

Presentation to Wolverhampton Council's Scrutiny Panel – Relaunch Evidence 13th June 2023

Westside Traders Sub-Group

Prepared on behalf of WSTG

Impact of the Roadworks on Businesses & Hardship in relation to Relaunch

Background Evidence

The evidence provided to scrutiny demonstrated the issue with Relaunch is that it is not a replacement for the Financial Hardship businesses suffered in Westside. Contributing factors:-

- Lack of proper formal consultation with Westside businesses
- Lack of impact analysis
- Oversights of Council
- Inconsistencies in presentation of information to WSTG & other significant council groups

Economy & Growth Scrutiny 28th Sept. 2022

- Point 6 refers to City Public Realm Works. 3rd Para. The Temporary Director of City Housing and Environment “..... When works were about to start the City was still in Covid lockdown and some of the messages and leaflets couldn't be sure had been received and read.” Statement was subsequently contradicted by Director of Housing at Economy & Growth Scrutiny meeting 15th Feb 2023, stating full consultation had taken place. WSTG businesses concur with not having any form of consultation. This is also confirmed by some landlords who were unaware of the extent of works & impact on renting properties.
- WSTG gave opportunity to SCA Management to address businesses on how to complete financial health check spreadsheet. This was not done, causing confusion/errors.
- Panel member asked “...He asked why an independent advisor had been employed after the traders had complained because it could have been foreseen there would be problems. He asked if an impact study had been completed before the works commenced. Six months into the works, traders were still struggling and he believed they had not yet received any compensation from the Council for profits lost.” The Temporary Director of City Housing and Environment responded “..There was a liaison Officer employed, but it was true that they had not foreseen the extent of the impact on the traders.”. So why are the council still not accepting financial hardship relief for businesses as being justifiable?

Economy & Growth Scrutiny 28th Sept. 2022

- The Head of Enterprise acknowledged that a lesson had been learnt on the extent of liaison required with traders for the Public Realm project. Strong robust data and analysis was required on any **level of compensation and support to be awarded to businesses**. The businesses advisor was able to give impartial independent advice to the Council. Any compensation payments needed to go through the correct governance process of the Council. Reference clearly made to “compensation”. SCA feedback not shared with WSTG.
- Members asked for a report on the **compensation and support package** being offered to businesses in the area of the public realm works to be brought back to the Panel when there was a clearer picture. It is unclear if this was done.
- **Resolved:** That the Panel receives a report on the **compensation and support package** being offered to businesses within the area of the public realm works, when it is clearer as to what is to be offered. When and how was this resolved as WSTG have no sight of this.
- **Evidence clearly shows from the Feb.15th Economy meeting council admissions of not having foresight of impact. Ref: Enc11-Scrutiny-GrowthResourcePanel clearly documents it.**
- **Resolved:** That a report be brought to the Panel at an appropriate time regarding funding the Council would receive in the future to support businesses more generally across the City. How, what & when will this be communicated to businesses?

Resulting Impacts of the roadworks

- Lack of Cash flow. Some businesses have had to take money from savings and borrow from family to keep the businesses running.
- Many businesses experienced being in arrears with some bills, rent. Before roadworks, bills on time but road works disruption made it extremely difficult.
- Businesses requesting suppliers for Extended creditor days.
- Falling margins. At times reducing prices to attract the few customers that can make it through the roadworks barriers
- Big loss of footfall has led to a steep decline in some business trader's revenue.
- Drastic reduction in footfall further exacerbates retail recovery post covid due to the roadworks and not been given opportunity to plan.
- Low staff morale, loss of jobs, insecurities about employment.
- Working longer hours and more days just to make ends meet.
- Mental Health impact on business owners, their families and staff.

Examples of disruptions caused

As many of you may not have seen the full extent of what businesses and customers faced for over 17months.

Examples of road + pavement disruptions and blockages on Westside businesses in 2022



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Council, SCA Management & RSM

Council gathered intelligence from traders only then to use it to cover up their mistakes. Prime example here is SCA Management - who have almost disappeared from council documentation and the impression of RSM has been portrayed in rhetoric to have always been there. Many months of work was now being ignored as opposed to reworked.

