

## Special Urgent Decision

<b>Report title</b>	Urgent decision relating to City West Relaunch Grant Scheme	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Steve Simkins Deputy Leader and Cabinet Member for Inclusive City Economy	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	No	
<b>Wards affected</b>	St Peters	
<b>Accountable Director</b>	Richard Lawrence Director of Regeneration	
<b>Originating service</b>	Enterprise	
<b>Accountable employee</b>	Isobel Woods Tel Email	Head of Enterprise 01902 551848 Isobel.woods@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Directorate Leadership Team Strategic Executive Board Scrutiny Board	27 March 2023 22 March 2023 14 March 2023

### Recommendations for decision:

In accordance with the provision of article 12.9 in Part 2 of the Council's constitution, the Leader (or in his absence Deputy Leader) in consultation with the Chair of Scrutiny Board, Vice Chair of Scrutiny Board and Chief Executive authorises the steps listed below

These matters are of immediate urgency making the prompt exercise of the powers of the Cabinet desirable and cannot await the next meeting of the Cabinet (26 April 2023).

These decisions will be reported to the next meeting of the Cabinet.

1. Approve the use of the urgent action powers outlined in Part 12.9 of the Council's constitution detailed in paragraphs 2,1 regarding the use of Urgent Decision.
2. Approve the City West Relaunch grant scheme, to support businesses in the Victoria Street area to relaunch their business and payments to eligible businesses as per the criteria set out in appendix 1.
3. Approve the use of the Our City, Our Plan reserve up to £350,000 to support the City West Relaunch grant and the establishment of supplementary budgets.

4. Delegate authority to the Cabinet Member for Inclusive City Economy and Cabinet Member for Resources and Digital City in consultation with the Director of Regeneration and the Director of Finance to allocate any balances from the £350,000 to provide additional further necessary business support once all payments have been made to eligible businesses.
5. Note that given the 'go-live' date for this scheme is within the designated pre-election period of heightened political sensitivity where public communications activity is restricted, ahead of the all-out elections in the city on May 4 2023, it is proposed that information regarding the scheme is limited specifically to the businesses affected and that any such communication is marked as private and confidential with further communication provided after the end of the pre-election period.
6. Note that businesses may be able to receive Business Rate relief through established processes such as hardship relief and have been encouraged to contact the Business Rates team if they find themselves in financial difficulty.

## **1.1 Purpose**

- 1.2 To agree the City West Relaunch grant scheme and provide business support aimed at eligible businesses who may have been adversely impacted by the city west public realm work in Victoria Street, Salop Street School Street and North Street.
- 1.3 The payment offers small businesses who have been open during the works and intend to remain in the city, a one-off amount to relaunch their trading activities and seize upon the opportunities presented by the multi-million-pound investment in improved public realm and public spaces.

## **1.4 Urgent Decision Making**

- 1.5 The approach to decisions to be made under the Urgent Action powers is that the Council will use its urgent action powers for any urgent decisions that must be taken that cannot wait for the next formal meeting of the relevant Council body, in this case Cabinet. These powers are to be used sparingly and the guiding principles for any decisions are:
- A. Only those decisions that have to be made urgently (eg as a result of COVID-19 or related matters, including support of businesses or as a result of an immovable deadline) will be made
  - B. The decisions will be made or endorsed (where the decisions have to be made very urgently) using the Urgent Action powers
  - C. The decisions will be made available in a transparent way, as all decisions of Council bodies, such as Cabinet, are required to be, including through the relevant pages on the Council's website
- 1.6 Following receipt of the RSM report and their recommendations in relation to what would be involved in a detailed and complex profit and loss analysis, two options were offered to the Traders. Option 1 was to follow the consideration the council had received and option 2 was to pursue a one-off Relaunch grant as set out in this report.
- 1.7 By the deadline of the 22 March 2023, unanimous support for option 2 was subsequently forthcoming with specific reference that timely support was desperately needed in the area, indicating that this was to ensure businesses survived.
- 1.8 Prior to this deadline, council representatives met with the traders group on Monday 13 March to discuss the proposed options. It was clear, from the trader's feedback, that a swift scheme to support them would be favoured as they highlighted the challenging financial and ongoing trading position they faced and feared that some businesses in the area were at risk of ceasing to trade – without immediate support.
- 1.9 The Council acknowledges that the works may have had an impact on traders and while the Council has no legal obligation to provide support – it is committed to doing so and delivering a programme which meets the immediate requirement of traders to receive support. This immediate support will be augmented by a more medium-term plan of help

