



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 3, 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 our leading role in 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, indeed DCC's Economic Development team will lead the national CEDOS Benchmarking exercise this year. 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 (CDES) 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 CDES 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 the CDES process is not yet complete, this report will instead focus on Local Area Agreement (LAA) performance data.
- 4 At the last Economy Scrutiny Committee members agreed to receive quarterly updates on Local Area Agreement data. Members also agreed to 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. This data will be presented to members in the quarter 4 performance report.

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)

The latest data available for this indicator has been collected from Department for Work and Pensions statistics since the start of the LAA, however due to a 9 month data lag this has predated the start of our Local Area Agreement. Recently released data now allows comparison to target. The most recent data available (May 2006) shows the number of benefit claimants in County Durham as 36,100, against a target for 2006/07 of 34,700. Whilst this is behind target 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)

As reported to members in the quarter 2 report, 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. This does an upward trend from the 1997 figure of 775.

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. As reported to members in the last performance update report in quarter 2, the latest data for this indicator is for December 2005. According to this data 181,000 people have the equivalent of NVQ Level 2

across County Durham, 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. This has involved using CDEP Single Programme money and LAA Pump Priming Grant money to carry out a countywide skills survey. Preliminary findings are expected soon and will be reported to members at the next meeting. The company carrying out this research will repeat the exercise in 2009 in order to evaluate the efficacy of the interventions that have been carried out.

Best Value & Other Key Performance Indicators

- 5 A full list of performance indicators relevant to Economic Development and Regeneration will be collected and reported to members in quarter 4.

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.
 - **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.
 - **Number of incapacity benefit claimants.** As previously discussed in this report there has been a decrease 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 greatest impact on this indicator will occur from quarter three 2006/07 onwards.

Areas of deteriorated 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 increased from 2.4% to 2.5% between April 2006 and January 2007.
- **Maintain County GVA.** Deteriorated performance on this indicator was reported to members in the performance report in the last quarter. However the data collection methodology used by the Office of National Statistics has altered the picture. GVA is calculated using a five year rolling average method. GVA for County Durham now stands at 64% of the UK figure. The target figure for the LAA is 68%. It should be noted though that there is a three year data lag on this indicator so the figure of 64% is for 2004. As reported in the last quarter 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. Currently Business Link County Durham are working with consultants on this project.

Recommendations

That Corporate Scrutiny Sub-Committee Members:

- (i) note the contents of this report.

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