

Minutes Extract – Performance, Budget Monitoring and MTFS Item Economy and Growth Scrutiny Panel 30 November 2022

The Director for Regeneration gave a presentation on Performance, Budget Monitoring and MTFS. He stated that the Council had built up a strong track record for managing finances well despite reductions in funding. The Council's approach to strategic financial planning was to align resources to the "Our City, Our Plan" which was approved by Full Council on 2 March 2022. The plan provided a strategic framework for delivering the ambition that "Wulfrunians will live longer, healthier lives." On a quarterly basis an integrated performance and budget monitoring report was presented to Cabinet. The quarter 2 position had been presented to Cabinet on 16 November 2022. Overall, a forecast overspend was reported across the Council of £1.5 million, this was mainly due to the 2022-2023 pay award.

The Director for Regeneration stated that there 56 key performance indicators in the Our City: Our Plan Performance framework. In quarter 2, 33 had shown improvement or similar performance, 17 were yet to be updated and 6 had seen a decrease in performance. For the specific priority theme of "Thriving Economy in all Parts of the City" there were a total of 7 indicators. In quarter 2, four of these had showed an improved or sustained performance in the year to date. Two had shown a decrease in performance in the year to date and for one there was no update. The KPIs with increased or similar performance in the year to date were as follows: -

- Percentage 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

The Council were still awaiting data on business survival rates, although the most recent published data showed Wolverhampton as having higher than average one year survival rates for businesses. There had been an increase in new businesses supported through Access to Business. Although there had been a decrease in overall businesses supported. The current model was being reviewed with a new business support model to be in place by April 2023. There had been a decrease in footfall and recreational settings in July to September 2022 compared to July to September 2021. This was potentially linked to holidays, with restrictions still in place in 2021, which would have seen more people stay in Wolverhampton. There had been a continued increase in the access to full fibre and electric car charging points in the City, as the roll out continued.

The Director of Regeneration stated that the KPIs with decreased performance in quarter 2 were as follows:-

- Percentage change in activity in city retail and recreational settings – Google Analytics
- Wolverhampton based businesses accessing business support.

The KPI where there was no update in the year to date was on businesses that survive one year in City – ONS Business Demography. The published data was expected in December 2022.

The Director of Regeneration highlighted some of the pressures on the forecast budget position within the remit of the Panel. In Leisure Services at quarter 2 there was an overspend of £225,000 forecast as a result of a reduction in income from catering at Bert Williams Café. In addition, there were cost pressures on the Leisure PFI scheme due to increasing utility costs. This was offset in part by vacancies in business support due to staff changes. Under the area of Director of Regeneration there was a forecast overspend as a result of non-achievement of the savings target, which in part was offset by underspend on non-salary budgets.

The Director for Regeneration remarked that the 2022-2023 budget and MTFs had been approved by Full Council on 2 March 2022. A budget deficit of £12.6 million was forecast for 2023-2024 rising to £25.8 million over the medium term to 2025-2026. Work had 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 would continue to take place to bring forward proposals to set a balanced budget for 2023-2024 and deliver a sustainable medium term financial strategy. There were some uncertainties for future planning which included future funding allocations, inflationary pressures and future pay awards. It was assumed the pay award would be 4% in 2023-2024 and 2% for future years but this was subject to change.

The Director for Regeneration commented that under the remit of the Panel the MTFs had a savings target built into the budget for Leisure Services. The Public Health Reserve would support WV Active with £1,000,000. There was also a growth of 90,000 built into the budget for Leisure Services to cover the cost of inflation. The general budget setting process was still underway and was subject to changes that would be implemented to close the current deficit for 2023-2024. Some growth and saving targets were currently being held in Corporate Accounts and would be transferred to services. The draft budget did not currently reflect any virements between services in 2023-2024. Work was ongoing to review and challenge budget requirements.

The Director of Regeneration on the matter of risks, highlighted a few notable areas. Adult Education currently had a cash flow budget which did not take into consideration the growth of the value of the grant. Consequently, when there was a pay award it was not considered and created a pressure. He highlighted that European Funding which supported businesses in the City, would come to a close in March 2023. The UK Shared Prosperity Fund which would replace the EU funds was a reduced amount. Inflationary pressure could impact on the delivery of capital schemes within the City, reducing the number of viable schemes.

The Director of Regeneration referred to the Strategic Risk Register. The risks had been last reported to the Audit and Risk Committee on 26 September 2022. There were four strategic risks relevant to the remit of the Panel, these were City Wide Regeneration, Businesses closing, High unemployment and the Civic Halls. Other

strategic risks which could have an impact on the work of the Panel included, Medium Term Financial Transactions and Reputation / Loss of Public Trust.

A Panel Member asked which businesses had benefited from European funding in the past, he was aware of some businesses he had informed about the funding but were not eligible. The Director of Regeneration responded that Business Support would be discussed on the next item on the agenda.

A Panel Member asked if the financial information relating to WV Active included the costings for new equipment. She had received a substantial amount of complaints about equipment being broken. The Sauna was also not in use. The Director of Regeneration responded that he would look into the matter and send a response to her.

A Panel Member gave praise to the Civic Hall venue as an asset to the City and confirmed that it had been discussed as part of the Strategic Risk Register at Audit Committee in September. He asked if any forecasting had been completed, on the many thousands of extra visitors to the City that would be attracted to the City when the Civic Halls was back open. He commented that local car parks might have to stay open later and be reasonably priced when there were events taking place at the Civic Halls late in the evening. The Director of Regeneration responded that there had been some forecasting completed, primarily by the new operator. There was a whole list of outputs which could be shared with the Panel and he was happy to do so. The Cabinet Member for Inclusive City Economy added that it was important to support the Civic Halls because of the great economic benefit it would bring to the wider City.

A Panel Member asked if there would be enough car parking in the City for when the Civic Halls was back open and if it would be affordable. They added that it was also important for securing any new hotels for the City. The Director of Regeneration responded that they were in conversations with the Operator of the Civic Halls, AEG and The Grand Theatre on the question of car parking. It was being looked at in the short-term and also the longer-term to support the wider aims of the City.

A Panel Member referred to the performance report that had gone to the Residents, Housing and Communities Scrutiny Panel, which stated that some performance data on the theme of "Good Homes in Well-Connected Neighbourhoods" would be published later in November. He asked if this was now ready as it was an important part of reviewing performance. The Finance Business Partner responded that he understood this related to annual KPI performance information and he believed it had been delayed to December. He would check and ask performance colleagues to inform the Panel Member. The Cabinet Member added that he would also speak to the relevant Cabinet Member as well to check on progress.

A Panel Member asked about the likelihood of cuts to public spending following the Chancellor's Autumn statement and on the impact of rising inflation on the budget and forecast. The Cabinet Member for Inclusive City Economy commented that inflationary costs were a real problem and had been highlighted as a pressure. The grant indication from the Government was normally late in December.

A Panel Member referred to WV Active and asked for some more details on the changes to the budget. The Finance Business Partner explained that £1 million pounds from the Public Health Reserve was being used to support WV Active, which meant there was a £1 million saving to the General Fund Budget. This had been agreed by Cabinet in October, it was part of the Council's priorities in supporting health outcomes. In the current financial year at quarter 2 there was an overspend of £225,000 forecast as a result of a reduction in income from catering services at Bert Williams café. There were also cost pressure on the Leisure PFI scheme due to increasing utilities cost. £90,000 had been built into the Medium Term Financial Strategy to cover the increase costs due to inflation in Leisure Services for the PFI contract.