to bring footfall to the area to support the substantial investment made by the Government and Council to create new public spaces and transform this previously declining area to the west of the city centre. .

- 1.10 The need to process this decision and commence the scheme has led to the need to seek this urgent decision ahead of the next Cabinet meeting on the 26 April 2023.

## **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 identified as 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. 3.2 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.
- 2.3 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; programme of works, business support and communication plan.
- 2.4 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).
- 2.5 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.
- 2.6 In May 2022 an Individual Executive Decision Notice gave approval for 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.
- 2.7 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 work. 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. With the need to act at pace and with the information available at that time the approach was agreed with the traders ahead of the assessments.

- 2.8 In November 2022 following a meeting with local traders, where a new approach for the financial review was presented for the Council to undertake, the Council commissioned a specialist firm of accountants to review the process and present a consideration to the Council on a methodology. The company, RSM having previously worked on similar schemes presented their findings early March 2023
- 2.9 The Council was presented with a very detailed and robust methodology, to consider. The details of this and an alternative option for a 'relaunch' payment scheme were shared with the local traders at a meeting on 12 March 2023 and presented to Scrutiny Board on 13 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.
- 2.10 Since October 2022, updates on the public realm improvement works and business support have been taken to:

A. Economy and Growth Scrutiny Panel	28 September 2022
B. Resident, Housing and Communities Scrutiny Panel	17 November 2022
C. Scrutiny Board	27 January 2023
D. Economy and Growth Scrutiny Panel	15 February 2023
E. Scrutiny Board	14 March 2023

### **3.0 Progress.**

- 3.1 Having considered both options and the feedback from businesses in the area, a decision is being sought to establish a City Centre Relaunch Grant. This will offer small businesses who have been open during the works and remain in the area, a one-off grant to invest in their business

### **4.0 Evaluation of alternative options**

- 4.1 The Council was asked to consider:

Option 1, an alternative approach to assess the impact of the works presented to the Council through the work undertaken by RSM. RSM's comments and recommendations for Council consideration/decision are professionally and methodologically rigorous and robust and have been applied to other schemes in the West Midlands.

- They asked the Council to consider a detailed set of criteria including financial records and evidence and required to be provided by businesses to assess and evaluate the impact of the works.
- Adopting the approach is likely to take a considerable amount of time and the eligibility criteria and information required is likely to be challenging for many small businesses to comply with and could exclude them
- The Council/taxpayer will have to incur further expense in implementing the recommendations
- The traders were not in favour of this option.

4.2 Option 2 a 'Relaunch' grant. The aim to minimise administration for businesses to promote accessibility, and therefore the impact of the process on businesses and the Council and deliver financial support to businesses in the next few weeks/months. The scheme would be open to small businesses, with less than 50 employees, who have traded in the area for a minimum of 6 months, whose business was open during the works and who intend to remain open. Their premises must be in the area and frontages directly open onto the area of works, with their prime business being driven on site, in person and direct customer transactions. To offer £5,000 subject to assurance of being a valid business who are up to date with business rates or have a payment plan in place for any outstanding business rates.

