

## Economic Development & Transport Policy & Scrutiny Committee

19 January 2016

### Executive Member Dashboard – Economic Development

#### Summary

1. This paper provides a recommended performance dashboard for the scrutiny group to use. This replicates the dashboard used by the Executive Member for Economic Development.

#### Performance monitoring in CYC

2. Over the last 18 months, work has been underway to improve the way in which CYC monitors performance information. A performance management tool is now in place that monitors thousands of potential measures of performance. A full list of performance measures of relevance to the economic development portfolio is included in Annex B. This approach is used to produce the finance and performance monitor that is received by Executive on a quarterly basis.

#### Recommended dashboard

3. Whilst it is important to keep track of all measures relating to the economy, we recommend that you focus on a smaller number of ‘key’ measures in your portfolio holder scorecard. We will ensure we continue to monitor all performance measures in this area and use the executive member portfolio holders meetings to update you on performance.
4. We have provided a suggested dashboard for you to use to monitor progress. This can be also used in Economic Development and Transport Policy and Scrutiny Committee. A table outlining the measures and why we have decided to use them is included below.

Measure	Why included	Frequency
JSA Claimants	To show the number of jobseekers in the city	Monthly
JSA Claimants plus Universal Credit	To use in the future as a more accurate	Monthly (but only available from

Claimants who are out of work	measure of local job seekers (as advised by Job Centre plus)	April 2015)
% of vacant city centre shops	To assess the health of the city centre	Monthly
GVA per head & total GVA	To assess the overall health and productivity of the city's economy	Annual
Business Startups	To assess the trends in the number of new businesses in the city.	Quarterly
Weekly median earnings of residents (Annual Survey of Hours and Earnings)	This is a crucial measure for the city as wages under this indicator have fallen in recent years.	Annual

5. In addition to this, we recommend that we provide you with an annual analysis of how the sectoral make up of York's business community is made up from the Business Register Employment Survey (BRES). We will also provide updates from other indicators such as the Chambers of Commerce local business environment survey.
6. We will provide regular dashboard updates to you, including at this meeting. We will adapt the dashboard if you feel there are additional areas that you would like to monitor either now or in the future.

### **Update on recent performance**

7. Since the Quarterly Finance and Performance monitor. New statistics have become available on wages and GVA and this report covers these changes.

### **Median Wages**

8. The headline figures of median weekly wages show around a 4% increase to £496. However, it should be noted that for median hourly wages 0.56% decrease to £12.54. This could be explained if residents were working significantly more hours, however this only shows a small change so does not fully account for this, therefore the more reasonable conclusion is that the divergence is due to statistical margin for error in both figures (which is around +/- 4.4% for these figures), and the actual trend for both hourly wages somewhere in

between, but slightly higher for weekly wages due to slight increase in hours.

9. This is higher than the national average of 1.65% weekly wage growth. The reason for this being better than the national average is likely to be mainly because residents working part time have been able to increase hours more quickly in York, rather than because of faster hourly wage growth. This is nevertheless positive for York, as mean (average) hours per week are still slightly below the national average.
10. Despite the positive trend, this makes minimal inroads into the difference with the national average, with full time wages in York being around 6/7% lower depending on which measure is used.
11. Part time wages have also declined very slightly, perhaps due to the York's faster growth in low paid sectors such as tourism, cleaning and care which employ many part time workers but would pay less than other administrative and technical sectors with part time workers.
12. The focus for York as a city of near full employment therefore needs to continue to be creating the right environment for higher value jobs to grow at a faster rate than lower paid jobs, especially since it is the city in the North with the highest level of skills.

### **Pay gap**

13. The difference between the median wage in York and the 25% percentile paid has increased in York by 4.34% increase to £128.30. This is likely to be largely driven by the fact that average full time wages increasing faster than average part time wages. Whilst there has been an increase in York and nationally have decreased, York's pay gap is still less than the region and nationally. The implementation of a National Living Wage may affect this, but when using the weekly figures to assess the pay gap, the biggest factor in narrowing the gap will still be the number of hours worked. See also below in terms of accuracy of this data.

### **A note on accuracy in the wage figures**

14. It is worth noting the headline weekly wage figures are accurate to +/- 4.4%. This means that the actual median wage could be between £392 and £428. Once you drill down below this level, the accuracy is less. So for example, male employees' median wages are accurate to +/-6.4%, so the actual median wage for this group could be between £449 and £510. Similarly, female employees' median wages are accurate to +/- 5.8%, so the actual median wage for this

group could be between £324 and £363. Other quartiles are deciles are less accurate still. E.g. for female employees, the 25% quartile for weekly wages is accurate to +/- 9.3%. This means that the actual 25% quartile for weekly wages for women could be between £177 and £213.

15. Therefore, where possible, it is important to draw broad conclusions from the data looking at several years' results.

### **Gross Value Added**

16. GVA measures the value of the overall level of production and GVA per head is a generally accepted indicator of the overall levels of productivity.
17. The latest stats on GVA in York show that overall GVA has increased in 2014 by 3.8% this is higher than the average for Yorkshire and Humber (3.4%) but below the national average increase. These figures are based on nominal increases (so do not reflect the impact of inflation).
18. However, when looking at GVA per head, York was one of only two areas in the whole country, along with Swindon where this measure fell by 0.6% in 2014. In spite of this fall, York's GVA per head remains close to national average.

### **What are the caveats?**

19. It is important to be aware that these numbers are based on the income approach which looks at incomes in York (so the GVA per Head figures will not reflect the fact that many of our residents work in other places). ONS themselves admit that these figures are not as useful for comparing GVA per head for places with large levels of inward or outward commuting (which is the case in York where a large proportion of our population commute out of the city and a large number of people commute to the city from the surrounding area).

### **Analysis**

20. These figures are one of the most important measures of the health of our economy and the decline in GVA per head does not make good reading.
21. GVA per head in York has been in long term decline since the 2000's when it was nearly 20% above the national average following the closure of several manufacturing plants in the city and the continued rise in low value retail, hospitality and social care jobs.

22. All is not lost though, York still has the second highest GVA per head in Yorkshire and Humber (after Leeds) and we have an excellent opportunity to change this in the long term with York Central.
23. We will be looking at the answer to this in the economic strategy refresh but as I've said before, our main lever to change this trend is to create the right conditions for high quality jobs to be created in the city. I fully appreciate that tough decisions are required, however I continue to be concerned that recent planning applications have tended to go against maintaining city centre office space and there are several upcoming applications. In my view, this will only lead to a continuation in the decline in wage and GVA per head trends.

### **Council Plan**

24. The Council Plan approved by full Council in October 2015 includes a priority to ensure that York becomes a business friendly council. This paper outlines next steps to deliver on this priority.

### **Recommendation**

25. Members are asked to note the content of the report

Reason: To inform Members of the latest information on Economic Development.

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**Report  
 Approved**



**Date** 11/01/2016

**Specialist Implications Officer(s)**

Not applicable

**Wards Affected:**

**All**

## **Annexes:**

Annex A – Scorecard

Annex B – List of Economic Indicators

## **Glossary:**

BRES	Business Register Employment Survey
CYC	City of York Council
GVA	Gross Value Added
JSA	Job Seekers Allowance
ONS	Office for National Statistics