.7% above the 2004 baseline of 176,300. It should be noted however that the method of data collection has changed due to the discontinuance of the Labour Force Survey. Therefore the 2005 data, which shows an increase from 176,300 to 181,000, is not directly comparable. This data is released annually with a one year data lag. Economic Development and Regeneration are currently working with colleagues at the Learning and Skills Council to establish a more reliable way of measuring this indicator.

Best Value & Other Key Performance Indicators

- 5 A full list of performance indicators relevant to Economic Development and Regeneration are listed in Appendices A-E. Appendix A contains the Priorities for Improvement; Appendix B contains indicators contained in DCC's Corporate and Best Value Performance Plan. Appendix C contains the CEDOS performance Indicators; Appendix D contains the LAA performance indicators. Appendix E contains performance indicators developed by the Audit Commission.

Areas of improved performance

- 6 Comment on performance of Local Area Agreement targets is complicated due to the fact that the data sources are compiled at the national level and we are reliant on them to provide statistically robust forms of measurement. The following two sections of the report comprise an attempt at summarising performance.
 - **% of the working age population claiming job seekers allowance.** Department of Work and Pensions data shows that the proportion of those claiming JSA has decreased from 2.4% to 2.3% between May 2005-April 2006 and September 2005 and August 2006.
 - **Number of people in self-employment.** This indicator is measured using the Annual Population Survey and has shown

an increase from the 2004-2005 baseline of 17,600 to the 2005-2006 figure of 21,000.

- **NVQ Level 2.** Performance of this indicator is discussed in a previous section of this report. It should be noted however that Economic Development and Regeneration are currently working with colleagues at the Learning and Skills Council to commission work aimed at establishing a more accurate method of measuring this indicator.
- **% increase in NVQ Level 4 or equivalent.** There has been an increase in this indicator from a baseline of 21.7% to 23.3%. As with the NVQ Level 2 indicator discussed above, work is underway to establish a more accurate way of measuring this indicator.

Areas of deteriorated performance

- **Number of incapacity benefit claimants.** As previously discussed in this report there has been a slight increase in the number of people claiming incapacity benefit. Due to the time lag in seeing results of activity impacting on the data, it is expected that impact on this indicator will occur from quarter three 2006/07 onwards.
- **Maintain County GVA.** There has been a slight drop in County Durham's GVA, relative to the national average for England. However, the most recent data available is for 2003 and shows a decline of 1% to 67% from the 2002 data. Data for 2004 will be released by the end of 2006. The two year time lag on this data makes performance measurement difficult. Economic Development and Regeneration are currently working with partners engaged in the Local Area Agreement to establish proxy measures for this indicator that will indicate direction of travel in advance of updated data being released. Once these indicators have been established they will be communicated to members.

Recommendations

That Corporate Scrutiny Sub-Committee Members:

- (i) note the contents of this report.
- (ii) Agree to the process of reporting future performance data as outlined in paragraph 4 of this report.

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