

## Performance Update

Date: 10<sup>th</sup> January 2024

Report of: Director of City Development

Report to: Infrastructure, Investment & Inclusive Growth Scrutiny Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report provides a summary of performance against the strategic priorities for the council and city and other performance areas relevant to the Infrastructure, Investment & Inclusive Growth Scrutiny Board and in line with the Best City Ambition. ([link here](#))

This report covers quarter 2 2023/24 Performance information (or latest available where quarter 2 data is not available).

Performance was previously reported to the Board in June 2023 (quarter 4 / year-end 2022/23).

### Recommendations

- a) Members are recommended to note the performance information contained in the Appendix to this report and the issues which have been highlighted and consider if they wish to undertake further scrutiny work to support improvement over the coming year in any of these areas.
- b) Members are requested to review the areas relating to economic data and indicators as set out in paragraph 2 below and consider the merit of integrating any further indicators in regular performance reporting; and also to consider the offer of a separate session to review this data in more detail.

## What is this report about?

- 1 This report provides members with the opportunity to consider the performance information contained in the Appendix to this report and the issues which have been highlighted and consider if they wish to undertake further scrutiny work to support improvement over the coming year in any of these areas.

## 2 Economic Data

In addition to the economic indicators included in Appendix 1, the following data / indicators are highlighted for the Boards consideration to discuss whether a) the Board might wish to see any of these indicators integrated in regular performance reporting (subject to caveats as mentioned below) and b) if Members might benefit from a separate session to look at this data in more detail.

- **Business**

- Start Ups (LA level – already included in performance information)
- High Growth (LA Level – already included) & Who is scaling up
- Births / Deaths / Survival Rate (LA Level – already included)
- Business Count (Base / Change) & Density – ONS provide a Business Count of enterprises and local units at LSOA level and above on an annual basis. It is available by Standard Industrial Classification (SIC) sector, size of business and legal type. Business count in terms of base is the total number of businesses in a specific area at a particular point in time, often considered as the starting or baseline period.

Business Density is a measure of the concentration of businesses within a given area. It is often expressed as the number of businesses per unit of population or per unit of land area. Business density provides insights into the intensity of economic activity in a region.

This is a valid measure of business stock taken from the IDBR (Inter-Departmental Business Register) – but as it is only produced annually the integration into quarterly performance reporting is not suitable.

- **Labour Market**

- Employment & Growth Sectors (LA Level) – Employment in the priority sectors defined in the Inclusive Growth Strategy are Advanced Manufacturing and Engineering; Culture & Creative; Digital; Engineering; Financial and Professional Services; Green Economy (Data City); and Manufacturing. Raising employment in these sectors is essential for inclusive economic growth and data is provided by the ONS Business Register and Employment Survey for the defined sectors (apart from the Green Economy where Data City data is used).

Whilst this is an important measure – it is only available annually so it's inclusion within the performance reporting would not be suitable – and where necessary sign posting to the reporting on the Inclusive Growth website would be suitable.

- Unemployment (LA Level – already included)
- Gross Median Weekly Pay (LA Level) – Data from Average Weekly Earnings (AWE) and the Annual Survey of Hours and Earnings (ASHE) are produced annually by the ONS and is available at LA level, broken down by hours worked, gender, resident or workplace based and percentile. It provides great insight into any HMRC PAYE records of earnings.

As it is annually reported it has limited suitability to quarterly performance reporting.

- Knowledge Intensive Business Services (KIBS) employees – Knowledge Intensive Business Services (commonly known as KIBS) are services and business

operations heavily reliant on professional knowledge. They tend to produce a higher level of productivity (GVA per filled job) and as such are very desirable to a local economy. This indicator is provided by the ONS Labour Force / Annual Population Survey quarterly by mapping the Standard Occupational Classifications (SOC) relevant to KIBS occupations at geographies at LA level and above and would be provided as a percentage of overall workforce that are in KIBS employment.

With the development of the Innovation Arc and Investment Zone focused on high value employment, this indicator would be beneficial to include within future performance reporting with a current benchmark. KIBS are essential to raising productivity (GVA) in the city.

