

# Performance, Budget and MTFS

Economy and Growth Scrutiny Panel

30 November 2022

# Introduction

## Budget Scrutiny for

- Background
- 2022-2023 Performance and Budget monitoring update – as at quarter 2
- 2023-2024 Draft Budget and Medium Term Financial Strategy
- Future Challenges
- Strategic Risk Register

## Background

- The Council has built up a strong track record over many years of managing its finances well despite reductions in funding
- The Council's strategic approach to strategic financial planning is to align resources to Our City, Our Plan which was approved by Full Council on 2 March 2022
- Our City: Our Plan a new Council plan building on the Relighting Our City and providing a strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.'

## Background

- This presentation provides an update on the in-year performance and budget position and the draft budget for 2023-2024.
- Scrutiny are asked to:
  - consider and comment on the draft budget and how it is aligned to priorities of the Council
  - Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget and Medium-Term Financial Strategy 2023-2024 to 2025-2026



**2022-2023 Performance and Budget  
Monitoring  
Quarter 2**

## Performance and Budget Monitoring – Quarter 2

- On a quarterly basis an integrated performance and budget monitoring report is presented to Cabinet.
- The quarter 2 position was presented to Cabinet on 16 November 2022
- Overall, a forecast overspend was reported across the Council of £1.5 million – this is in the main as a result of the 2022-2023 pay award.
- The following slides provide an overview of the services that fall under the remit of this panel.

## Overall Our City: Our Plan Performance – Quarter 2

In total there are currently 56 KPI's in the Our City: Our Plan performance framework.

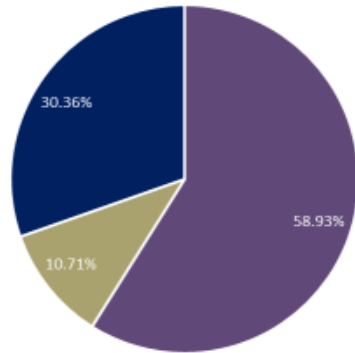
Of these;

- 33 have shown improvement or have seen similar performance
- 17 are yet to be update in the YTD (8 of these in Healthy Communities)
- 6 saw a decrease in performance



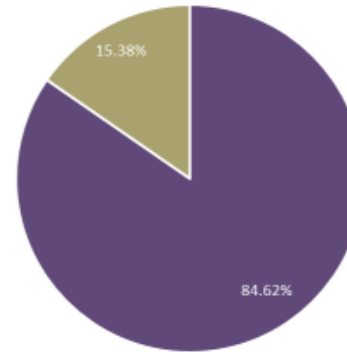
## Overall Our City: Our Plan Performance – Quarter 2

% of indicators improving  
(all indicators)



■ Improved or sustained ■ Decreased ■ Not reported yet

% of indicators improving  
(those with available updates)



■ Improved or sustained ■ Decreased

## Thriving Economy in all Parts of the City – Q2 Performance

| Number of indicators | Number showing improved or sustained performance -YTD | Number showing decreased performance -YTD | Number with no update in YTD |
|----------------------|---|---|------------------------------|
| 7                    | 4   | 2   | 1                            |

### KPI's with increased or similar performance in the YTD

% of premises in the city with full fibre coverage – increased

New investment opportunities generated - similar

New businesses supported by commissioned service Access to Business - increased

Number of rapid charging electric car points in the city - increased

## **Thriving Economy in all Parts of the City – Performance Changes in Quarter**

Awaiting updated data on business survival rates, however most recently published data shows Wolverhampton as having higher than average one year survival rates for businesses.

An increase in new businesses supported through Access to Business.

Decrease in overall businesses supported. Current model is being reviewed with a new business support model to be in place by April 2023

Decrease in footfall in retail and recreational settings in July to September 2022 compared to July to September 2021. This is potentially linked to holidays with restrictions still in place in 2021 which would have seen more people stay in Wolverhampton.

