

# Performance, Budget and MTFS

Economy and Growth Scrutiny Panel  
29 November 2023

# Introduction

## Budget Scrutiny for

- Background
- Draft Budget 2024-2025 and Medium Term Financial Strategy
- Our City Our Plan Performance
- Future Challenges
- Strategic Risk Register

## Background

- This presentation provides an update on the budget position and the draft budget for 2024-2025.
- 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 2024-2025 and Medium-Term Financial Strategy

# **Draft Budget 2024-2025 and MTFS Overview**

## Draft Budget and MTFS

- The 2023-2024 budget and MTFS was approved by Full Council on 1 March 2023. We reported a forecast budget deficit of £16.4 million in 2024-2025 rising to £23.1 million over the medium term to 2025-2026.
- Work has been ongoing to reduce the deficit with an update to Cabinet on 18 October 2023. The budget deficit for 2024-2025 is now projected to be in the region of £2.6 million.
- However, the budget and MTFS include efficiency targets which are held corporately totalling £6.2 million in 2023-2024, of which only £2 million has been allocated on a recurrent basis and £4.2 million is one off in nature.
- In addition, the current working assumptions include a further £2.6 million efficiency target for 2024-2025.
- Therefore, in addition to the £2.6 million projected deficit, efficiencies totalling £6.8 million is still required to be identified for 2024-2025.

## Draft Budget and MTFS

- The projected budget deficit rising to over £20 million for 2025-2026.
- Work will continue to be undertaken to bring forward proposals to set a balanced budget for 2024-2025 and deliver a sustainable medium term financial strategy.
- Budget setting process is still under way. The Draft Budget presented in these slides is subject to changes.

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

| Scrutiny Panel   | 2023-2024<br>Gross<br>Expenditure<br>Budget<br>£000 | 2023-2024<br>Gross<br>Income<br>Budget<br>£000 | 2023-2024<br>Net Revenue<br>Expenditure/<br>(Income) Budget<br>£000 | Pay<br>Related<br>growth*<br>£000 | Growth<br>2024-2025<br>£000 | Savings<br>2024-2025<br>£000 | 2024-2025 Draft Net<br>Revenue Expenditure<br>/ (Income) Budget<br>£000 |
|--|---|--|---|-----------------------------------|-----------------------------|------------------------------|---|
| Economy and Growth Scrutiny Panel                      | 16,405  | (10,747)                                       | 5,658   | -                                 | -                           | -                            | 5,658   |
| Health Scrutiny Panel                                  | 30,993  | (29,897)                                       | 1,096   | -                                 | (360)                       | -                            | 736   |
| Resources and Equality Scrutiny Panel                  | 226,224   | (114,443)                                      | 111,781   | 10,645                            | (4,674)                     | 4,423                        | 122,175   |
| Climate Change, Housing and Communities Scrutiny Panel | 88,320  | (49,485)                                       | 38,835  | -                                 | 15                          | (1,000)                      | 37,850  |
| Children and Young People Scrutiny Panel               | 262,674   | (209,208)                                      | 53,466  | -                                 | 1,000                       | -                            | 54,466  |
| Adults Scrutiny Panel                                  | 139,025   | (43,447)                                       | 95,578  | -                                 | 11,699                      | -                            | 107,277   |
| <b>Net Budget Requirement</b>                          | <b>763,641</b>                                      | <b>(457,227)</b>                               | <b>306,414</b>  | <b>10,645</b>                     | <b>7,680</b>                | <b>3,423</b>                 | <b>328,162</b>  |
| <b>Corporate Resources</b>                             |   |  | <b>(306,414)</b>  |                                   | <b>(19,154)</b>             |                              | <b>(325,568)</b>  |
| <b>Budget Challenge as at 18 October 2023</b>          |   |  |   |                                   |                             |                              | <b>2,594</b>  |

- Draft revised budget for 2023-2024 does not reflect passing out 2023-2024 pay award. This is held corporately. The 2023-2024 pay award was approved on 1 November and budgets will be passed out to services over the next few months
- \* Pay related growth currently held corporately – includes provision for a 3% pay award
- \*\*projected budget deficit assuming the delivery of efficiency targets totalling £6.8 million in 2024-2025

## Overview – Uncertainties

- There continues to be significant uncertainty around
  - Future funding
  - Inflationary pressures
  - Demand for services
  - Future pay awards – currently assumes 3% in 2024-2025 and 2% for future years



**Economy and Growth  
Scrutiny Panel**

**Draft budget 2024-2025 and MTFS**

# Draft Budget

| Service                                       | 2023-2024<br>Gross<br>Expenditure<br>Budget<br>£000 | 2023-2024<br>Gross Income Budget<br>£000 | 2023-2024<br>Net Revenue<br>Expenditure/<br>(Income) Budget<br>£000 | Pay<br>Related<br>growth*<br>£000 | Growth<br>2024-2025<br>£000 | Savings<br>2024-2025<br>£000 | 2024-2025 Draft Net<br>Revenue<br>Expenditure /<br>(Income) Budget<br>£000 |
|---|---|--|---|-----------------------------------|-----------------------------|------------------------------|--|
| Arts and Culture                              | 1,712   | (858)                                    | 854   | -                                 | -                           | -                            | 854  |
| City Events                                   | 2,777   | (2,015)                                  | 762   | -                                 | -                           | -                            | 762  |
| Adult Education                               | 3,706   | (3,801)                                  | (95)  | -                                 | -                           | -                            | (95)   |
| Skills  | 3,043   | (2,191)                                  | 852   | -                                 | -                           | -                            | 852  |
| Libraries                                     | 2,074   | (500)                                    | 1,574   | -                                 | -                           | -                            | 1,574  |
| City Development                              | 1,534   | (1,034)                                  | 500   | -                                 | -                           | -                            | 500  |
| Director City Development and City Investment | 758   | (93)                                     | 665   | -                                 | -                           | -                            | 665  |
| Enterprise                                    | 801   | (255)                                    | 546   | -                                 | -                           | -                            | 546  |
| <b>Total</b>                                  | <b>16,405</b>                                       | <b>(10,747)</b>                          | <b>5,658</b>  | -                                 | -                           | -                            | <b>5,658</b>   |

