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CITY OF
WOLVERHAMPTON
C O U N C I L

Stronger City Economy Scrutiny Panel Meeting

Tuesday, 21 November 2017

Dear Councillor

STRONGER CITY ECONOMY SCRUTINY PANEL - TUESDAY, 21ST NOVEMBER, 2017

I am now able to enclose, for consideration at next Tuesday, 21st November, 2017 meeting of the Stronger City Economy Scrutiny Panel, the following reports that were unavailable when the agenda was printed.

Agenda No	Item
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|---|---|
| 6 | <u>Draft Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020</u>
(Pages 3 - 10) |
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[To consider a report on the draft budget and Medium Term Financial Strategy 2018-2019 to 2019-2020]

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Stronger City Economy Scrutiny Panel

21 November 2017

Report title	Draft Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	City Economy, Place Directorate	
Accountable employee(s)	Claire Nye	Director of Finance
	Tel	01902 550478
	Email	Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendations for decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget 2018-2019.
2. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the approach to Budget Consultation for 2018-2019.
3. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on progress on key budget reduction targets as detailed in the report.

4. Approve that the Scrutiny Panel response be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Panel's feedback on the Draft Budget 2018-2019 that was approved by Cabinet to proceed for formal consultation and scrutiny stages of the budget process, as appropriate, on 18 October 2017. Furthermore, the Panel's feedback is also sought on the approach to budget consultation and key budget reduction proposals that are built into the Council's Medium Term Financial Strategy (MTFS).

2.0 Background

- 2.1 In March 2017, Full Council approved that work started immediately to identify £14.8 million of budget reductions and income generation proposals to address the projected deficit in 2018-2019.
- 2.2 An update was presented to Cabinet on 19 July 2017. The Council had identified a total of £12.5 million budget reduction opportunities towards the strategy of identifying £14.8 million for 2018-2019. Of the £12.5 million budget reductions proposals identified for 2018-2019, £5 million are ongoing budget reductions whilst £7.5 million are one-off budget reductions. The projected budget deficit was reported as £2.3 million for 2018-19.
- 2.3 Over the summer period, detailed work continued to take place and a further update was provided to Cabinet on 18 October 2017. At this meeting, Cabinet approval was sought to reprofile the previously approved Waste and Recycling budget reduction targets totalling a cumulative £2.1 million to 2019-2020, to reflect the anticipated implementation date. As a result of this, the remaining budget deficit to be identified for 2018-2019 increased from £2.3 million to £4.4 million. However, Cabinet approval was also sought to implement a further three financial transaction proposals in 2018-2019 totalling £4.4 million, which it is projected will enable the Council to set a balanced budget for 2018-2019.
- 2.4 As in previous years, the budget consultation process for the 2018-2019 budget will include four evening meetings at various venues in Wolverhampton, as well as a breakfast meeting with business representatives and other meetings with community groups. Furthermore, an online and paper survey will be used to support the consultation process. The 2018-2019 budget consultation focus is on how the Council and the community can Work Smarter Together. Details of the Council's budget consultation and the online survey can be found on the Council's website at: <http://www.wolverhampton.gov.uk/budgetconsultation>
- 2.5 In order to limit the volume of paper used as part of the budget reporting process, the Cabinet report has not been appended to this covering report. Panel members are instead requested to bring their copy of the Draft Budget and Medium Term Financial

Strategy 2018-2019 – 2019-2020 report, which was circulated with the 18 October 2017 Cabinet agenda. Detail of all the Council's individual proposals, including the latest to be considered by Cabinet on 18 October 2017, can be found on the Council's website at:

<http://www.wolverhampton.gov.uk/financialstrategy>

- 2.6 It is important to note that any budget reduction and income generation proposals approved as part of prior year budget setting processes have already been scrutinised and approved by Cabinet and are therefore, already included in the MTFs.
- 2.7 As detailed in the Cabinet report, the 2018-2019 Draft Budget will be considered by Scrutiny Panels during the November/December round of meetings and the feedback from those meetings will be reported to Scrutiny Board on 5 December 2017, which will consolidate that feedback in a formal response to Cabinet (Resources) Panel on 16 January 2018. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the feedback from Scrutiny Board when considering the final budget setting report in February 2018, for approval by Full Council in March 2018.

3.0 Existing Budget Reduction Targets

- 3.1 Included in the MTFs for 2018-2019 are budget reduction proposals relating to the remit of this Panel.

Table 1 - Approved Budget Reduction Targets by Division

Division	2018-2019 £000	2019-2020 £000
City Economy Service group	510	445

- 3.2 As detailed in paragraph 2.6, these targets have already been scrutinised by panel. The sections below provide a progress update.

4.0 Progress to Date

- 4.1 At a strategic level the service's role is to deliver inclusive economic growth, so that the city has a stronger local tax base and local people are more gainfully employed and financially independent, ultimately reducing the pressure on public services. Since the Council's Corporate savings strategy was introduced the City Economy Service has already delivered £5 million of budget reductions.
- 4.2 In order to deliver the Council's inclusive growth agenda, the service uses its £7.2 million from the council's mainline revenue account, to lever in £9.2 million of external

revenue funding, including grants and trading income; as well as substantial levels of capital funding that contributes to the delivery of the city's major regeneration schemes.