- Job Quality (Zero Hours) – A Zero Hours Contract is a type of employment contract where the employer is not obligated to provide the employee with a minimum number of working hours, and the employee is not obligated to accept any work offered. This means that workers on zero hours contracts may not have guaranteed regular hours of work.

Produced by ONS annually down to regional level only – the dataset has limited use in quarterly performance reporting for Leeds. Noted that ONS Local are working to produce local (LA) level statistics for this measure for availability during 2024.

- **Economy**

- GVA per filled job / GVA per hour worked – Gross value added (GVA), is the value generated by any unit engaged in the production of goods and services – known as labour productivity. GVA per filled job is one of two ONS measures of local productivity (the other is GVA per hour worked) and they both place a value in £ of how much that job or hour produces to the economy. This dataset is produced annually down to LA level by the ONS and is available by major sector (SIC) and so useful to see which industries are being the most productive too.

The annual production of this dataset means it is not suitable for quarterly reporting.

- Proportion of Children in Workless Households – The term "workless households" refers to households where no adult is in employment. The Office for National Statistics (ONS) in the United Kingdom uses this concept to analyse and report on the economic status of households. Specifically, the "Proportion of Children in Workless Households" is an indicator that highlights the percentage of children living in households where none of the adults are employed. Data is made available annually by the Department for Work and Pensions (DWP) and the %age figure can be broken down into relative and absolute poverty and household type at LA level and above.

Due to it's annual release this dataset is not suitable to the performance reporting on a quarterly basis – although modelled data is available it is experimental and should not be used for decision making

- People on Universal Credit (On / Off flow calculated) – The "People on Universal Credit (On / Off flow calculated)" is a measure used by the Office for National Statistics (ONS) in the United Kingdom to track the number of individuals who are either entering or leaving the Universal Credit system. Universal Credit is a welfare benefit designed to provide financial support to individuals and families, particularly those on low incomes or without employment.

The "On / Off flow" aspect refers to the movement of people onto and off Universal Credit. This calculation considers both the inflow (people entering Universal Credit) and the outflow (people leaving Universal Credit). It helps to

understand the dynamics of the Universal Credit system and how the number of claimants changes over time.

This is calculated monthly by modelling the starts and changes to the people volume on Universal Credit over a period of time (monthly) and is available down to postcode sector level by age and gender demographics. The calculations are modelled metrics (experimental) and produced locally so should only be used anecdotally.

- Economic Activity / Inactivity – ONS Nomis – Economic activity is defined as any human effort that generates production, income, or the exchange of goods and services within a country's borders. This includes work, employment, various economic transaction contributing to the overall economic output of the nation. Economic Inactivity is defined as people not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks.

The ONS produces datasets on EA /EI on a quarterly basis and it is available down to LA level – and can be broken down by age, gender and reason. As such this is a suitable measure to include within performance reporting on a quarterly basis – and is a strong indicator for targeting policy intervention for increasing economic activity.

- Disposable Household Income (GDHI) – Disposable Household Income (DHI), also referred to as Gross Disposable Household Income (GDHI), is a key economic indicator used by the Office for National Statistics (ONS) in the United Kingdom. It is a measure of the total income available to households for spending and saving after deducting direct taxes and other compulsory deductions. It is produced annually and available down to LA level over a time-series.

As it is only available annually this is not suitable for quarterly reporting.

- Investment & FDI – Leeds City Council now has access to Beauhurst and Dealroom, commercial platforms that track business demographics, investment strategies, high growth companies and ecosystems. They provide real-time detailed data on funding that can be reported on by sector, location, demographics and date – providing us with an overview of funding, ability to analyse trends and measure impact.

Summative data from Beauhurst and Dealroom outlining the levels of funding and investment would be a suitable KPI to include in performance reporting as it shows confidence in the market – and whilst this is not something that we can have a substantial impact on, it does indicate the health and invest-ability on the ecosystem which is something we would aspire to create.

