

Economy and Growth Scrutiny Panel

Minutes - 29 November 2023

Attendance

Members of the Economy and Growth Scrutiny Panel

Cllr Qaiser Azeem
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Claire Darke
Cllr Celia Hibbert
Cllr Harbinder Singh
Cllr Udey Singh (Vice-Chair)
Cllr Jacqueline Sweetman (Chair)
Cllr Iqra Tahir
Cllr Ellis Turrell

In Attendance

Stephen Simkins – Leader of the Council

Employees

David Pattison – Chief Operating Officer
Richard Lawrence – Director of Regeneration
Charlotte Johns – Director of Strategy
Laura Collings – Head of Policy and Strategy
Allison Shannon – Chief Accountant
Raeesa Mohammed – Corporate Analytics Manager
Lee Booker – Scrutiny Officer

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies**
An apology for absence was received from Cllr Jasbinder Dehar.

- 2 **Declarations of interest**
There were no declarations of interest.

- 3 **Minutes of previous meeting**
The minutes of the meeting held on 27 September 2023 were approved as a true and correct record.

4 **Budget and Performance Update**

The Director of Regeneration discussed the draft budget for 2024/2025. It was reported back in March 2023, that the Council was faced with a forecast budget deficit of £16.4 million in 2024-2025 rising to £23.1 million over the medium term to 2025-2026. Work had been on going to reduce the deficit with an update to Cabinet which occurred on the 18 October 2023. The budget deficit reported to Cabinet in October was in the region of £2.6 million. In addition, the budget included efficiency targets which were held corporately at £6.2 million 2023-2024, £2 million of that had been allocated on a recurrent basis. Further efficiency targets of £2.6 million are built into the budget for 2024-2025, taking the overall efficiency target yet to be identified in 2024-2025 to £6.8 million.

He reported that the projected budget deficit budget was rising to over £20 million for 2025-2026. Work would continue to be undertaken to bring forward proposals to set a balanced budget for 2024-2025. The information being presented was a draft budget, subject to change.

He went on to discuss the uncertainties which were around included future funding, inflationary pressures, demand for services and anticipated pay awards for staff.

The Director of Regeneration then went onto give an overview of the performance and explained that of the 6 indicators, 3 showed improvement/ sustained performance, 2 showed a decrease in performance and 1 had no update in status.

Number of jobs being safeguarded by city investment had decreased. Business survival rates were high the first year, but lower after 3 years. After increases in the unemployment claimant count through end of 2022-2023, the claimant count for working age residents was stable as of 2023-2024. The number of apprentices and graduates placed within the Council had doubled across the past 15 months. Areas of risk related to Adult Education as there had been no growth in grant funding, but the challenge remained to deliver outputs whilst absorbing inflationary pressures to cost. There was risk that inflation could impact on city's capital scheme projects, and further risk to increasing the City's events to attract external visitors. Strategic risks registered relevant to the Panel were – High unemployment, city centres (Council led development projects), City Learning Quarter, business support.

The Leader of the Council stated that it was a challenging time for local government across the country. He felt these times brought out the best and the worst, he said it was important the Council dealt with deficits in the short term but said that the Government needed to intervene with all Councils, financially. He said the Council needed to prioritise the most vulnerable within society, and he felt that the City of Wolverhampton Council did that well.

A Member of the Panel wanted to know how much money the City of Wolverhampton Council had not received from the Conservative government since it came to power in 2010. He referenced business survival rates, where the data showed that businesses in the City of Wolverhampton had a low level of survival by the third year. He wanted to know if this was due to a lack of funding that the Council could not support them, and what the Council could do to support them with the resources it had available. He enquired how much funding the City of Wolverhampton Council

received from the West Midlands Combined Authority (WMCA) for business support.

The Chief Accountant said that funding was complex has funding has changed over the years. However, the council reported to Cabinet in February 2023, that the Council had identified budget reductions of over £240 million over the last 13 years of budget setting processes.

The Vice Chair wanted the next report to show the locations of the businesses which were being reported as failing during the start up phases of 1 to 3 years.

The Corporate Analytics Manager said that the Council did not have a breakdown of the data by industry at a local level. They were able to refer to data from the Office for National Statistics (ONS) to look at trends, but this was national level data and was not specific to Wolverhampton. She said there was potential to get localised data via request to the ONS however. She said the lowest level of data location wise, was local authority level but not ward level. She said the Council was able to do its own surveys on local businesses but when they had done this in the past, they had typically had low respondent rates.

The Director of Strategy said it was important to have a holistic understanding of performance, where multi-level and multiple source-based data was key. She stated that support for businesses was available through Business Growth West Midlands, and the United Kingdom Shared Prosperity Fund (UKSPF). She said there was a time lag in the data and so it was important to continue to build data for the new local business support approach.

