

**Enc10: WSTG Response to Briefing Note : 27<sup>th</sup> April 2023**

1.3 The 5k that has been offered is an insult. Up until Dec 2022 we were under the impression that Westside businesses would be receiving financial hardship relief because of the impact of roadworks during Nov 2021 – to date.

2.1 – Point refers to bringing in more homes, jobs, events and shops. What about retaining shops and not losing established businesses and branded shops like Toni & Guy, Le Monde to name but a few.

2.2 – No consultation taken place with individual businesses as to the extent of the roadworks. No impact analysis or assessment of the logistics of the roadworks.

2.4 – Various Councillors, Deputy Leader, BID Team, MP Stuart Anderson and various other council representatives were invited to attend a meeting organised by Westside businesses at Equinox, Victoria St. to address the issue they had been facing since Nov 2021 in footfall reduction as a consequence of the roadworks. A document was presented to the council listing numerous issues. The meeting was also attended by over 40 local businesses.

2.8 – We were unaware of the 50k being applied for as business support. We were told by Isobel that a process of tendering would have to be undergone to identify an independent company to assess the losses that businesses were suffering. It was Isobel who came up with Health Check - which was suppose to be light touch but turned out to be much more detailed.

## Business Advisor Financial Health Check

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From: Isobel Woods (isobel.woods@wolverhampton.gov.uk)

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Cc: John.Roseblade@wolverhampton.gov.uk

Date: Monday, 16 May 2022 at 22:09 BST

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Sensitivity: NOT PROTECTIVELY MARKED

Dear All

Many thanks for taking the time to review and for sharing comments and thoughts.

The focus for this work is to engage with the businesses in this area of the city and gather intelligence related to the improvement works underway on Victoria Street, which will help to inform the next steps. It's been identified that not all businesses in the area have an awareness of business planning. It is important that this is recognised in the spec so that they can receive advice and guidance, whereas others who are more knowledgeable about running a business may choose not to receive this.

Responding to the points which have been highlighted.

- **The title of this work – Health Check**  
This work is to undertake a review of businesses position. As mentioned at the meeting the council needs to have an independent impartial review in order to inform further activity that may involve public funds and resources. It's been called a Health Check to ensure this is impartial. To call it a Hardship or Financial Impact at this stage could be seen a pre-determining the outcome of the work which may adversely affect future activity.
- **Wider business support**  
From our meetings with businesses in the area, some have said they would find it beneficial to have advice on their current models, particularly as the economy recovers from the impact of Covid and other factors. From initial visits not all businesses have the same knowledge of running a business, or awareness of business support. The advice is optional and any follow up will be for individual businesses to decide and action.
- **Consultant qualification and details**  
Details of who will deliver will come once they have been appointed. The qualifications, who the advisor will be and other information are part of the tender process that will commence now comments have been received. 'Competitive process' refers to the tender process to appoint the consultant. Once we have undertaken and complete this part we will be able to share more details.
- **Timeline**  
The council has to ensure that all the businesses in the area have the opportunity to have a health check. The pace of delivery and the outcome of this work have been factored in to the brief. The timescale for this work will be subject to the availability and engagement of businesses who wish to receive this review. It will be important that the council can ensure businesses have the opportunity to come forward. It would be really helpful once the advisor(s) have been appointed for yourselves as businesses in the area to raise awareness of the support and to encourages businesses to come forward.
- **Financial Information**  
The impact of Covid is a factor that has affected the whole of the economy, it would not be reasonable to use financial information from before March 2020 in this scope. There have been a number of national and local covid business support schemes in place to assist businesses affected by Covid by providing financial grants.

The focus for this work is to understand the impact on businesses as a result of the improvement works on and around Victoria Street and to offer business advice. In order to understand this it will be important to have a reasonable time period prior to the works to then compare during the period of the works. It is proposed that financial information will be looked at for the 6 months period prior to the works, and then from the start of the works to the current time.