At Traders & Council meeting October 2022 Cllr Simkins asked for WSTG to meet with John Roseblade and Isobel Woods to discuss issues with spreadsheet. Mtg held 7th Nov. WSTG established following areas of concern:-

- 1 Exposure of their lack of foresight and poor management of the whole situation as failings were highlighted. Admission of no auditing by Head of Enterprise. Solution given with all data together with 20 businesses sending updated information reflecting extended 3month window. This was reflective of “real data” as we had figures.
 2. Hardship relief payout to businesses would be much more than Council first expected. Even SCA Management could see this.
 3. WSTG demonstrated they were acting within the agreement of minuted action **approved by Council legal team.**
- Ref. WSTG Document- paper trail - Pg 51 by proposing a shift in the window **would not be a material change.**

ACTION SHEET				
Item	Action	Owners of actions	Deadline Date	
	Review the proposed comparison period of financial hardship calculations to ensure a fair and equitable approach. Working with the advisor once appointed to agree a reasonable set of financial documents	Isobel Woods	14 June	A
	Check the tender to ensure that comparison periods can be changed easily without retendering and check with legal. - checked and this is ok	Isobel Woods	completed	A
	Traders to be informed of appointed Independent Financial Adviser	Isobel Woods	14 June	
	Traders to help businesses in the area to be aware of the	Traders		

Council, SCA Management & RSM

Benefit of Shifting the window by 3 months : This was a solution to resolve Council issues/failings highlighted in their management of processes. Council had refused WSTG suggestion to using financial accounts pre-covid 2018/2019. (Yet now they are stating that RSM are suggesting it.)

3.1 The 3month window would resolve concerns traders raised to Council over financial health check and would make use of real data would be used in the council approved spreadsheet.

3.2 Realistic window would give "real impact" view of the roadworks on businesses. WSTG suggested this would help Council going forward to other phases/projects.

3.3 Because of how long it had taken to get to this point (Oct) WSTG felt it beneficial for all parties to use real data for assessment of impact of works.

3.4 Government statistics were also available to use.(see later slides)

3.5 WSTG accepted mitigation of losses would be minus government statistics as people's shopping habits changed.

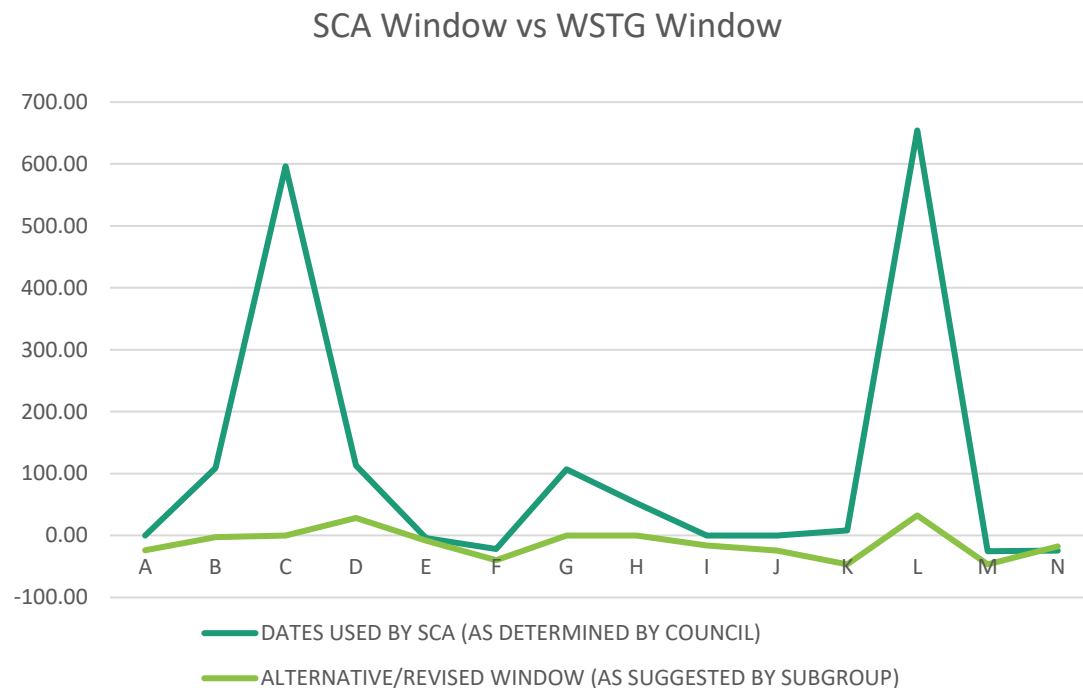
3.6 Council throughout whole process, knowingly made it clear to WSTG that hardship relief/compensation would be **given on provable losses**. WSTG have demonstrated this. If this was not the case. **Then why waste WSTG businesses time and public purse money if they were only going to offer a Relaunch grant scheme similar to Relight scheme.**

