

Nottingham City Council

Overview and Scrutiny Committee

Minutes of the meeting held remotely via Zoom and livestreamed on the Council's YouTube channel on 6 January 2021 from 2.01 pm - 3.50 pm

Membership

Present

Councillor Anne Peach (Chair)
Councillor Steve Battlemuch
Councillor Gul Nawaz Khan
Councillor Pavlos Kotsonis
Councillor Jane Lakey
Councillor AJ Matsiko
Councillor Ethan Radford
Councillor Angharad Roberts
Councillor Andrew Rule
Councillor Cate Woodward

Absent

Councillor Georgia Power (Vice Chair)
Councillor Carole McCulloch (Vice Chair)

Colleagues, partners and others in attendance:

Robert Dixon - Head of Business Growth
Councillor Sam Webster - Portfolio Holder for Finance, Growth and the City Centre
Laura Wilson - Senior Governance Officer

41 Apologies for absence

None.

42 Declarations of interests

None.

43 Minutes

The Committee confirmed the minutes of the meeting held on 9 December 2020 as a correct record and they were signed by the Chair.

44 Scrutiny of the Portfolio Holder for Finance, Growth and the City Centre

Councillor Sam Webster, Portfolio Holder for Finance, Growth and the City Centre, gave a presentation on the current position of his portfolio and performance in relation to his Council Plan priorities, and highlighted the following points:

- (a) there are 19 Council Plan commitments for the portfolio. 5 have an expected outcome of Red, 3 have an expected outcome of Amber, and 11 have an expected outcome of Green:
 - those with an expected outcome of Green are:

- deliver an integrated benefit, Housing Aid, Futures and the Department for Work and Pensions service under one roof at Nottingham City Council's head office;
- ensure all small to medium sized (SMEs) businesses have access to support through the Nottingham Growth Hub to help businesses grow the value of jobs on offer and work directly with 500 SMEs run by under-represented groups;
- use the Council's purchasing power to support local jobs, apprenticeships and businesses;
- deliver Council security services in-house and explore ways to provide in-house security to events, buildings and community premises;
- work with Nottingham Business Improvement District to maintain Nottingham's Purple Flag status;
- secure more inward investment than any other city in the East Midlands;
- continue to promote science, technology and creative industries as Nottingham's key industrial growth sectors;
- help create a positive environment for social enterprises and support the development of 10 new co-operative businesses;
- create a city 'Growth and Innovation Partnership' with D2N2 Growth Hub, Universities and the private sector to support businesses to grow and employ Nottingham residents;
- develop Nottingham's Creative Quarter and creative industries into a regionally significant economic sector;
- create a new vision for the city centre, including increasing the leisure and visitor offer;
- those with an expected outcome of Amber are:
 - create a wholly owned, not-for-profit company to provide debt recovery and bailiff services to the Council;
 - secure a 'Local Industrial Strategy Deal' with government to support key sectors and grow businesses;
 - protect from cuts: support to help businesses grow and prosper;
- those with an expected outcome of Red are:
 - create 15,000 new jobs for Nottingham people;
 - reduce the number of empty shops from 15% to below 10% and return Nottingham to the top 6 retail rankings outside of London;
 - return Nottingham to the top 6 retail rankings outside of London (performance indicator – Nottingham's position in the retail rankings outside of London);
 - reduce the number of empty shops from 15% to below 10% (performance indicator – the percentage of empty shops);
 - become the country's most commercial council, bringing in at least £4m more from commercial activities to support services local people rely on;

(b) performance highlights include:

- the Loxley House Customer Hub opened on 20 January 2020, accommodating the existing Job Centre Plus and Nottingham Jobs services with Nottingham Revenue and Benefits, and Housing Aid;

- the Growth Hub has remained active throughout Covid, and is now leading the work of recovery as part of the Nottingham Economic Recovery Unit, dealing with over 1,000 enquiries, and providing 12 hour support for businesses. By mid-October the new B Global Officer had made contact with over 600 BAME led businesses in the city, and 70 businesses through the ERDF funded Re-opening High Street Safely Fund;
 - current data for the period April 2020 to October 2020 shows £6.92m was invested in the local economy through contracts awarded through procurement to local organisations, representing 66.30% of the total value of contracts awarded in this period. This is in accordance with the key Procurement Strategy priority of using the Council's spending power to deliver economic benefits for the city by increasing spend with local suppliers;
- (c) challenges and opportunities going forward include:
- the Local Government Settlement;
 - huge and ongoing impacts of Covid;
 - the future of the retail, hospitality and construction sectors;
 - the Economic Recovery and Renewal Plan;
 - Brexit.