Continued increase in the access to full fibre internet and electric car charging points as roll out of new technology in both areas continues at pace

## Performance Data

### KPI's with decreased performance in quarter

% change in activity in city retail & recreational settings – Google Analytics

Wolverhampton based businesses accessing business support

### KPI's with no update in YTD

Business that survive one year in city – ONS Business Demography

***Published data expected in December 2022***

## Forecast Budget Position – Summary

| Service               | Net Controllable Revised Budget 2022-2023 | Net Controllable Forecast 2022-2023 | Q2 Variance |         | Reason for Quarter 2 Variance   |
|-----------------------|---|-------------------------------------|-------------|---------|---|
|                       | £000                                      | £000                                | £000        | %       |   |
| City Events           | 641                                       | 641                                 | -           | -       |   |
| Arts and Culture      | 911                                       | 892                                 | (19)        | (2.09%) |   |
| Leisure Services      | 1,430                                     | 1,655                               | 225         | 15.73%  | The forecast overspend as a result of a reduction in income from catering services at Bert Williams café. In addition, there are costs pressures on the Leisure PFI scheme due to increasing utilities costs. This is offset in part by vacancies in business support due to staff changes. |
| Local Economy         | 1,501                                     | 1,509                               | 8           | 0.53%   |   |
| Adult Education       | (399)                                     | (399)                               | -           | -       | A breakeven position forecast although the service is funding £30,000 saving target by use of carry forward of previous years grant balance.  |
| City Development      | 541                                       | 501                                 | (40)        | (7.39%) |   |
| Director Regeneration | 495                                       | 583                                 | 88          | 17.78%  | The forecast overspend is as a result of non-achievement of the savings target, which is in part offset by underspend on non-salary budgets.  |
| Enterprise            | 570                                       | 570                                 | -           | -       |   |
| Skills                | 924                                       | 924                                 | -           | -       |   |

## Forecast Budget Position – key areas to note

- Pressures are forecast on:
  - Leisure Services. At quarter 2 an overspend of £225,000 was forecast as a result of a reduction in income from catering services at Bert Williams café. In addition, there are costs pressures on the Leisure PFI scheme due to increasing utilities costs. This is offset in part by vacancies in business support due to staff changes.
  - Director of Regeneration – The forecast overspend is as a result of non-achievement of the savings target, which is in part offset by underspend on non-salary budgets.

**2023-2024 Draft Budget and  
MTFS 2023-2024 to 2025-2026  
Overview**

## Overview

- The 2022-2023 budget and MTFs was approved by Full Council on 2 March 2022
- Reported a forecast budget deficit of £12.6 million in 2023-2024 rising to £25.8 million over the medium term to 2025-2026
- Work has been ongoing to reduce the deficit with an update to Cabinet on 19 October 2022 reporting an updated forecast budget deficit of £7 million for 2023-2024 rising to £31.6 million by 2025-2026
- Work will continue to be undertaken to bring forward proposals to set a balanced budget for 2023-2024 and deliver a sustainable medium term financial strategy



# 2023-2024 Draft Budget and MTFS 2023-2024 to 2025-2026 Overview

| Scrutiny Panel   | 2022-2023<br>Gross<br>Expenditure<br>Budget<br>£000 | 2022-2023<br>Gross<br>Income<br>Budget<br>£000 | 2022-2023<br>Net Revenue<br>Expenditure/<br>(Income)<br>Budget*<br>£000 | Pay Award<br>Inflation**<br>2023-2024<br>£000 | Growth<br>2023-2024<br>£000 | Savings<br>2023-2024<br>£000 | 2023-2024<br>Draft Net<br>Revenue<br>Expenditure/<br>(Income)<br>Budget<br>£000 |
|--|---|--|---|---|-----------------------------|------------------------------|---|
| Economy and Growth Scrutiny Panel                          | 21,129  | (13,853)                                       | 7,276   | 85  | 90                          | (1,030)                      | 6,421   |
| Health Scrutiny Panel                                      | 21,886  | (21,886)                                       | -   | -   | -                           | -                            | -   |
| Residents, Housing and Communities Scrutiny Panel          | 80,500  | (46,181)                                       | 34,319  | 271   | 142                         | (250)                        | 34,482  |
| Resources and Equality Scrutiny Panel                      | 197,087   | (108,345)                                      | 88,742  | 14,112  | 3,336                       | (2,852)                      | 103,338   |
| Fulfilled Adult Lives Scrutiny Panel                       | 119,537   | (38,574)                                       | 80,963  | 172   | 4,705                       | -                            | 85,840  |
| Strong Families, Children, and Young People Scrutiny Panel | 242,021   | (189,715)                                      | 52,306  | 442   | -                           | (1,000)                      | 51,748  |
| Commissioning and Transformation***                        | 3,815   | (262)  | 3,553   | -   | -                           | -                            | 3,553   |
| <b>Net Budget Requirement</b>                              | <b>685,975</b>                                      | <b>(418,816)</b>                               | <b>267,159</b>  | <b>15,082</b>                                 | <b>8,273</b>                | <b>(5,132)</b>               | <b>285,382</b>  |
| <b>Corporate Resources</b>                                 |   |  | <b>(267,159)</b>  | -   | <b>(11,081)</b>             | -                            | <b>(278,240)</b>  |
| <b>Budget Challenge as at October 2022</b>                 |   |  |   |   |                             |                              | <b>7,142</b>  |

