

# Individual Executive Decision Notice

<b>Report title</b>	Relight Business Programme	
<b>Decision designation</b>	GREEN	
<b>Cabinet member with lead responsibility</b>	Councillor Stephen Simkins Cabinet Member for City Economy	
<b>Wards affected</b>	(All Wards);	
<b>Accountable Director</b>	Richard Lawrence, Director of Regeneration	
<b>Originating service</b>	Revenues and Benefits and Regeneration	
<b>Accountable employee</b>	Isobel Woods	Head of Enterprise
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<b>Report has been considered by</b>	Strategic Executive Board	9 November 2020

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## Summary

To agree the allocation and distribution of the Relight Business Programme funding through the Additional Restrictions Grant (ARG) – with reference to the Urgent Decision National Lockdown 2, 9 November 2020 and Urgent Decision National Lockdown 3 25 January 2021.

## Recommendations for decision:

That the Cabinet Member for City Economy and the Cabinet Member for Resources, in consultation with the Director of Finance and Director of Regeneration:

1. Approve the allocation and distribution of £150,000 for the Relight Business Programme (which will assist up to 200 micro and small businesses that do not normally access business support) from the £5.3 million Additional Restrictions Grant (ARG)
2. Approve the Council entering into an Agreement for Bulk Purchase of Memberships with the National Federation of Self Employed and Small Businesses Limited (FSB). These are via an exemption process and have a budget of £50,000
3. Approve the procurement and appointment of Consultants to deliver the Financial Health checks (£60,000 budget) and the Digital Awareness Reviews (£30,000 budget), funded through the grant. These are via a 3 quote process with 5 companies invited to tender for each, and the financial checks also having an exemption

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Signature Richard Lawrence

Date: 24.02.2021

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Signature: Claire Nye

Date: 25 February 2021

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Signature: Councillor Stephen Simkins

Date: 25 February 2021

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Signature: Councillor Louise Miles

Date: 25 February 2021

## 1.0 Background

- 1.1 Over 600 small businesses applied for the Discretionary Grant – over 50% were rejected with many evidencing poor finance/cashflow knowledge, inadequate business structures, and management processes; and discussions with those micro businesses who enquired but were ineligible for the Business Rate Grant also exhibited very informal business structures leading to poor cashflow and financing knowledge.
- 1.2 Business failure rates are still relatively high – Business closures have risen from 800 in 2015 to 1220 in 2018; and the 3-year business survival rate is 60.1%, and the 5-year survival rate is 39.4% - below the regional and national average.
- 1.3 There are over 8000 formal businesses in the City – hundreds more informal. The micro and small business sector accounts for c95% of firms and c85% of employment. We know many of the small and micro businesses struggle with cashflow, awareness of funding support, and product and service review.
- 1.4 Whilst there are further grant payments available to many businesses, we recognise that this is purely a short-term measure. It does not necessarily build longer term capacity; nor provide the acumen and confidence to review products, services and markets; nor equip a business with the knowledge and skills to financially manage and structure the business.
- 1.5 We were approached 6 weeks ago by the FSB who were promoting an initiative they have with other Councils who have used budget to subsidised membership. Rather than follow the path set by others, officers have identified a more inclusive approach which drives real value to the City Council and the local business community through a collaborative partnership with the FSB, as well as the Chamber of Commerce that can be undertaken at scale.
- 1.6 A Special Urgency Decision approved on 25 January 2021, approved the establishment of supplementary revenue budgets fully funded by Government Grant for discretionary business grant schemes and delegate authority to the Cabinet Member for Resources and the Cabinet Member for City Economy, in consultation with the Director of Finance and the Director of Regeneration to agree the distribution of discretionary business grants in line with Government guidelines.