4.3 The City Economy service group provides the following functions:

- City Development
- Inward investment and support to stimulate local enterprise and business growth that creates local jobs
- Planning
- Skills and Employment
- Adult Education
- Libraries, cultural and visitor economy
- Economic inclusion, including partnerships to tackle financial and digital exclusion

4.4 At Quarter 1 the forecast outturn for the City Economy service was £163,000 over spent, this reflects the impact of reduced income expected from the Visitor Economy service as the Civic Halls is closed for major improvement works. However, during Quarter 2 action has been taken to address the issue across the City Economy service group, and will be achieved, as a result of small savings across the other parts of the service group.

4.5 **Our financial strategy for creating a stronger economy:** The service has continued to be successful in securing external grants from a range of organisations. We use a creative blend of council revenue and capital funds to stimulate external investment; unlock external investment and enhance income streams.

4.6 **Business support and enterprise:** The bedrock for a strong economy is a strong and reliant local business base. The team support local business by diagnosing their business needs and helping them to access the right level of specialist advice and finance. The City of Wolverhampton Council has been successful in securing external resources from the Local Enterprise Partnership, the Department of Business Energy and Industrial Strategy (BEIS) and the European Structural Funds to create an effective enterprise and business support team. This includes submitting recent bids for extension funding, whilst new Industrial Strategy and post-Bexit funding programmes are being finalised.

4.7 **City Development:** A small in-house team is responsible for co-ordinating programmes to create the right environment that will attract new business and enable local businesses to expand within the city. A pipeline of projects is being brought forward in line with the investment prospectus and regeneration plans for the City Centre, the Northern and Southern Growth Corridors. The approach is based on sound economic and commercial intelligence, in order to lever in private investment.

- 4.8 **Skills and Employability:** A successful economy is dependent on a skilled workforce, and many people lack the skills needed to secure a job and progress within the workplace. The issue is much wider than educational attainment, and may local partners have a role to play within the local skills and employment system. More people into work and able to be financially independent, also ultimately reduce the pressure on other public services. The Skills and Employment team provide an important co-ordination role across the city. The City of Wolverhampton Council and DWP have invested in a core team under the banner of Wolves@Work to provide intensive assistance to residents to get, and stay in work, as well as work with businesses to create more apprenticeships and bespoke opportunities for local people. The council has also invested in innovative tools such as the City WorkBox, which is a web-based tool designed around packing help and opportunities across the council, for each stage of the journey into employment. Plans are in place to further develop the approach, and achieve efficiencies by harnessing external resources and working with partners to reduce any remaining areas of duplication
- 4.9 **Cultural and visitor economy:** The council recognises the importance of the cultural agenda for many reasons including: a strong offer is an important part of attracting investment in our city centre, district and residential areas, local libraries and cultural centres are important for learning, information, inclusion and civic participation, and the local cultural and visitor economy supports a significant number of local jobs. By working with partners to attract and retain external funding enabling the city to significantly improve the offer, whilst implementing a phased approach to the reduction of direct grants to third parties. In addition, the service has continued to be successful in securing external grants from a range of organisations for its direct delivery, and during 2017 has been one of the few organisations within the UK to see an uplift in its National Portfolio funding from the Arts Council for the next five years, as well as secure capital grants to improve the offer in the Art Gallery.
- 4.10 **Projects that deliver multiple outcomes:** Across the City Economy service group efficiencies are achieved by developing programmes, projects and initiatives that deliver multiple outcomes for the city. A good example of this is the City Learning Quarter Development project. By working with the College to relocate its main provision in the heart of the city centre, we are developing a unique learning opportunity for local people of all ages and backgrounds. The initiative will also result in an upgrade of our central library and adult education facilities as well as provide a major boost to the city centre regeneration strategy and generating considerable additional footfall that will benefit city centre retailers and the service sectors. Alongside this part of the city centre's historic environment will have been significantly improved.
- 4.11 **The role of City Planning:** As well as delivering its statutory functions, City Planning plays an important part in enabling development and ensuring it achieves a range of social, cultural, economic and environmental benefits. The service is also responsible for co-ordinating the council's approach to sustainable development, including creating

opportunities for securing partner investment in digital infrastructure, more efficient use of natural resources and low carbon energy sources.

- 4.12 **Promoting the City offer:** Considerable effort, with very limited financial resource, has gone into raising the city's profile to attract investors, developers and business. A good example is the city conference programme, which is designed to showcase all that the city has to offer to these audiences, as well as local residents and visitors. It is a collaborative approach, where a small core resource is stimulating partner contributions and commitment. This will now be enhanced through a modest investment in the West Midlands Growth Company.

5.0 Scrutiny Panel Recommendations

- 5.1 The Panel are recommended to provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on:
- the Draft Budget 2018-2019;
 - the approach to Budget Consultation for 2018-2019;
 - the City Economy's financial strategy
 - any other comments.
- 5.2 The Panel are also recommended to approve that the Scrutiny Panel response be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

6.0 Financial implications

- 6.1 The financial implications are discussed in the body of the report, and in the report to Cabinet

[HM/14112017/Q]

7.0 Legal implications

- 7.1 The legal implications are discussed in the report to Cabinet.

[RB/13112017/S]

8.0 Equalities implications

- 8.1 The equalities implications are discussed in the report to Cabinet.

9.0 Environmental implications

9.1 The environmental implications are discussed in the report to Cabinet.

10.0 Human resources implications

10.1 The human resources implications are discussed in the report to Cabinet.

11.0 Schedule of background papers

Draft Budget and Medium Term Financial Strategy 2018-19 – 2019-2020, report to Cabinet, 18 October 2017