SCA vs WSTG Window of Assessment of losses

<u>BUSINESS SAMPLED</u>	<u>DATES USED BY SCA (AS DETERMINED BY COUNCIL)</u>	<u>ALTERNATIVE/REVISED WINDOW (AS SUGGESTED BY SUBGROUP)</u>
	JAN 2021 - SEPT 2021	APR 2021- DEC 2021
	OCT 2021 - JUN 2022	JAN 2022 - SEPT 2022
A	11.10% (GROWTH)	-23.78 % (LOSS)
B	109% (GROWTH)	-2.91% (LOSS)
C	596% (GROWTH)	81.8% (GROWTH)
D	113.03% (GROWTH)	28.12% (GROWTH)
E	-4.16% (LOSS)	-8.34% (LOSS)
F	-22% (LOSS)	-40% (LOSS)
G	107% (GROWTH)	22.5% (GROWTH)
H	52% (GROWTH)	13.9% (GROWTH)
I	47.4% (GROWTH)	-16.41% (LOSS)
J	-9.3% (LOSS)	-24.3% (LOSS)
K	8% (GROWTH)	-46.55% (LOSS)
L	654% (GROWTH)	32.09% (GROWTH)
M	-25.6% (LOSS)	-46.76% (LOSS)
N	-24.29% (LOSS)	-18% (LOSS)

- WSTG vehemently disagrees with the initial window of assessment of losses as the majority of businesses were still under lockdown until mid April 2021
- The window used by SCA comparison did not give a reflection of reality.
- Confusion over whether covid grants were to be included or not
- The table shows the alternative window demonstrating a more realistic picture.

SCA Window vs WSTG Window



- Businesses have suffered losses, due to the loss in footfall as a consequence of roadworks - a major contributing factor.
- The windows used by SCA does not reflect reality as shown by the blue line graph. The spikes are anomalies.

Macro-economic data

WTSG looked at Macro-economic data to determine the **'business opportunities lost'** due to the road works.

Facts and Figures;

Slide 17: ONS data shows economy **grew by 4.1% in 2022**

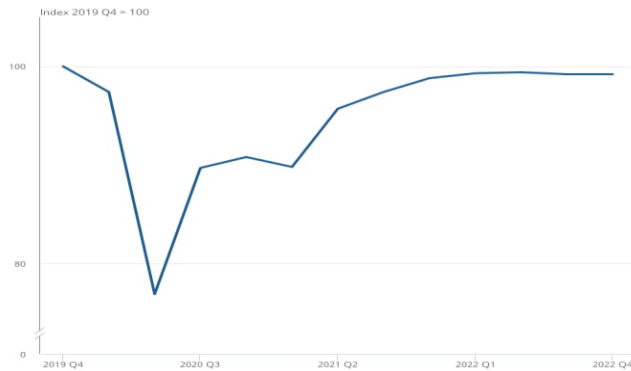
Slide 18: ONS data shows that private consumption went **up by 9.1% in 2022, when compared with Q4 2021.**

Slide 19: Demand for **high Street services/products still exists.** Some services cannot be offered online.