- This would maximise benefit and provides support for businesses to take the opportunity to relaunch. It would be a quicker option, could be resolved in a matter of weeks/months and more businesses would benefit, recognising that the amount payable needs to be affordable within council funds. Whilst the grant scheme focuses on businesses that have been trading in the area for a minimum of six months, the wider support programme will benefit all business in the area. Those businesses that have been trading for less than six months will have opened in full knowledge of the works and will have been able to take mitigating actions.
- The Council would ensure due diligence and checks, to meet council audit and finance regulations and prevent fraudulent activity. This option was shared with the local traders for their views, and they have overwhelmingly feedback that Option 2 was their preferred approach.

4.3 Option 3, to not offer any support.

- The council has no legal obligation to provide support and would therefore not require the use of taxpayers money.
- However through the engagement with local traders it is clear that the improvement works, which are acknowledged will bring vitality to an area that has been in decline, have added to other issues businesses in the area are facing.

- Representatives of the council have been working closely with local traders for a number of months and made a commitment to support businesses affected by the impact of the works.
- There is a concern that some businesses are at risk of ceasing to trade, if support is not available

## **5.0 Reasons for decision(s)**

- 5.1 Council representatives met with the trader's group on Monday 13 March to discuss the proposed options. It was clear, from the trader's feedback, that a swift scheme to support them would be favoured as they highlighted the challenging financial and ongoing trading position they faced and feared that some businesses in the area were at risk of ceasing to trade – without immediate support.
- 5.2 The Council acknowledges that the works may have had an impact on traders and while the Council has no legal obligation to provide support – it is committed to doing so and delivering a programme which meets the immediate requirement of traders to receive support. This immediate support will be augmented by a more medium-term plan of help to bring footfall to the area to support the substantial investment made by the Government and Council to create new public spaces and transform this previously declining area to the west of the city centre.
- 5.3 The works carried out in the area are both unprecedented and intensive in their scale and have seen the comprehensive excavation and reconstruction of the streets. This has involved the use of high quality, high specification materials that needed to be laid by hand. This has meant that the scheme, covering approximately 20,000 square metres has been undertaken intensively.
- 5.4 The first option would require the council to invest between £200,000 - £250,000 to commission a firm of specialist accountants to carry out the forensic accounting assessment. A further budget would be required by the council to award a sum to those, who through this process could demonstrate a loss to their business. This approach does not offer the council value for money
- 5.5 The second option would significantly reduce the requirement for public funds to oversee the process. The council would use the system in place used to make payments during Covid, which means the process would be quicker and still retain key governance and audit assurance check.
- 5.6 The Council has taken into consideration the impact on public funds and its resources, and the views from local Traders, the council is seeking approval to take forward Option 2

## **6.0 Financial implications**

- 6.1 As detailed in section 6, the recommended option for the City West Relaunch Grant Scheme is to award eligible businesses a grant of £5,000. It is estimated that there are

around 64 businesses who are open in the area, who are classified as small businesses and whose main custom is conducted by their premises fronting the Victoria Street and North Street area, and may be eligible for support. Payments will be made subject to the meeting the eligibility criteria and that supportive evidence is present and correct.

- 6.2 This report therefore seeks approval to allocate a total of £350,000 from the Our City, Our Plan Reserve and the establishment of supplementary budgets to fund the City West Relaunch Grant scheme and make payments to eligible businesses and provide additional business support.
- 6.3 In addition, approval is also sought to delegate authority to the Cabinet Member for Inclusive City Economy and Cabinet Member for Resources and Digital City in consultation with the Director of Regeneration and the Director of Finance to allocate any balances from the £350,000 to provide additional business support once all payments have been made to eligible businesses.

