

Briefing Note

Title: City Centre West Business Support Scheme Grant Funding Allocation

Date: 27 April 2023

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Intended Audience: Internal Partner organisation Public Confidential

1.0 Purpose

1.1 The purpose of this briefing is to clearly set out the rationale for determining the funding level for business support grant payments to traders operating in the west of the city centre who may have been adversely affected by the impact of the £15 million Future High Street Fund investment to improve public realm spaces and increase footfall.

1.2 The report concisely sets out the background to the current position, sets out the legal and financial considerations to the funding decision and balances this against the Council's commitment to support affected businesses whilst using taxpayers money in an appropriate, responsible and proportionate way.

1.3 This report to Scrutiny Board follows a challenge from Victoria Street traders to the level of payment proposed through the urgent decision made on 31 March 2023 relating to the City Centre West Grant Relight Scheme – [Decision - Urgent decision relating to City West Relaunch Grant Scheme :: Wolverhampton City Council \(modern.gov.co.uk\)](#)

2.0 Background

2.1 The regeneration of the West side of the city centre, aimed at arresting the decline in retail footfall and transforming the environment to bring more homes, jobs, events and shops, has been a significant priority since the publication of the City Centre Area Action Plan in 2016 and has been referenced in subsequent Investment documents as a key opportunity site.

2.2 City Centre West is also a priority project forming part of a continued public sector partnership approach with the Department for Levelling Up, Homes and Communities, Homes England and the WMCA with a view to accelerating delivery, enhancing the quality of the project and maximizing outcomes for Wolverhampton.

2.3 The public realm works are an essential part of the overall masterplan and have been planned over a number of years. Preliminary works began in October 2021 with physical work beginning in January 2022.

2.4 In April 2022, local businesses and the Council met to discuss the impact of the works, it was agreed regular meetings would be held to update on the programme of works, business support and events/communication plan.

2.5 On 9 May 2022, the Cabinet Member for City Economy, the Director for City Housing and Environment, council officers leading the public realm improvements works project, Head of Enterprise and the Director of Wolverhampton City centre BID, met with 10 businesses representing the Westside Traders (WSTG).

2.6 At this meeting the Council shared that it was not legally required to provide compensation but that it was committed to supporting those businesses where there was clear evidence of impact and financial loss. The Council highlighted that it had to ensure it uses taxpayers' money legally, appropriately and in their best interest.

2.7 In May 2022 an Individual Executive Decision Notice gave approval for £50,000 to provide business support to traders in the area. It was from this budget that an external consultancy was appointed supported by the local traders, to offer business support to assist businesses in the Victoria Street area. Businesses were invited to receive business advice and guidance and a review of their financial position which was captured in a cashflow statement.

2.8 The cashflow statement was an approach, agreed with the local traders, to identify if there had been a reduction in turnover in their business during the works, compared to a period prior to the start of the works. The outcome showed that five businesses, out of fifty-one who came forward, who remained in the area, had evidence of an impact. The Council had committed to support those businesses where evidence could be shown.

2.9 In November 2022, following a meeting with local traders where a new approach for the financial review was presented for the Council to consider, the Council commissioned a specialist firm of accountants to review the process and present recommendations to the Council on a methodology. The company, RSM having previously worked on similar schemes, presented their findings in early March 2023.

2.10 The Council was presented with a very detailed, robust, but lengthy, process and methodology to consider. The details of this and an alternative option for a 'relaunch' payment grant scheme were shared with the local traders at a meeting on 13 March 2023 and presented to Scrutiny Board on 14 March 2023. Letters with details of both options were delivered to all the businesses who took part in the previous exercise earlier in the year, to seek their views, for the Council to consider in its recommendations going forward.

2.11 On 22 March 2023, having considered the options, representatives of the traders fed-back that their preferred option was to establish a City Centre West Relaunch Grant. This reported of the 41 businesses who voted, 41 were in favour of the option of a one-off grant. The grant offers small businesses who were open during the works and remain in the area, a one-off payment to invest in their business. At this time traders asked for a wide scale meeting to include all relevant traders to discuss the recommended package. It is also important to note that the amount of grant had not been determined at this stage.

2.12 To facilitate the urgent implementation of the scheme and to allocate the agreed level of funding, an urgent decision was made on 31 March 2023 - [Decision - Urgent decision relating to City West Relaunch Grant Scheme : Wolverhampton City Council \(modern.gov.co.uk\)](#). [Business support officers were also allocated to the scheme to personally visit each business to advise on the scheme and offer individual assistance in making applications, rather than in a large-scale public meeting.](#)

2.13 The urgent decision identified up to 59 businesses who, if they were eligible and met certain simple due diligence criteria, could receive a swift, one-off grant payment of £5,000 to invest in their business. The aim of this was to support them to seize upon the opportunities presented by the £15 million Future High Street Fund investment to improve public realm spaces outside their premises and to increase footfall to the area.