## 2.0 Overview

- 2.1 As a result of the work to deliver the Discretionary Grant over the summer, officers have captured at 160 businesses in the City who have active plans of growth. It is felt that there could be hundreds of companies who have growth potential but have not yet engaged with any business support.
- 2.2 A package of business support has been prepared for businesses in the city that provides membership of either the FSB or the Chamber of Commerce; a Business Review; a series of 8 thematic webinars; a financial health check; a digital awareness

and assessment review; and 4, 8 and 12 month review for up to 200 businesses. We are procuring consultants to deliver the financial and the Digital Reviews

- 2.3 The membership will provide access to a wealth of online documents, templates and intelligence; support services; networking; and adviser support.
- **The Business Review**, based on the AIM 4 GOLD (an existing business support programme that has been very success) will provide the baseline data. This will be delivered in house
  - The **8 thematic workshops** will provide a menu of support that businesses can access relative to their Review and needs. These will be delivered in house
  - The **Financial Health check** will determine the exposure of the business to further shocks and risks, how well the business is cash-flowed, level of cash and non-cash reserves, and the ability to support future investment plans – providing the owner a better insight into the finances of their business. These will be delivered by consultants who we will appoint
  - The **Digital Awareness and Opportunity** Review will provide an insight to the owners digital awareness, the application of digital technology across the business, and the opportunities for further and future application into the business. These will be delivered by consultants who we will appoint
- 2.4 As part of the delivery we propose to use the opportunity to strengthen our local businesses ability to secure public sector contracts to be part of new commercial supply chains, and play into the Wolverhampton circular economy.
- 2.5 Evidence shows that those businesses engaged with one of the business support organisations and who attend business support workshops/webinars are more likely to be run on a formal basis, survive and prosper.

### 3.0 Approach

- 3.1 There is an online application process on the Wolves in Business site that went live on 1 December. It will capture the baseline data to support the Business Review and importantly ask for the business to identify the challenges and opportunities they would want addressed by the Programme, and also evidence their ambition for growing or building back their business.
- 3.2 This Programme will further allow the council to build a detailed database from those who have received grant support via the City Council following the Covid19 grant programme – which will help grow our knowledge and intelligence of local businesses, markets in which they operate, staff and skills needs and also monitor wider economic impacts.
- 3.3 Businesses will receive a one year membership and receive a programme of support which they must commit to:-
- a Business Review by the City Council
  - Participating in at least 4 of an 8-hour Webinar programme which we will deliver (some in partnership with the FSB or Chamber) which will provide real added value

- 1 hour on getting the most of the FSB/Chamber membership
- 1 hour on cashflow/finance – with link to FSB funding platform and GH
- 1 hour on procurement and markets
- 1 hour on innovation
- 1 hour on workforce development with link to W@W
- 1 hour on marketing
- 2x1 hour on resilience and growth planning

3.4 The programme will also undertake a 4, 8 and 12 month review, so we remain in contact with the business, to learn and monitor progress. Businesses will receive

- An independent 'financial health check'
- An independent 'digital awareness and opportunity review'
- Access to the wider FSB / Chamber membership to offer product and service reviews, and financial management health checks; to promote AIM 4 GOLD; to carry out business surveys; and the FSB/Chamber will share data from their own surveys

#### 4.0 Impact

4.1 The programme proposes to support 200 local businesses, a mix of sole traders, micro and small businesses. To support businesses of different sizes and at different stages of growth and development. For each element the level of intensity will be based on the businesses need. Each business will receive their own report with advice and recommendations. The appointed consultants will deliver Financial Health – Checks and Digital Awareness Reviews will be procured in line with Council procedures.

- **Financial health check** An average of 9 hours work is allocated for each – recognising that some such as sole traders and start-ups will be lower and those with more activity, higher turnover, and those exporting will likely be higher.
- **Digital Awareness and Opportunity Review** an average of 6 hours work is allocated for each recognising that the nature of the business, the size and the sector will mean some will warrant more time and some less time.

4.2 To support our intelligence base we will undertake a data entry and cleanse exercise. This will take the high number of new business contacts that the team, working with colleagues in Business Rates, have captured as part of the delivery of the business support grants The focus is to enrich our knowledge and capture intelligence on the new Customer Service CRM system. This will help the service report on business data and performance and manage ongoing business relationships.