A Councillor referred to page 26, which focused on risks posed to the City projects by inflation. He wanted to know how likely it was that this would impact the projects.

The Director of Regeneration said it was a challenging time but that with projects such as the City Learning Quarter, they had worked very hard to get the right level of funding to deliver the scheme. They would have to work to mitigate against inflation and market forces to ensure the schemes were a success across the next 2 years, he said they were confident they were able to do it. He said working with partners and key stakeholders would be fundamental in ensuring projects were delivered on time.

The Leader of the Council stated that looking at wards would be difficult and he felt it would be more beneficial to look at sectors, when looking at businesses starting up and survival rates. He felt this would enable them to see if it was a sector shift in the area and target business support properly. He said the Council was still committed to the big schemes it had in place but noted the challenges around inflation in the building and construction sector. He said the UKSPF was split into several different smaller grants for specific uses and that it was a challenging time for money across the nation for all Councils and businesses.

The Director of Strategy said further information on support for businesses would be provided and covered in 2024, as the Economy & Growth Panel were due to have an item on the "Business Growth Programme".

A Councillor referred to page 24, performance overview. He referred to stats from statistica for the United Kingdom as a whole, where it said of businesses formed in 2016, only 38% were still operating as of 2021. He requested that future information to the Panel on businesses from Wolverhampton follow a similar format. This would allow the Panel to benchmark Wolverhampton's performance relative to the United Kingdoms as a whole. He hoped the Council would do a bit more to get the data and work with the business community to ensure the correct approach was being taken to mitigate issues created by the global and national economy.

The Corporate Analytics Manager replied that they had a business demography report which was updated quarterly with experimental statistics and annually with revised figures. She said she would share this with the Panel, as it had benchmarking data with neighbouring local authorities.

5

Good Growth Strategy

The Head of Policy and Strategy stated that they aimed to support the development of sustainable communities, enable an inclusive low carbon transport network, and secure the potential of the City and the town centre. They had a challenge of a lack of available land for future developments. To improve productivity in the area they planned to help businesses and organisations increase productivity, in particular Small Medium Enterprises (SMEs) with targeted support, to collaborate with businesses and the University to foster a creative ecosystem, and maximise the investment potential of the City. A Steady increase in skills in the City had occurred over the previous 10 years, to further improve the local populations ability to gain work, they were going to carry out a holistic life approach to education and skills development, try to improve health and well being to remove barriers to employment, and grow community wealth through the Wolverhampton Pound scheme.

The Head of Policy and Strategy remarked they were in the process of developing a new economic performance framework and were working with the Black Country Economic Intelligence Unit to this end. They had done mapping and data gathering to enable them in the future to deliver a support framework for businesses which would be easy to obtain. Signposting businesses to the right support for them would be the Council's primary role in the future. The Head of Policy and Strategy then set out the strategy framework key business growth priorities:

- Business support and finance
- Leadership and management
- Workforce development
- Technology and innovation
- Green business support
- Internationalisation

She confirmed they would be bringing a more formal overview of the Business Growth Plan at the next Economy and Growth Scrutiny Panel.

A Panel member stated he felt what was missing from the growth strategy for the City was from the private sector, he stated that he did not feel the Council should rely solely on public works and grant funding. He said i54 was an anomaly to this, he said the i9 was not fully let. He wanted evidence that showed private businesses were looking to Wolverhampton to invest in and grow the economy. He said he welcomed the devolution deal from the West Midlands Combined Authority but that the City needed more private investment. He criticised the Council's business support, he

said in his opinion they had sent out the wrong message with how they had handled the traders on Victoria Street. He also cited the report from the Wolverhampton Business forum as another example of where he felt the Council was failing. He said these actions sent out the wrong message to businesses at a crucial time when the City needed private investment. He felt the presentation and associated documents did not represent this and wanted the Head of Policy and Strategy to take note of his comment.

The Leader of the Council replied that it was a difficult time in the country, economically, and because of this investors and businesses were more likely to be risk-averse. He said because of this and because of Wolverhampton's specific conditions they were having to work to create the right proposal for the City centre to attract private investment. He noted the Panel members comments about money received from the Government through the WMCA but he said the Council had had to fight hard to receive this money as the Government's approach to granting money was one of competition which generated winners and losers. He said the government had repeatedly not given them the amount of money they had asked for and this created a short fall. He said he wanted the City to focus on re-skilling the local population, especially in the Green economy. He felt the Council was doing well in this and still had work to do.

The Director of Regeneration gave a number of examples where private investment had expanded in the City to evidence that the private sector was involved and was investing.

