

Minutes Extract – Performance, Budget Monitoring and MTFS Item Economy and Growth Scrutiny Panel 29 November 2023

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.