- **Alternative Sources**

- Data City – Leeds City Council now has access to the Data City Explorer Platform that provides an alternative way to explore sector-based information. Using Real Time Industrial Classifications (RTIC) as an alternative to the traditional Standard Industrial Classification (SIC) provides a more accurate picture on the emerging sectors and bespoke sectors that are becoming more prominent. The Data City uses a machine learning model to report real-time data on detailed business demographics, employees, turnover and founders. The analysis and reporting tools allow us to compare sectors across geographies and map emerging sectors, as well as providing summary reporting.

We have not previously been able to report KPI's on sectors such as Net 0, fintech, healthtech and AI without the aid of consultants – but now we can include these very efficiently. This is a suitable set of data to include in the performance reporting as it provides a real time view on emerging sector scale and scope. As

these inevitably become more prominent in Leeds, then we need to track and highlight the opportunities they bring.

- Real Living Wage Employers – The Real Living Wage foundation openly share their accreditation data on their platform that shows which organisation are voluntary Real Living Wage employers by geography, sector and type. Data is real-time and mappable on the platform.

In the current economic environment, this indicator may not be suitable for performance reporting as it is unlikely to change at any great rate – there are currently circa 701 real living wage employers across Yorkshire and Humber, and the rate of change has slowed during the cost-of-living crisis as organisations struggle to pay more.

- Housing Affordability – The housing affordability indicator is currently included within the Leeds Social Progress Index. It provides a ratio of house prices against median earnings (both sourced by ONS) for geographies down to MSOA level that can be aggregated. It provides some insight on the housing market and the level of burden on families and individuals within communities.

As data is released annually this is not really a strong KPI – but if other sources become available then this would be beneficial to include on performance reporting as housing costs can be reflective of economic health.

- Business Confidence – Business confidence describes the forward-looking expectations of firms and is measured by 2 survey based sources for Leeds – the Annual Business Survey by WYCA and the Quarterly Economic Report by the WNY Chamber of Commerce. The measure is headlined as a percentage of those businesses expecting growth (in profit and/or turnover).

The quarterly reported figure would be suitable to include in performance reporting as it provides some insight into the current confidence of local business, providing a position on their trust in the economy and economic environment.

### What impact will this proposal have?

- 3 This is an information report and not a decision report, so it is not necessary to conduct an equality impact assessment. However, some of the data provided will link to wider issues of equality and diversity, and cohesion and integration, and there may be occasions when Scrutiny Board members will want to look more closely at these issues and may request further information to inform their investigations.

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 4 This report supports the 3 pillars by providing performance information for Infrastructure, Investment & Inclusive Growth that relates to the economic growth of a healthy city with high quality services. It demonstrates what action is being taken to affect performance (where relevant) and to allow the board to challenge the same and consider whether any further focus should be given to any particular area in supporting these pillars.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 5 This is an information report and as such does not need to be consulted on with the public. However, performance information is published on the council's website and is available to the public.

### **What are the resource implications?**

- 6 There are no specific resource implications from this report, although some performance indicators relate to financial and other value for money aspects.

### **What are the key risks and how are they being managed?**

- 7 There is a comprehensive risk management process in the council to monitor and manage key risks that could impact on delivery of the aims set out in the Best City Ambition. The provision of accurate and timely performance information assists the risk management process in functioning effectively, with some of the KPIs acting as 'early warning indicators' that a risk may be increasing in significance or about to occur.
- 8 Without a comprehensive set of performance indicators, regularly reported to the right stakeholders within the council, there is a risk that poor performance may not be identified, and corrective action not taken to address them. This could result in problems with service delivery and have an adverse impact against the Best City Ambition.
- 9 The council's Corporate Risk Register includes three risks directly linked to one or more of the KPIs summarised in this report:
- Insufficient Housing Growth
  - Economic growth lag, increasing inequalities
  - Transport issues: Keeping the city moving

### **What are the legal implications?**

- 10 Performance information is publicly available and is published on the council website. This report is an information update providing Scrutiny with a summary of performance for the strategic priorities within its remit and as such is not subject to call in.

## **Options, timescales and measuring success**

### **What other options were considered?**

11 N/A

### **How will success be measured?**

12 N/A

### **What is the timetable and who will be responsible for implementation?**

13 N/A

## **Appendices**

- Appendix 1 – Performance Report (Summary of Key Issues)

## **Background papers**

- Best City Ambition