Westside businesses have missed out on all these growth opportunities due to the roadworks.

ONS Data Shows Growth in 2022

Figure 1: Real GDP is estimated to have been broadly flat in Quarter 4 (Oct to Dec) 2022
UK, Quarter 4 (Oct to Dec) 2019 to Quarter 4 2022



Source: Office for National Statistics – GDP first quarterly estimate



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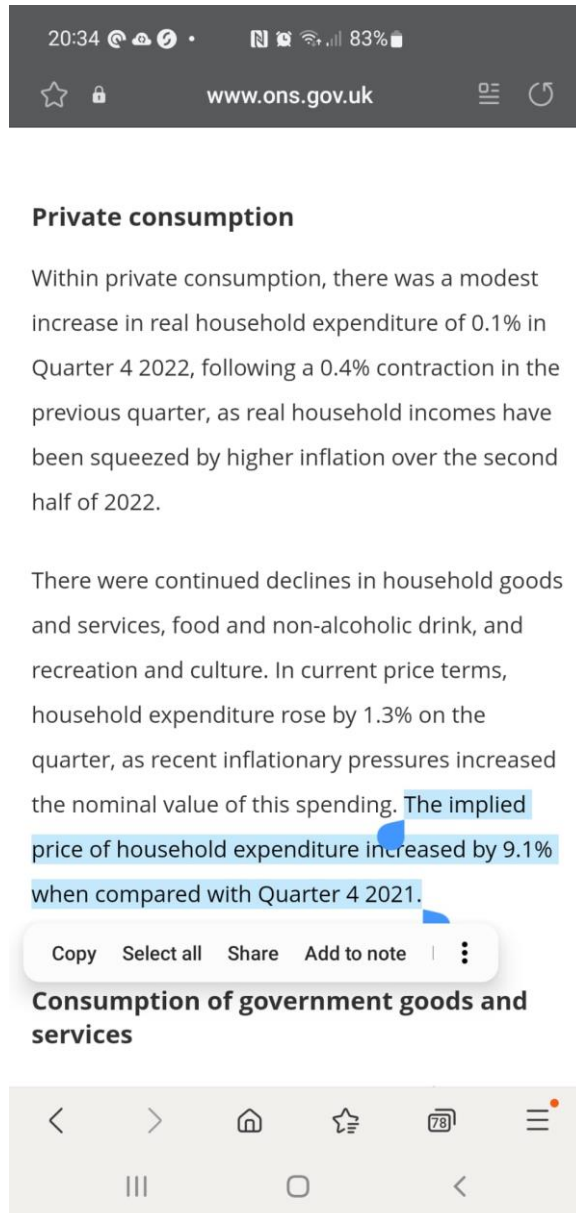
For 2022 as a whole, UK GDP growth was 4.1%. This figure compares GDP in all of 2022, with all of 2021. The relatively strong rate of growth in 2022 is mostly a result of the continued recovery from pandemic-related weakness in early 2021. (GDP growth over the course of 2022 in the UK was essentially flat.) 12 May 2023



UK Parliament
<https://commonslibrary.parliament.uk/research-briefings/>

GDP - International Comparisons: Key Economic Indicators

- ONS Data shows that the economy grew by 4.1% in 2022.
- The 'Real GDP' graph shows that the UK economy has recovered from its pre-pandemic slump.
- Westside businesses have missed out on this Growth due to the Roadworks.



Private Consumption Increased in 2022

- ONS data shows that private consumption increased in 2022.
- Despite fears of a recession and the cost of living pressures, private consumption went up by 9.1% in 2022, when compared with Q4 2021.
- Westside businesses have missed out on this bounce back.

Online vs High Street

- Most of the Westside traders provide face to face services/products.
- These include hairdressing, meditation, massaging, tanning, food, off-licences only to mention a few. Research by Pragmatix Advisory in late 2021 shows that new patterns of work have not affected these services.
- These services/products cannot be offered online, therefore the argument that customers have gone online does not hold water.
- After the roadworks, we can see that customers have not returned as expected.

