

THE CITY OF DURHAM TRUST

Question 5

Is the ambition to increase the employment rate to 73% as part of creating more and better jobs within County Durham realistic?

Briefly, no.

There are multiple problems with this target, which may be summarised as follows:

- The Sustainable Communities Strategy, which is the starting point to inform the vision for the Plan, has multiple issues which have been exacerbated by developments since it was published in November 2014;
- The relative employment rates of men and women have diverged in recent years, and the Plan needs to address the failure of the women's rate to recover;
- The age profile of the working population has changed, with more young people staying on in education and more people working after their 65th birthday.
- There are considerable differences between different parts of the county.

The City of Durham Trust naturally supports the overall aim of creating more and better jobs for the people of County Durham. It seems reasonable to look to returning to pre-recession levels but the chosen measure is not fit for that purpose.

The Sustainable Communities Strategy

For such a key question the supporting text is remarkably short – less than a page – and it refers out to the Sustainable Communities Strategy (SCS) produced by the County Durham Partnership. The SCS sets out five measures of success then continues

Of the five measures of success, the CDEP has agreed that the top priority outcome is to improve our **employment rate**. Taking into account changes in population, in order to achieve the pre-recession employment rate, we require an additional 30,000 residents of County Durham to be in employment. This will come from a mix of:

- Additional employment and self-employment opportunities located in the county.
- More residents being able to access employment within a broad travel to work area.
- Additional numbers of employed people becoming resident in County Durham.

No further justification of the figure of 30,000 is offered, and our attempts to reverse engineer it have been unsuccessful. Since this was a controversial figure during the previous EiP it is surprising that the Council has not taken the opportunity to justify it and head off challenges as the Plan progresses through its various stages.

What the third bullet point above appears to be saying is that should insufficient numbers of the existing population of County Durham get jobs, the numbers will be made up by people with jobs moving into the County. Again, no justification is offered for this. In any case the primary duty of the Authority is to people already living here. Encouraging people with jobs to move here in order to boost the employment rate looks very like cooking the books.

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The target is that the County Durham employment rate is to return to, and be maintained at, pre-recession levels, which is stated in parenthesis to be “73 percent of the working age population” within the period 2010-2030. In fact the highest employment rate seen for County Durham was 72.1% average for the period July 2006 to June 2007. From April 2006 to March 2008 the average was 71.6% and this seems to us to be a more realistic figure for “pre-recession level”. No justification is offered for a target 0.9% above the highest actually seen and 1.4% above that for a two year pre-recession period.

The 73% target appears to have originated in the paper *Altogether Wealthier: Measuring our Success*¹ published by the County Durham Economic Partnership and dated January 2011. If that is the case, this document should be in the evidence library. On page 6 it says “On the basis that between 2006 and 2008 the employment rate nearly converged with the GB rate it would seem reasonable to assume that this is a realistic ambition in a non-recessionary period.” The 73% figure is described as a “sensible ambition”. This is not a rigorous argument and it seems reasonable, in fact, to conclude that it would not stand up to scrutiny at a future Examination in Public.

The document is marked as having a review date of March 2012 but that does not appear to have been done. A review is long overdue.

Recent changes

Since the SCS was published in November 2014 there have been a number of significant changes, which we referred to in our response to Question 1:

- The prevailing assumption was that the country would continue as a member of the EU with European Structural and Investment Funds continuing to be available. These totalled €157 million from 2014 to 2020 and would presumably have continued going forward. The referendum result curtails this funding.
- If the decision to leave the EU results in restrictions on migration then this will compromise the intention to boost the employment rate by encouraging employed people to become resident in County Durham.
- There was a coalition government which has now been replaced with a Conservative administration;
- The Combined Authority was just getting started. It now seems likely to be replaced with a mayoral combined authority with increased powers, whose geographical coverage has yet to be finalised.
- The County Durham Plan, in the form referred to throughout the SCS, has been withdrawn.

Consequently the Sustainable Communities Strategy needs to be revisited to take account of these changes. This needs to be done before the Preferred Options stage.

