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## **Report of the Head of Economic Development and Regeneration**

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1. The purpose of this report is to provide an update on quarter 2 performance for the authority's priorities relevant to our Corporate Aim, Building a Strong Economy.
2. As members will be aware, there are currently no statutory performance measures for economic development. It is difficult to attribute quantitative measures in economic development at the local authority level due to the necessity for a multi-agency approach to delivery.
3. The County Durham Economic Partnership (CDEP) has published the draft County Durham Economic Strategy that sets targets up until 2013. This strategy is out to consultation and members will have the opportunity to provide input during the current consultation period which ends on 7<sup>th</sup> March 2008. An action plan is being developed to deliver the strategy and will establish annual targets.
4. Central Government has recently published a list of 198 performance management indicators for use by local authorities. They are currently consulting on the methodology for collecting these statistics. Once this process is complete, the Local Area Agreements (LAAs) will have to choose 35 against which they will have to report. It has not yet been determined which ones will be used to cover the 'Local Economy' block.
5. Due to the fact that the above process is not yet complete, this report will focus on performance data from the Economy and Enterprise block of the Local Area Agreement.
6. To gain maximum impact of performance management intelligence from Performance Plus, the Authority's performance management system, tolerances and milestones have been set for 2007/08 targets.

### Key to Tables

- increasing, improved performance
- decreasing, improved performance
- decreasing, deteriorating performance
- increasing, deteriorating performance
- no change

- performance worse than target
- performance better than target by less than 10%
- performance better than target by 10% or more

### Key to CPA Indicators

- below lower threshold
- between thresholds
- above upper threshold

### Key to Quartile Positions

- bottom quartile
- third quartile
- second quartile
- top quartile

7. An overview of performance and comments relating to indicators relevant to the Corporate Aim, Build a Strong Economy are as follows;

Direction of Travel since year-end 2006/07	Number of measures	% of total
Improved	8	44
Maintained	4	22
Deteriorated	4	22
Data is unavailable (N/a) during quarter 2	2	11
<b>Total</b>	<b>18</b>	Totals may not equal 100 due to rounding

Comparison to target	Number of measures	% of total
Worse than	8	44
Better than by <10%	5	28
Better than by 10% or more	2	11
Data is unavailable (N/a) during quarter 2	3	17
<b>Total</b>	<b>18</b>	Totals may not equal 100 due to rounding

8. 18 indicators aligned to Build a Strong Economy are included in the authority's priorities for improvement. Of these indicators 12 were updated during quarter 2. The following table summarises the performance of these indicators.

	Achieved Q2 target	Did not achieve Q2 target
Improved from year-end	<ul style="list-style-type: none"> <li>• % working age population claiming Job Seekers allowance</li> <li>• Employment rate</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Incapacity Benefit Claimants – Countywide</li> <li>• Number of Incapacity Benefit Claimants – Non NRF districts</li> <li>• NVQ Level 2</li> <li>• NVQ Level 2 NRF districts</li> <li>• NVQ Level 2 in NRF Districts</li> </ul>
Remained static	<ul style="list-style-type: none"> <li>• Self Employment</li> </ul>	
Deteriorated from year-end		<ul style="list-style-type: none"> <li>• Number of Incapacity Benefit Claimants –NRF districts</li> <li>• NVQ Level 4 or equivalent</li> <li>• % of 16-18 yr olds classed as 'NEET'*</li> <li>• County GVA</li> </ul>

N.B. NRF= Neighbourhood Renewal Fund, NEET= Not in Education, Employment or Training

\*This indicator is produced by CYPS but included in the economy block owing to its connection to the state of the labour market.