- Draft revised budget after reversal of one-off virements
- The 2023-2024 pay award was approved on 1 November and is currently held corporately.
- The forecast impact of the 2024-2025 pay related growth increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

**Our City Our Plan Performance**





# Performance Overview

## Thriving economy in all part of the city

| Number of indicators | Number showing improved or sustained performance | Number showing decreased performance | Number with no update |
|----------------------|--|--------------------------------------|-----------------------|
| 6                    | 3  | 2                                    | 1                     |

# Performance Overview

## Thriving economy in all part of the city

| Indicator  | WLV June 2022 | WLV Aug 2022 | WLV Dec 2022 | WLV Mar 2023 | WLV June 2023 | WLV Sept 2023 | DoT   |
|--|---------------|--------------|--------------|--------------|---------------|---------------|---|
| Number of jobs created / safeguarded in the city through the Investment Team | 93            | 169          | 203          | 219          | 278           | 116           |  |
| % of premises in the city with full fibre coverage                           | 18.0%         | 18.0%        | 37.8%        | 54.1%        | 60.9%         | 62.8          |  |
| Number of rapid electric car charging points in the city                     | 30            | 30           | 32           | 32           | 32            | 32            |  |
| Wolverhampton based businesses supported by the council                      |               |              | 157          | 98           | 46            | 110           |  |

| Indicator   | WLV 2018<br>Count | WLV 2018 % | WLV 2019<br>Count | WLV 2019 % | WLV 2020<br>Count | WLV 2020 % |
|---|-------------------|------------|-------------------|------------|-------------------|------------|
| Businesses that survive one year in the city (2020 latest data) | 1,020             | 93.2       | 1,135             | 95.0       | 1,135.0           | 94.6       |
| Businesses that survive five years in the city (2016 data only) | N/A               | N/A        | N/A               | N/A        | 495               | 29.7%      |

# Performance Overview

## Thriving economy in all part of the city

In light of the changing funding and wider environment, the council is developing a new business growth programme. Supporting businesses is an ongoing priority and performance at Q2 shows improved performance around the number of Wolverhampton based businesses supported by the council.

The number of jobs being safeguarded through the city investment team has decreased since the last quarter, though if we compare June 2023 to June 2022, we can see 185 more jobs have been created/safeguarded.

Business survival rates are high in Wolverhampton for years 1,2 and 3 but after year 3 survival rates fall, this has been highlighted and is something that will be taken into consideration with the business support offer.

Future proofed digital infrastructure acts as the backbone to improved service delivery as part of the development of a smart city. Wolverhampton's full fibre coverage has been increasing and has gone from just 18% coverage in June 2022 to 62.8% in the latest quarter. The city has been recognised nationally as a 'rising star' in fibre.

# Performance Overview

## Jobs and Skills

After increases in the Unemployment Claimant Count through the end of 2022-23, the claimant count for working aged residents remained stable through 2023-2024. The Council continues to try and influence improved performance in this area through partnership working and initiatives such as Wolves @ Work.

The number of apprentices and graduates placed within the council has doubled over the past 15 months through the Council's commitment to contributing to its employment support offer to help get local people into jobs and training and growing our own leaders of the future.

# Risks / Key areas to note

## Adult Education

- The financial risks relate to no growth in the grant funding for service provision and the resulting need to deliver outputs and outcomes whilst absorbing inflationary cost pressures.

## City Development

- Ongoing inflationary pressures could impact the delivery of capital schemes within the City. These pressures continue to be monitored and to mitigate these risks contingency budgets are being reviewed.

## City Events

- Given the city's level of ambition, there are financial risks relating to increasing the scope and number of events attracting external funding and delivery within approved resources.



## Earmarked Reserves

- Full list of Earmarked Reserves balances of all reserves at the end of 2022-2023 financial year were last reported to Cabinet on 12 July 2023 which can be access from:

[Agenda for Cabinet on Wednesday, 12th July, 2023, 5.00 pm :: Wolverhampton City Council \(moderngov.co.uk\)](#)

- Forecast Reserves balances for 2023-2024 will be going to Resources and Equality Scrutiny Panel on 7 December 2023.

## Strategic Risk Register

- Risks last reported to the Cabinet on 15 November 2022.
- The following strategic risks relevant to this panel:
  - High Unemployment
  - City Centres – Council Led Development Projects
  - City Learning Quarter
  - Business Support
- Strategic Risk register is available at:
- <https://wolverhampton.moderngov.co.uk/documents/s256782/Appendix%206%20-%20Strategic%20Risk%20Register.pdf>

**wolverhampton.gov.uk**