2.14 The scheme went live on 3 April 2023 and business advisors from the Council's Enterprise Team hand-delivered (wherever possible) details of the scheme to potentially eligible businesses and engaged with them to offer support.

2.15 Although the opportunity to apply to the scheme was originally due to come to an end on 12 May 2023, the closing date was extended to 31 May 2023 to allow businesses more time to make an application.

2.16 As at 8am on 25 April 2023, 21 businesses out of a potential total of 59 that may be eligible, have applied to receive the grant. This represents around a 37% current take-up of the Relaunch Grant Scheme offer.

3.0 Evaluation of alternative options

3.1 The evaluation of alternative options are set out in the urgent decision made on 31 March 2023 relating to the City Centre West Grant Relight Scheme – [Decision - Urgent decision relating to City West Relaunch Grant Scheme :: Wolverhampton City Council \(modern.gov.co.uk\)](#)

4.0 Reason for decision

4.1 Although **there is no legal requirement for the Council to make any form of grant payment**, the Council has made it clear on numerous occasions – and through its actions in engaging with businesses – that it is committed to supporting traders who may have been adversely affected by the £15 million investment in public realm improvements.

4.2 In doing so, the Council is also very clear about its financial duties to manage tax-payers money well. This is set out in *Roberts v Hopwood [1925] AC 578*, which established the principle that:

"[A] local authority owes a fiduciary duty to the ratepayers from whom it obtains moneys needed to carry out its statutory functions, and ...this includes a duty not to expend those moneys thriftlessly but to deploy the full financial resources available to it to the best advantage" (at paragraph 37).

4.3 Officers are not aware of any other local authority areas where similar works have taken place, that have made similar grant payments or who have compensated for the inevitable disruption that this has caused.

4.4 An example of similar plans is given in the recent express and star article which describes the recent similar investment in Leicester City Centre and the benefits this has delivered. [A tale of two cities – Wolverhampton should learn from Leicester's reinvention | Express & Star \(expressandstar.com\)](#). Sir Peter Soubry, the Mayor of Leicester, is quoted as saying that their plans received significant criticism at first but very similar public realm

investment in high quality materials, and pedestrianising connections to key destinations has been key to the cities rejuvenation.

4.5 City of Wolverhampton Council, however, has agreed to provide business support, backed by significant funding to City Centre West traders. This has been based on regular engagement with businesses throughout the process as evidenced in 2.4 to 2.14 above. Moreover, following the conclusion of review work by RSM, businesses were offered two support options to consider as set out above at 2.10 and 2.11. Following feedback from businesses, the Council agreed to move forward with the traders preferred option and pressed ahead with the process of agreeing and establishing a proportionate funding pot.

4.6 Again, it is important to note that the Council has **no legal responsibility to provide funding support** in these circumstances and that the support we intended to provide and are now providing, is categorically **not** compensation and was never intended to be compensation.

4.7 In determining the funding pot, council officers considered the following factors.

4.8 Firstly, proportionality. The cost to implement a more detailed review (as recommended by the expert independent financial advisors) would have involved businesses in a complex process where they would have had to provide extensive financial records and information, going back over a number of years, to evidence profit loss. The cost of this was estimated to be approximately £4,000 to £6,000 per business to complete, therefore totalling a maximum sum of £354,000 if all eligible businesses at the time were involved. This expenditure would have not included any payments to cover lost profits, it would have been an accounting exercise to establish clear evidence of loss in the first place and would have considered the additional affects on businesses such as the national and regional reduction in retail activity, the cost of living crisis and inflation etc. It was therefore considered more proportionate to allocate this considerable sum of taxpayers money to a grant scheme, than to pay consultants for a very thorough, time-consuming and robust accounting exercise.

4.9 Secondly, comparability. The most recent, similar scheme in the city where a process was implemented to provide support payments to traders affected by road/ metro works was the Bilston Road Scheme in 2017. A very robust and thorough process was implemented by expert independent accountants which took a number of years to complete and for payments to be made based on lost profits. Sixteen businesses in total received an average of £6,500 each, although based on the criteria applied some business received a lot more than this average amount, whilst others received a lot less. In the case of the City Centre West scheme, the level of payment is less than the average but comparable, whilst the size and scale of the overall funding pot allocated for the City Centre West scheme is significantly larger.

4.10 Based on the legal, financial, proportionality and comparability considerations, the total amount of funding was recommended to, and then determined by the Council's Cabinet. It represents a significant sum of tax-payers money - £350,000 in total for the grants alone.

4.11 In terms of the total package of support provided to businesses in the area, if you include the grants awarded to struggling businesses in December 2022 and the proposed expenditure in a series of 'reopening events' in Victoria Street, the total package of support is closer to £400,000.

This excludes the considerable amount of officer time expended upon working to resolve this issue.

Appendix 1 - Urgent decision relating to City West Relaunch Grant Scheme