4.3 This is initially a one-year programme. The impact we are proposing this programme will deliver is

- 200 businesses getting approx £650 of financial benefit
- Plus City Council Officer support in webinars and reviews (10hrs x £20 an hour), this provides an additional £200 of support

### **Average benefit of up to £850 support per business**

- 4.4 Against each business we will measure the impact with the following measures
- Turnover (initial / 12 months / 24 months)
  - New Products / Services introduced (12 months / 24 months)
  - Employees - Jobs created/safeguarded (initial / 12 months / 24 months)
  - Investment / Finance secured
  - % Completion of the Webinar Programme
  - No of hours of mentor support
- 4.5 It is anticipated that the benefits deliverable from this expenditure are:
- 20 jobs safeguarded – average salary at £20,000 (achieves £400,000)
  - 20 jobs created – average salary at £20,000 (achieves £400,000)
  - Average 7.5% uplift in turnover for established businesses (140) – av turnover £75,000 (achieves £787,500)

Estimated total financial impact in excess of £1.5 million

### **5.0 Evaluation of alternative options**

- 5.1 A programme of just subsidising membership would have not directly addressed the capacity issues that were preventing businesses from securing finance, adapting and growing
- 5.2 A programme of thematic webinars would have had a limited impact but would not have introduced businesses to a mechanism to secure longer term business support.
- 5.3 A programme of Financial health checks and digital reviews would have had a limited impact but would not have introduced businesses to a mechanism to secure longer term business support
- 5.4 To do nothing would have seen the Council deliver a large scale but relatively small grant programme with no bespoke and intensive support to build capacity and knowledge in the business community

### **6.0 Reasons for decision**

- 6.1 The comprehensive wrap around package will provide an intensive programme of short term support addressing the challenges our intel has identified as being barriers to growth; and a longer term support mechanism that can be accessed as and when needed. The impact of the whole package can be assessed via an initial baseline Business Review and a 12 month programme review.

### **7.0 Financial implications**

- 7.1 In response to the pandemic, Government have announced a number of grants including, additional funding to help support businesses. A Special Urgency Decision on 25

January 2021, approved the establishment of supplementary revenue budgets totalling £5.3 million fully funded by Additional Restrictions grant and delegated authority to the Cabinet Member for Resources and the Cabinet Member for City Economy, in consultation with the Director of Finance and the Director of Regeneration to agree the distribution of business grants in line with Government guidelines.

7.2 Approval is now sought to allocate a budget of £150,000 from this grant to support the Relight Business Programme as detailed in this report.

7.2 The three elements to the programme are costed as follows:-

<b>Programme</b>	<b>£000</b>
200 Business Support Membership	50
200 Financial Health Checks	60
200 Digital Reviews	30
Customer Services CRM System	10
<b>Total</b>	<b>150</b>

[AS/15022012/H]

## 8.0 Legal implications

8.1 The approach taken by the Council is in line with the guidance issued by Government. The Council will take steps to ensure that the rules in terms of State Aid, as set out in the Government Guidance document-[https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities?utm\\_source=c48cec8a-830a-43ff-8c8e-b8aebcb9207a&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities?utm_source=c48cec8a-830a-43ff-8c8e-b8aebcb9207a&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

8.2 The approach taken is one that can be objectively justified, and it is considered to be a lawful approach.

8.3 The proposed provider has provided a “An Agreement for Bulk Purchase of Memberships”. This is a standard agreement that they have entered into with other councils who are subsidising membership, and it identifies and authorises the 20% reduction in membership fees.

[Legal Code: TS/12022020/W]

## 9.0 Equalities implications

9.1 There are no equalities implications arising from the recommendations in this report.

## 10.0 Climate change and environmental implications

10.1 There are no climate change or environmental implications arising from the recommendations in this report.

### **11.0 Human resources implications**

11.1 Additional resources are being requested from redeployment to assist with the delivery of the data cleansing part of the programme. The project has also approached Yoo Recruit to identify potential personnel should we have a need to fill roles.

### **12.0 Corporate Landlord implications**

12.1 There are no corporate landlord implications arising from the recommendations in this report.

### **13.0 Health and Wellbeing Implications**

13.1 There are no health and wellbeing implications arising from the recommendations in this report.

### **14.0 Covid Implications**

14.1 The approach set out above seeks to address the Covid-19 impact on businesses affected by recent public health measures.

### **15.0 Schedule of background papers**

15.1 Urgent decisions relating to November lockdown and budget decisions related to Council actions as result of Covid-19

<https://wolverhampton.moderngov.co.uk/ieDecisionDetails.aspx?ID=5571>