



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 4, 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. However, in an attempt to ensure value for money and improve services the Chief Executives Office has played a leading role in the Chief Economic Development Officers Society (CEDOS) and the Audit Commission's work on Performance Indicators for Local Authority Economic Development. In so doing, the County Council has been at the forefront of national attempts to establish meaningful measurements that will enable future targets to be established. DCC's Economic Policy team will lead the coordination of the national CEDOS Benchmarking exercise this year.
- 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 2013. This strategy is being developed and members will have the opportunity to provide input once a full draft has been established. A meeting of the CDEP Board on 18 June will be held to discuss a draft version of the document before releasing it for consultation. Action plans will be developed to deliver the strategy and will establish annual targets. 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 this work is not yet complete, this report will focus on Local Area Agreement (LAA) performance data. A full performance scorecard is contained in Appendix 1.

Priorities for Improvement

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

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. The year end figure shows the number of benefit claimants in County Durham as 36,000, against a target for 2006/07 of 34,700. Whilst this is behind target it is anticipated that improvement in performance be reflected in the 2007/08 figures due to the data lag.

Increased entrepreneurial activity

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

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

Data for this indicator is released annually; quarterly updates are therefore not available. The best available data shows a figure of 900 new VAT registrations for 2005. The target for 2006/07 is 935. We do not anticipate seeing the release of NOMIS data to provide a position for 2006 until April 2008. With that in mind work is underway on completing a robust proxy measure which will serve to give reassurance or otherwise of the results of additional activity begun in 2006/7.

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 against this indicator is calculated from the annual population survey. 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. This data is released annually with a one year data lag. LAA Pump Priming Grant, along with some County Durham Economic Partnership Single Programme money has been used to carry out a countywide skills survey. The results of which have been encouraging showing 81% of 19-65s in the County with NVQ Level 2 or above.

Areas of improved performance

- 4 Comment on the performance of the 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. The most recently available data (June 2006) shows a rate of 22,000 against a baseline of 17,600 and a 2006/07 target of 18,000.
 - **VAT Deregistrations.** The target for this indicator is an annual target to halt the increase in the number of VAT de registrations. The most current data relates to 2005 and shows a percentage of 9.2% against a baseline (2004) of 9.9%, therefore suggesting improvement over time.
 - **NVQ Level 2.** Performance of this indicator is discussed in a previous section of this report.
 - **% increase in NVQ Level 4 or equivalent.** There has been an increase in this indicator from a baseline of 21.7% to 23.3%.
 - **Number of incapacity benefit claimants.** As previously discussed in this report there has been a decrease in the number of people claiming incapacity benefit.

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 a baseline of 2.2%(April 2006) to 2.4% (March 2007)
- The **Employment Rate** is slightly below target. The current employment rate of those who are of working age is 68.6%, compared to a target of 69.5%
- **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 Policy is 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.

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