Quantifying Losses

Sufficient documentation has been presented to Scrutiny and Council to date, WSTG have suffered irrecoverable losses over and above what would be in normal public realm projects where disruption would be minimal, and businesses would still be able to operate in a conducive manner. This has not been the case here.

WSTG are asking for scrutiny to address Council in the mitigation of provable losses in these extenuating circumstances as a direct result of the roadworks and the poor planning and management.

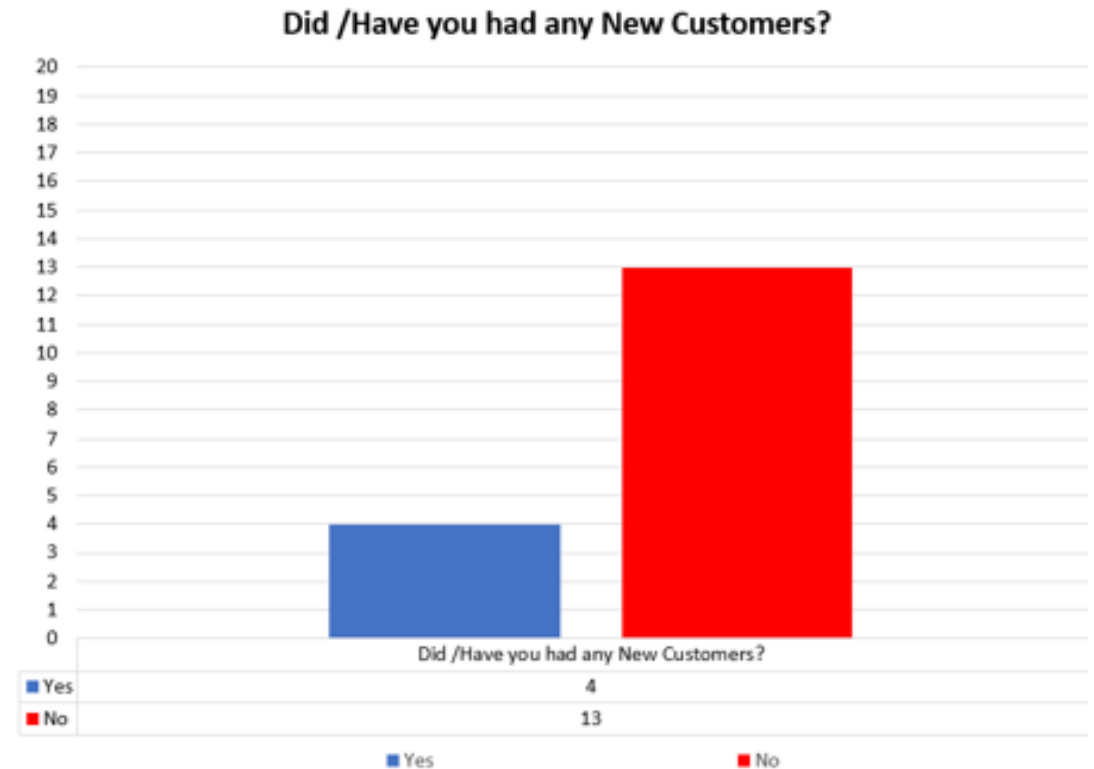
Business have losses can be categorized as

- 1) ***Direct losses:*** These are the costs incurred by businesses as a direct result of roadworks, such as lost sales, increased costs for employees to get to work, and damage to property.
- 2) ***Indirect losses:*** These are the costs incurred by businesses as a result of the disruption caused by roadworks, such as lost productivity, increased customer dissatisfaction, and a decline in the value of businesses located near roadworks.
- 3) ***Intangible losses:*** These are the costs that are difficult to quantify, such as the loss of goodwill and reputation, and the stress and anxiety experienced by employees and customers.

The length and severity are just two of factors.