A Councillor referred to the strategy around place, people and productivity. She wanted to know if there was joined up working in reference to place. She wanted to know if more in depth investigations were done after businesses had failed. She cited the difficulties small businesses faced when larger companies moved in. In reference to people, she wanted to know what the target figure was for the amount of residents and businesses the Council was going to survey. She felt the Council needed to ensure they reached a large amount of people to ensure the sample pool was a fair representation of the City of Wolverhampton's populace. She referred to business growth priorities, she wanted to know if there was any joined up working with the University of Wolverhampton, local colleges and local industry to ensure there was funding for Green Industrial Revolution. She wanted the jobs to be generated for people who lived in Wolverhampton over those who would travel in from outside of the City for work. She also wanted to know what the plans were around inward investment.

The Leader of the Council said licensing and planning was a challenge as the Council could not over ride government policy. He felt this needed looking at.

The Director of Strategy stated that they were focused on ensuring the economic eco system of the City was as favourable as possible for people to do business. She said the strategy was a one Council approach, which meant joined up working towards the same goal by all departments. There would be delivery plans to give specificity to each department to ensure the work was carried out correctly.

The Head of Policy and Strategy stated that they employed various methods and outlets to reach people for their surveys and tried to make it as accessible as possible. She said they did not have a set figure or target that they worked towards.

She said they did try to ensure they had a representative sample by getting responses from people with different backgrounds, ie age or ethnicity.

The Director of Strategy said that the internationalisation question was difficult to answer on the spot but stated that it was driven by the West Midlands Growth company. She gave several examples to explain internationalisation was much broader than import-export. She said they had learnt a lot from events of an international character which involved the City, such as the Common Wealth Games 2022.

A Councillor praised the plan and said he was positive about the City's businesses. He felt the visitor economy was starting to pick up more and gave several examples of new businesses catering to that. He stated that whilst some business groups had been critical of the Council, others had praised it.

A Panel member pointed out a campaign to get an additional rail line and station built in the Tettenhall area and asked if the Council backed that campaign.

The Leader of the Council stated he had campaigned for connectivity of rail in multiple areas, but they had not been able to gain support from the West Midlands Combined Authority or Government. He said he welcomed increased connectivity across the region. He felt the train services would be more beneficial if they could stop the franchisement of the railways, as well as the bus services.

There was discussion and general consensus between members of the Panel, the Chair and the Leader of the Council about the need for increased and improved rail lines and services.

Resolved: The Panel require an in depth look at the transport infrastructure plans as they interact with the economic strategy for growth.

A Councillor stated that the West Midlands Combined Authority's estimated economic growth models were based off of the completion of High-Speed Rail 2 (HS2). Now that HS2 had been cancelled, she wanted to know what the alternatives were and how this was factored into economic planning in the future. She argued that the Head of Policy and Strategy needed to adopt a target based model to consultations when surveying public opinion. She stated that often there was a strong disinterest from people to respond, meaning small sample pools. She said the communication needed to be improved and that Councillors should be used to engage with constituents with the surveys.

The Leader of the Council disagreed and said he felt it would be foolish to have a set target, he said the ideal target was a 100% response rate but that this was not achievable. He said they could not force people to respond to a consultation. He said giving people an opportunity to have their say was the best they could do. He compared it to electoral voting which had low turn outs. He said he had enquired about HS2 with the WMCA and that he had received no response.

Resolved: The Strategy team return to the Panel with further updates on progress with their work in the future.

The Director of Regeneration gave some brief background on the history of the former Heath Town Baths building. The Chief Operating Officer stated they were providing a brief update as requested by the Panel at a previous Economy and Growth Scrutiny Panel. He informed the Panel that a meeting had taken place with Gaddu Associates (GA) on the 16th October 2023 where further information was requested.

The Director of Regeneration stated that Gaddu Associates were requested to accept the inclusion of an overage agreement to the lease terms that would allow the Council to receive an Overage Payment which would reflect future uplift of land value arising from a change of use/variation to the planning consented scheme. They were asked to provide detail of work specifications, phased/condensed delivery plan including key milestones, updated delivery costs and programme. They had also been asked to provide guarantee/evidence of source of funding that demonstrated Gaddu Associate's ability to finance the scheme in absence of HLF grant funding and provide evidence/track record of delivering similar schemes successfully.

The Director of Regeneration stated that on the 9th November 2023 the Council had requested Gaddu Associates to have submitted by the 17th November 2023. Gaddu Associates submitted the information on the 21st November 2023. They had submitted further information on the day of the Economy and Growth Scrutiny Panel (29th November 2023) which was being looked at and worked through.

The Chief Operating Officer stated that the Council was ensuring it was doing its due diligence as a Cabinet member had asked them to do, to ensure compliance with the Council's legal obligations, especially value for money for the tax payer. He said there was a strong push from the Leader of the Council to bring the site back into productive use. This was why they had requested the information. He said the key was not the deadline of the 17th November, but in fact the quality of the information provided. Officers were now working on the information to provide a recommendation to the Leader of the Council.

The Chair noted the update.