- Financial Evaluation of the business – for the period June 2021 - 22 November 2021 , then December 2021 - up to current date
  - Profit and Loss Statement
  - Balance Sheet
  - Liquidity Ratio
  - Working capital

- **New Businesses**

For those businesses who opened after the 22 November when the works commenced, we will ask the advisor to refer to the business plan used when the business was set up, to identify a forecasted trading position for the period we are looking at. The outcome will depend on the quality and detail of the information contained in the business plan.

- **Large Businesses**

Public support is carefully monitored and Local Authorities have to adhere to number of rules and regulations. The UK Subsidiary Regulation (that replaced the EU State Aid rules) means that large companies or those who are part of parent company can only receive a maximum value of support from public funds. This is tracked over a 3 year period and cannot exceed £350,000 of either direct (grant) or indirect (service) support. The support from the advisor and any subsequent assistance will need to be within this threshold. For this reason the support has specifically identified small independent businesses whose main trading and business are registered in Wolverhampton.

I feel it would be helpful to share with you the next steps which are an essential and strictly governed part of local authority procurement.

- I will update the spec to reflect areas of change and send this out to seek a response from the market. This will run for two weeks to enable those who are interested to prepare and submit a response.
- The responses will be assessed and evaluated and a decision made about who will deliver.
- Once contracts / terms of work have been signed the work will commence

Kind regards  
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2.8 SCA Management were commissioned by the council (as they were the only ones who submitted a tender response). The cashflow statement used to capture data had revealed issues around inconsistencies in not only what should be recorded, the conduct in the way the data was being collected and the process being used. WSTG raised concerns in a number of areas, one being the comparative windows that would be used to determine losses. This was confirmed by council legal and minuted that there was scope for change of window if necessary.

Window defined as Jan21-Sep21 comparative to Oct21-Ju22. Issues with this

- 2.8.1 3-month covid included where we were told it would be excluded. Covid grants were included for some businesses and not for others on the spreadsheet.

- 2.8.2 WSTG had proposed Council to use 2018/19 accounts but was refuted. Council stated nothing would be considered pre-covid. **Yet RSM Option 1 considered this.**
  - 2.8.3 WSTG did ensure that the window should be flexible **without having to re-tender.** This was confirmed by **council legal and minuted.** To avoid wasting **public purse** money WSTG suggested window be changed to make the spreadsheet more viable, fair, capture realistic data which would give Council feedback on actual impact of roadworks on businesses which consequently would assist them in better management of their projects going forward i.e. Phase 2, 3 etc. Presentation was made to Isobel Woods & John Roseblade Nov 7<sup>th</sup> 22 to look at this. It was clearly demonstrated that this was possible and a workable solution to salvage the situation and not waste resources as time was of the essence. Council realised that this would prove more businesses had suffered losses with proposed window Apr21 – Dec21 compared to Jan22-Sept22. (3 month date change)
  - 2.8.4 Even though Isobel Woods repeatedly said that Council & Sam's team SCA Management would come back to us with issues raised for them to clarify. This was ignored repeatedly as it would mean Council would have to address hardship relief for more businesses than the 5 identified.
  - 2.8.5 11 businesses out of 51 were clearly identified as evidencing loss by the Council, of which 5 businesses were only paid an **initial amount.** This admission clearly demonstrates evidenced loss by businesses, for which Council still need to pay the balance of. The window the council decided to stick with was about damage limitation for them not to pay out to more of the businesses.
  - 2.8.6 Repeated admission of losses evidenced – are council going to make good on mitigating losses of those businesses that have evidenced, as it appears to have been swept under the carpet and no longer financial hardship is mentioned.
  - 2.8.7 WSTG were promised Xmas event to drum up footfall, however due to delays nothing happened, and it was WSTG at the meeting 5<sup>th</sup> Dec22 raised to Councillor Simkins that the barriers were still up and the fact that there were no lights clearly gave general public the view that Victoria St was closed. Council claimed that they were supporting Westside by removing barriers and it caused delays. A complete misrepresentation of the truth.
- 2.9 WSTG need to identify events to clarify this.
- 2.9.1 Following meeting 7<sup>th</sup> Nov with Isobel and John where WSTG presented issues and solution of window change.
  - 2.9.2 Letters dated 10<sup>th</sup> Nov sent out by Isobel to businesses requesting additional evidence to support losses suffered by businesses. Businesses had provided updated financial information.
  - 2.9.3 24<sup>th</sup> Nov - WSTG chased up lack of response from Council / Isobel/John. Date change requested by Isobel to move traders meeting from end Nov to 5<sup>th</sup> Dec. A response detail WSTG disappointment of date change. (NOW 5 WEEKS OF COUNCIL DELIBERATION SINCE PRESENTATION)
  - 2.9.4 1<sup>st</sup> Dec Isobel Woods emailed stating they are still looking at points raised by WSTG Nov 7<sup>th</sup>, Nov 24<sup>th</sup> and 27<sup>th</sup> Nov. WSTG were given no incline as to the engagement of an independent advisor until 5<sup>th</sup> December meeting. Council mentioned conversations were being held with a company to review their own processes and methodology adopted. This has been cleverly worded alluding that WSTG were aware of