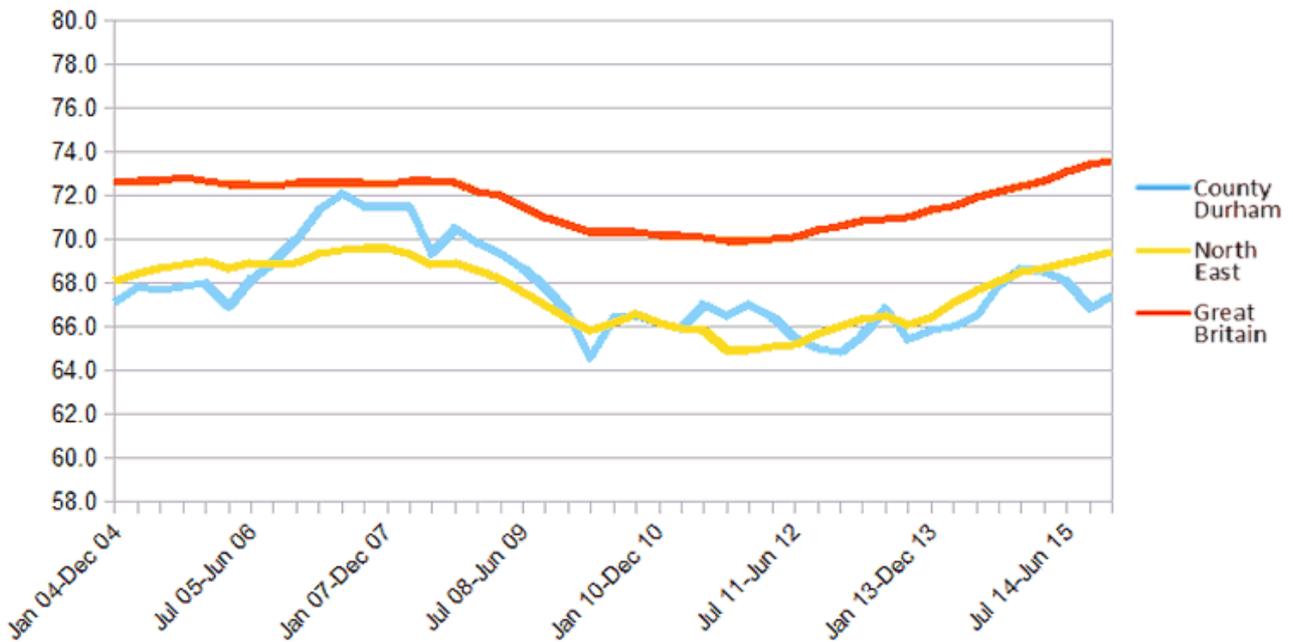
Gender differences

We have downloaded the employment data from Nomis and the graph below is identical to the figure included in paragraph 3.6 of *Issues and Options*, with the addition of a further quarter:

1 http://content.durham.gov.uk/PDFRepository/CDEP_Measuring_our_Success.pdf

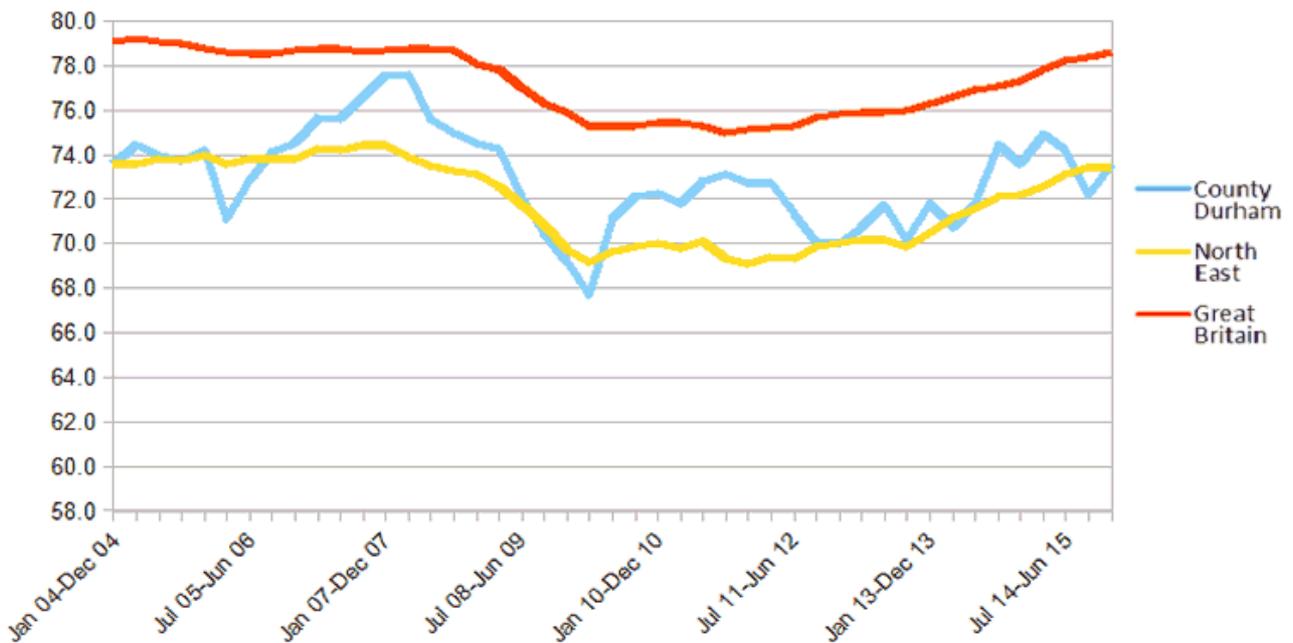
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Employment trends: all people



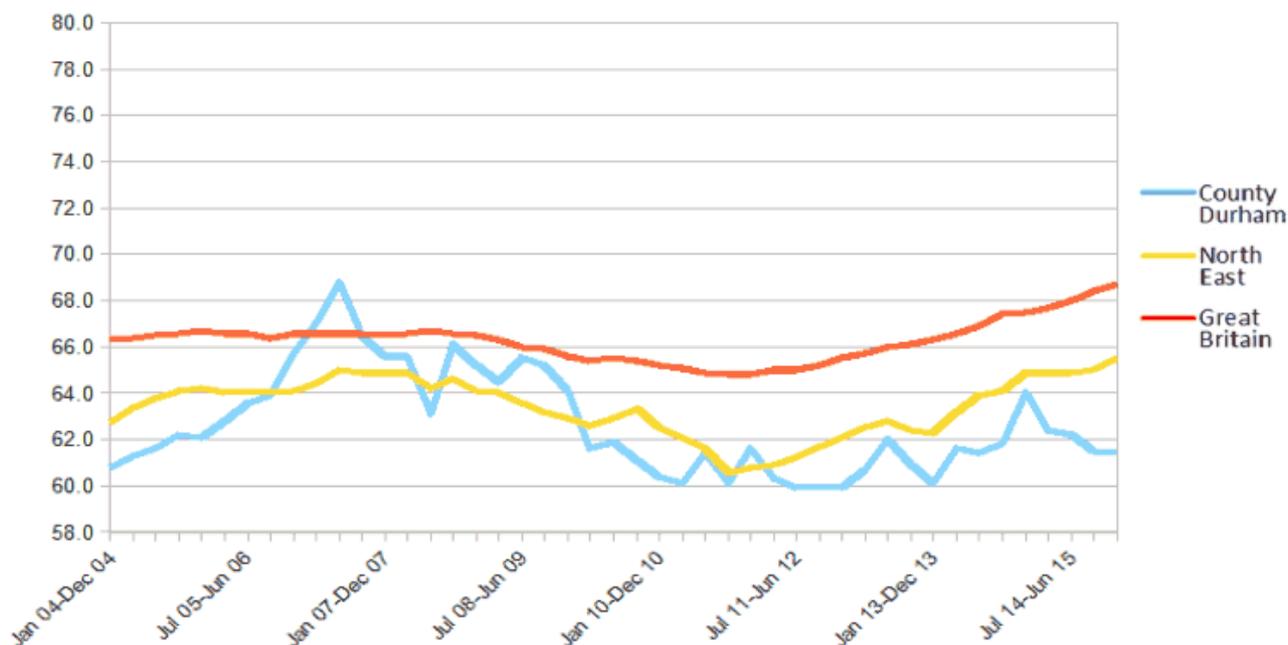
However, this combines two very different trends. The male employment rate in County Durham has nearly always been higher than for the North East, but the female rate, which between 2006 and 2009 was beating the regional average, has fallen below it in recent years and is currently 4.1% adrift:

Employment trends: men



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Employment trends: women



This is an issue that has not been addressed and consequently no options have been offered to deal with it. It is however clear that if the overall employment rate is to approach, let alone achieve, the target figure then the female rate has to close the gap with the male rate quite considerably.