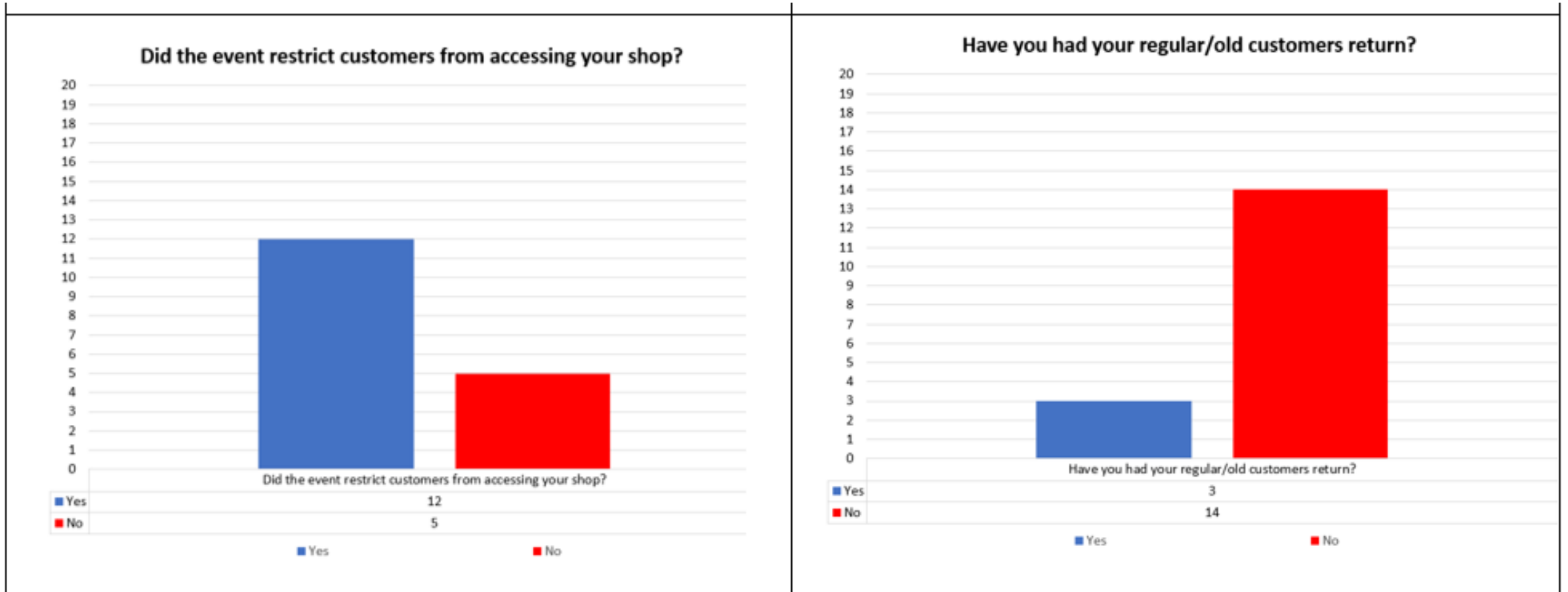
Post Pedestrianisation -1

WSTG are grateful for the improvements to area however, this will not guarantee footfall returning immediately. 3 events have been held over May & June 2023, during which time the following data collected from businesses.



Post Pedestrianisation -2

WSTG are grateful for the improvements to area however, this will not guarantee footfall returning immediately. 3 events have been held since May 2023, during which time the following data collected from businesses.



What do Westside businesses
need?

What we need?

- **Financial Support:** We need **both** the **Relaunch Grant** to help us go forward and a **Hardship Grant** to mitigate losses incurred during roadworks for businesses who are able to demonstrate losses. Fairness to those who have suffered extensively during the whole 17 months. As a minimum use SCA spreadsheet with revised window.
- **Advertising** to tell the public that Westside is now open and the pedestrianisation work is complete. A great many people who attended events were unaware of them.
- No further business closures in area.
- **Free parking** around for a period of at least 6 months, to boost footfall.
- **Long term plan** to hold **regular events** on Victoria Street to bring back the lost footfall Plans need to minimise disruption to existing businesses e.g. access to frontages.
- **Reduced impact of further development works** in and around area, i.e. box space
- **Copies** of the independent reports from SCA and RSM.