independent company engagement prior to the 5<sup>th</sup> Dec when it was clearly not the case.

- 2.9.5 See WSTG minutes produced from meeting of the 5<sup>th</sup> with Council representatives. Even though all on list were invited, members abstained from attending. Councillor Simkins was re-introduced to being present and active engagement with WSTG. It was at this meeting that Isobel stated that an independent specialist was being procured to review the processes etc. See point 6 of document. **WSTG raised concerns over additional expenditure. Council basically ignored the workable solution given by WSTG. Another delaying tactic in accepting the need to pay financial hardship relief.**
- 2.9.6 WSTG attended Wolverhampton Business Forum – raised question to Andy St. See detail for response.
- 2.9.7 23<sup>rd</sup> Dec WSTG notified via letter that RSM have been appointed to review financial health check approach, requesting permission to share information already provided to SCA Management with RSM. Another delaying tactic and waste of public money.
- 2.9.8 We did not get any indication of findings until 13<sup>th</sup> March, the day before the scrutiny and the WSTG subgroup were given a directed choice. Totally ignoring all 17 months of recognition of financial hardship by introducing a Re-Launch. WSTG were asked to agree with council without being given details. WSTG stated categorically, how are we supposed to make an informed decision without the detail. Isobel/Ian/Cllr Simkins gave WSTG a false sense of security and demonstrated underhandedness in hindsight.
- 2.9.9 Throughout the whole process, since Mar 2022 financial hardship has been the centre point of all engagements and yet now has been totally IGNORED.

4.11 In response to this “This excludes the considerable amount of officer time expended upon working to resolve this issue”

WSTG Response: The issue is not resolved but WSTG left in dire straits as businesses have lost considerable time personally and has affected their mental health and lost livelihoods. Your officers and yourselves are being paid! You are not being asked to take a reduction in your income as businesses have had to because of council’s lack of professional management of projects by NOT undertaking impact analysis of roadworks and proper business consultation – we are still awaiting physical evidence of this for each business.

We find this comment patronising and demeaning. It is the council that have deemed to have wasted WSTG business time yet have the audacity to make it about them. WSTG are the victims here!

Not even an apology or credit given to show where WSTG have highlighted repeated flaws, issues in council failings. There is no moral stance here.

We urge the council to mitigate losses that have been experienced by WSTG and furthermore, evidenced and proven by businesses remain unpaid. This cannot be brushed away as it would be a gross miscarriage of justice.

**WSTG still need the financial hardship relief to be considered regardless of the Re-Launch grant.**