Age differences

The supporting text defines employment rate as *the proportion of people of working age in employment*. We infer that this is taken from the Labour Supply part of the Labour Market Profile on Nomis² or the ONS National Population Survey which is the source used by Nomis. The notes to the table clarifies that “of working age” means aged 16-64.

We have three problems with this definition:

The first is that the Education and Skills Act 2008 effectively raised the school-leaving age from 16 to 18, in that from summer 2015 all young people have been required to participate in education or training until their 18th birthday. Consequently the divisor, the number of people between 16 and 64, will include two years when the people will not be employed. In 2007 there were some young people aged 16 and 17 who already had jobs.

The second is that the number of economically inactive students in the County has risen from around 15,000 before the recession to around 20,000 now. This is of course desirable but it does have the consequence that the employment rate falls, we estimate by around 1.5%.

The third is that from 1 October 2011 employers can no longer compulsorily retire workers on their 65th birthday. The state pension age will be equalised at 65 in November 2018, will rise progressively to 66 by October 2020, and continue rising to 67 by March 2028, all within the

2 <https://www.nomisweb.co.uk/reports/lmp/la/1946157058/report.aspx#tabempunemp>

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timespan of this Plan. Consequently there are already people with jobs who are not being counted using this measure, and that number will increase during the lifetime of this Plan. The Edge Report *County Durham: Demographic Analysis & Forecasts* uses an age range of 16-74.

As Nomis reports on the *number* of people in employment aged 16+, but the *percentage* of people in employment aged 16-64, and also gives a mid-year estimate of the number of people aged 16-64, it is possible to estimate the number of people aged 65+ who are still in employment. This figure was in the hundreds from 2004-2008 but has risen markedly in recent years. Our estimate for the calendar year 2015 is 7,200.

Therefore the measured employment rate will underestimate the success of any measures that are introduced. It is also possible that ONS will change the reporting of the employment rate away from 16-64, which is probably desirable but makes year-on-year comparisons difficult. It did this in 2010 to take account of the equalisation of pension ages.

Geographical variations

Because employment statistics are published for parliamentary constituencies it is possible to see how employment rates vary across the County. (Sedgefield constituency includes part of the Borough of Darlington, but it is possible to infer the County Durham part by subtracting the other five constituency figures from the County Durham totals.)

Constituency	Men	Women	All people
North West Durham	79.2%	63.2%	70.8%
North Durham	79.4%	55.2%	67.3%
City of Durham	65.3%	64.0%	64.6%
Easington	72.0%	55.5%	63.7%
Bishop Auckland	65.2%	66.0%	65.6%
Sedgefield (Co Durham part)	69.2%	66.2%	69.2%

Employment rates (October 2014 to September 2015)

The City of Durham figure is low because there are over 10,000 economically inactive students in the City, about 16% of the population aged 16-64.

The variations shown need to be addressed if the SCS Vision for an “Altogether Better” County Durham is to be achieved. These include North Durham which has both the highest male and the lowest female employment rates. Bishop Auckland, by way of contrast, has a higher female rate than male.

Conclusion

The employment rate is a crude and unreliable measure. *Crude* because it masks variations between the genders and between different parts of the County. *Unreliable* because circumstances have changed too much between 2007 and 2016 for comparisons to be accurate at the level of one or two percent.

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The Sustainable Communities Strategy needs to be updated to take account both of the shortcomings identified above and in particular the consequences of the referendum decision that the UK should leave the EU.

The City of Durham Trust would welcome the opportunity to work with officers from the Spatial Planning Team to see if common ground can be reached.