- \*draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- \*\* forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- \*\*\*Commissioning and Transformation falls under both Fulfilled Adults Lives and Stronger Families, Children and Young People Scrutiny Panel

## Overview – Uncertainties

- There continues to be significant uncertainty around
  - Future funding
  - Inflationary pressures
  - Future pay awards – currently assumes 4% in 2023-2024 and 2% for future years

**Economy and Growth  
Scrutiny Panel  
2023-2024 draft budget and MTFs**

## Changes to budget –saving / growth

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget
  - Leisure Services – Public Health Reserve to support WV Active £1,000,000
- The following growth is also built into the budget
  - Leisure Services - Increased cost inflation £90,000

## Draft Budget

| Service               | 2022-2023<br>Gross<br>Expenditure<br>Budget<br>£000 | 2022-2023<br>Gross<br>Income<br>Budget<br>£000 | 2022-2023<br>Net Revenue<br>Expenditure/<br>(Income)<br>Budget*<br>£000 | Pay Award<br>Inflation**<br>2023-2024<br>£000 | Growth<br>2023-2024<br>£000 | Savings<br>2023-2024<br>£000 | 2023-2024<br>Draft Net<br>Revenue<br>Expenditure/<br>(Income)<br>Budget<br>£000 |
|-----------------------|---|--|---|---|-----------------------------|------------------------------|---|
| Adult Education       | 3,664   | (3,930)  | (266)   | -   | -                           | (30)                         | (296)   |
| Arts and Culture      | 1,839   | (860)  | 979   | 12  | -                           | -                            | 991   |
| City Development      | 740   | (179)  | 561   | 3   | -                           | -                            | 564   |
| City Events           | 2,518   | (1,848)  | 670   | 8   | -                           | -                            | 678   |
| Director Regeneration | 656   | (150)  | 506   | 6   | -                           | -                            | 512   |
| Enterprise            | 1,450   | (866)  | 584   | 2   | -                           | -                            | 586   |
| Leisure Services      | 5,742   | (4,104)  | 1,638   | 21  | 90                          | (1,000)                      | 749   |
| Local Economy         | 2,067   | (462)  | 1,605   | 8   | -                           | -                            | 1,613   |
| Skills                | 2,453   | (1,454)  | 999   | 25  | -                           | -                            | 1,024   |
| <b>Total</b>          | <b>21,129</b>                                       | <b>(13,853)</b>                                | <b>7,276</b>  | <b>85</b>                                     | <b>90</b>                   | <b>(1,030)</b>               | <b>6,421</b>  |

- \*draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- \*\* forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed

## Draft Budget

- Budget setting process is still under way. The Draft Budget is subject to changes that are implemented to close the current deficit for 2023-2024.
- Some growth and saving targets are currently being held in Corporate Accounts and will be transferred to services.
- The Draft Budget currently does not yet reflect any virements between services in 2023-2024.
- Work is ongoing to review and challenge budget requirements

## Risks / Key areas to note

- Adult Education currently have a cash flat budget which does not take into consideration growth of the value of the grant therefore when there is a pay award this is not considered and creates a pressure.
- Currently European Funding which has supported businesses in the city will come to a close in March 2023. UK Shared Prosperity Fund which will replace EU funds is a reduced amount.
- Inflationary pressures could impact the delivery of capital schemes within the City reducing the number of viable schemes

## Strategic Risk Register

- Risks last reported to the Audit and Risk Committee on 26 September 2022.
- The following strategic risk relevant to this panel:
  - City Wide Regeneration
  - Businesses Closing
  - High Unemployment (previously Rising Unemployment)
  - Civic Halls
- Other strategic risks which may have an impact on this panel
  - Medium Term Financial Transactions
  - Reputation / Loss of Public Trust



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