[AS/30032023/J]

## **7.0 Legal implications**

- 7.1 The Council is under no statutory or legal duty to award payments to businesses affected by road works, in comparison, for example, to certain utility companies under relevant statutory regimes.
- 7.2 The Council, at its discretion and to support the businesses has decided to offer the 'relaunch payment' providing the business meets the eligibility criteria required. In addition, financial checks will be carried to ensure that the business is not facing bankruptcy or liquidation.
- 7.3 It will be a condition of receiving the payment that the business intends to remain at its current location and continue trading. The nature of the payments is such that it does not contravene the Subsidy Control Act 2023. Those businesses who are in arrears with their business rates will be required to work with the Council to agree a payment plan and directed to other support available for businesses.
- 7.4 Businesses will need to agree to the terms and conditions in order to receive payment.
- 7.5 The provision of the proposed grant is lawful and has a legal basis under the general power of competence at S.1 of the Localism Act 2011.

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## **8.0 Equalities implications**

- 9.1 The focus of the grant is to support businesses in the location to help them prepare for the new events and other activities scheduled for the forthcoming year. The grants will support small and micro businesses in the locations, subject to meeting the terms of the grant. These businesses represent the diverse culture and sectors for our city centre.



## **9.0 All other implications**

- 9.1 The focus for the Future High Street Funds is to be a catalyst to support the regeneration of this area of the city, to bring economic prosperity and improve the environmental conditions. The scheme has a detailed events plan running for the next 12 months, aimed at attracting footfall from visitors and communities to the city.
- 9.2 Given that the 'go-live' date for this scheme will be within 24 hours of this urgent decision being approved, it is within the designated pre-election period of heightened political sensitivity. Public communications activity is restricted, ahead of the all-out elections in the city on May 4 2023 and it is proposed that communications regarding the scheme are targeted specifically to the businesses affected and that any such communication is marked as private and confidential. There will be no general communications issued, however, it may be necessary to respond to any press enquiries should we be approached.

## **10.0 Schedule of background paper**

- 10.1 <https://wolverhamptonintranet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7216>

## **12.0 Appendices**

## Appendix 1

### City Centre Public Realm Relaunch Support Grant scheme

#### Scope of the support scheme

The City Centre Public Realm Relaunch Support Grant is aimed at eligible businesses who may have been most adversely impacted by the city west public realm work in Victoria Street, Salop Street and North Street. The grant offers businesses a one-off grant payment of £5,000 to relaunch their trading activities and seize upon the opportunities presented by the multi-million-pound investment in improved public realm and public spaces.

#### Scheme Details

1. The grants are only available for businesses that have been invited to apply
2. Only fully completed applications will be processed.

#### Eligibility Criteria

To be eligible to receive the City Centre Public Realm Relaunch Support Grant, businesses must be able to demonstrate that they:

- 1 Are physically located within the identified area of the works and business frontages directly open *onto* the area of the works.
- 2 Were legally trading during the works for at *least* six months and are currently trading
- 3 Are a business primarily driven by on-site, in-person, face-to-face, direct customer transactions and services rather than on-line or postal sales or professional services predominantly delivered by planned appointments or by off-site visits to customers
- 4 Are a locally-based business and not part of a wider regional or national corporation which employs more than 50 people in total
- 5 Comply with national and local regulations, for example valid trading licences and registrations
- 6 Do not have outstanding invoices or payments due to the Council, for example business rates arrears unless a payment plan has been agreed with the City Council
- 7 Are not in liquidation, administration, are insolvent or are subject to a striking off notice
- 8 Are not planning to cease/close trading within the location or move their premises out of the city centre

#### Information required to validate eligibility/compliance

1. Evidence of trading, for example recent monthly rental invoice, business insurance or monthly utility, telephone, internet invoice
2. Evidence of certificate of incorporation or unique tax reference number
3. Evidence of last accounts filed at Companies House or last tax return filed with HMRC

4. Evidence of business bank accounts which contains your business transactions
5. Evidence of one month's recent bank statements (redacted statements will not be accepted)
6. Details of business bank account name, bank account number and bank sort code

## **Timelines**

Once we have received a completed application we will:

- Process eligibility of claims and approve/reject/seek clarification within five working days of receipt of application
- Conduct financial checks on approved applications within three working days
- Make payments within five working days of a successful finance check.