Some indicators have been revised since quarter one where amendments have been made to the data set rather than a regular update becoming available. These are listed in the table on page 4

### 9. Areas of concern/ Deteriorated performance

(Indicators not achieving quarter 2 target with deteriorating performance since 06/07 year-end)

- **Incapacity Benefit claimants in NRF Districts**

The number of incapacity benefit claimants in NRF Districts has decreased from quarter one but is still above the year end outturn for 2006/07. It currently stands at 27,500, above the 06/07 year end figure of 27,400. The 07/08 end of year target is 25,150. Please see the notes below on the way in which the collection of this data has changed.

- **NVQ Level 4 or equivalent**

The number of people holding NVQ 4 or above has increased from quarter one but the data set from which the values have come from has changed meaning that these values are not directly comparable. The overall trend however, is still far

from achieving the 07/08 target. The current figure is 21.1, the end of year figure for 06/07 was 23.3 with an 07/09 target of 25.40. It would take a large number of people to gain this level of NVQ or to move into the area with such qualifications for this to change.

- **% of 16-18 year olds not in education, employment or training**

The number of people registered as NEET has risen from the 06/07 year end outturn of 12.3% of 16-18 year olds to 12.6%. This current position is 2.1% above the target for the end of 07/08. Whilst this indicator is deteriorating the overall trend from September 06 is one of improvement and it may be necessary to wait till the spring to see if this deterioration is a blip in the overall trend and not a change in direction.

- **County GVA**

GVA continues to fall in the County, although this indicator gives an overall indication of the health of the economy it is subject to a serious delay in publication of data (the latest figure is from 2005). It is also subject to global economic interference and is very difficult to say whether local interventions are attributable to changes in either direction. Despite the latter warning, it should still be an area for substantial concern that the economy is falling below that of the rest of the region and especially our neighbours in Tyne and Wear.

10. A summary of all other indicators reported during quarter 2 is shown in the table below.

	Achieved Q2 target	Did not achieve Q2 target
Improved from year-end		<ul style="list-style-type: none"> <li>• VAT Deregistrations</li> <li>• New VAT registrations</li> <li>• Number of businesses</li> </ul> <p>These indicators have been revised rather than updated and have therefore been placed in this section until the new release of data is made available.</p>
Remained static		<ul style="list-style-type: none"> <li>• Floor space developed (1000 sq ft)</li> <li>• Occupancy levels of new floor space at 18 months</li> <li>• New workspace created</li> </ul> <p>All three targets above are subject to cumulative targets and it will not be known till the end of 08/09 if the target will be met.</p>
Deteriorated from year-end		

## 11. Addendum; Incapacity Benefit statistics

The way that statistics for this indicator are provided by the Department for Work and Pensions has substantially changed during the last quarter. The figures currently being used are based on a 5% sample. The data is now available as a 100% figure which in theory removes the risks of sampling error attached to the previous, smaller sample. This means that we now have a more accurate picture of incapacity benefit in the County. The revisions to the figures are shown below (both for current and historical data). The changes do bring both good and bad news. The good news is that the total reduction in the number of people claiming IB is greater than previously understood. It is however, in absolute terms, higher than previously thought. Please see the table below for a comparison of the changes. For this report we have used the 5% sample to provide consistency of data and whilst we wait for Government Office to consider changing to the 100% sample:

<b>Incapacity Benefit claimants in County Durham</b>		
<b>Date</b>	<b>100 % sample</b>	<b>5% sample</b>
February 2004	<b>40,550</b>	39,900
May 2004	<b>40,360</b>	39,200
August 2004	<b>40,180</b>	38,900
November 2004	<b>39,870</b>	38,300
February 2005	<b>39,410</b>	37,600
May 2005	<b>39,120</b>	37,600
August 2005	<b>38,580</b>	37,200
November 2005	<b>38,100</b>	36,400
February 2006	<b>37,740</b>	36,600
May 2006	<b>37,330</b>	36,100
August 2006	<b>37,150</b>	36,000
November 2006	<b>36,860</b>	36,100
February 2007	<b>36,680</b>	36,000

12. It is recommended that Economy Scrutiny Sub-Committee Members;

- (i) note the contents of this report