During the discussion which followed, the following points were made:

- (d) there are major concerns about how European Regional Development Fund funding will be replicated now that the UK has left the EU;
- (e) the priority to protect the support to help businesses grow and prosper from cuts is amber due to the loss of EU funding;
- (f) the Economic Recovery and Renewal Plan is currently out for consultation and feedback is important;
- (g) the Council uses a variety of structures to deliver services. The majority are in-house, there are wholly owned companies, Arms Length Management Organisations, and hybrid models. The key thing is to ensure that the service is delivered in the most appropriate and efficient way, and ensure that employees are well looked after. There are still lots of opportunities for commercialisation to generate income, and they are reviewed regularly. The main drive for commercialisation is due to the reduction in funding from Government;
- (h) there are some reservations from the Portfolio Holder about whether it would be the right time to bring a debt collection service in-house at, given that the Council already has a lot to do and has little experience in this area, but it would be for the Council to make a decision. The current successful focus of the Council role is welfare rights and ensuring that citizens debts don't get to a level for bailiffs to be involved;

- (i) the city has been successful in attracting lots of EU funding because deprivation levels are usually taken into account. The UK Government don't use the same model for allocating funding, and tend to do equitable funding across the country irrespective of deprivation;
- (j) the impact of Covid on the Council's income is being monitored and, although the Government do have support in place, there is a time lag and it won't replace all of the income that is being lost;
- (k) 14.6% of retail premises are currently empty, but there is a time lag on data, so it is likely that this has increased in the current climate. Neighbourhoods have a lower vacancy rate as people are shopping locally during the pandemic;
- (l) the Council carries the majority of its debts from investments that attract further investment and income, but it has reached a point where there is little headroom to borrow further, although the investments have enabled the infrastructure for private investment, eg businesses locating to the city;
- (m) as a result of the Non Statutory Review a Government appointed Improvement Board will be established, but the review was happy that the Council could achieve the changes needed without further intervention;
- (n) other cities are giving one-off payments to taxi drivers to help towards their loss of earnings. There is a meeting with taxi drivers that live in the city to discuss this possibly being funded from the discretionary funding for local businesses, but their first port of call should be the Government's self employment support scheme;
- (o) more needs to be done to ensure that local town shopping centres have an appropriate retail offer and are not predominantly charity shops, pawn shops, and betting shops, etc;
- (p) the pandemic has highlighted the fragility of some sectors, particularly retail and hospitality, so reformation of how businesses are taxed is needed to make it fairer and more sustainable. Business Rates are set by the Government and 51% of the rates are returned to the Government, and more local decision making powers are needed. Rent also needs to be addressed to ensure that whole buildings are being utilised, rather than just ground floor retail.

45 Economy Building and the Impact of Covid-19

Robert Dixon, Head of Business Growth, Nottingham City Council, gave a presentation on the city's economy, focusing on the support available to businesses during the pandemic and plans for ongoing and future support, and highlighted the following points:

- (a) the Covid business support from Central Government includes:

- Furlough is not a locally administered scheme, but approximately 41,000 people were furloughed in Nottingham, and is worth a significant amount to businesses;
- the Self Employment Income Support Scheme is available, although the Government recognises that it probably only captures half of the self employed;
- loan schemes administered by both government and via private banks and the British Business Bank, includes the Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme;
- VAT reductions/delayed payments;
- Kick Start Scheme to help the long term unemployed into work, ran by the Department for Work and Pensions, partly being delivered locally by Nottingham Jobs, enables a business to hire staff for 24 hours a week at minimum wage for 6 months at no cost;

(b) the Covid business grants funded by the Government but delivered locally include:

- a Business Rate discount to zero for retail, leisure and hospitality for 2020/21 worth £65m, and automatically applied to bills (introduced in April 2020);
- the Initial Business Support Grants gave £54.135m to over 4,539 businesses via the Rates Team (April 2020);
- the Nottingham Small Business Fund gave £3.348m to approximately 578 businesses not covered by the rates scheme (June 2020);
- business grants covering Tier 2, Tier 3, Lockdown and then new Tier 3 of £14m (to be confirmed and subject to any new Tier funding) was introduced in November 2020 and is being delivered now. All initial 2,600 applicants have been processed. 2,239 have been paid over £7m, and a further 600 'late' applicants are being processed;
- from December 2020 Tier 3 and January 2021 Lockdown there will be automatic payments to eligible businesses such as hospitality, pubs, etc;

(c) the principle behind the Government funding for grants for mandatory closed businesses per month/4 week period is:

- £1,334 for businesses with a rateable value of £15,000 or under;
- £2,000 for businesses with a rateable value of £15,000 to £51,000;
- £3,000 for businesses with a rateable value of over £51,000.

There is an additional 5% top up for supply chain and discretionary businesses, and an additional per capita allocation of approximately £7m for Nottingham which is already being paid out for open businesses and local discretion businesses. The open grant is calculated at 67% of the closed grant;

(d) an overview of recent grants includes:

	October 2020	November 2020	December 2020	January – March 2021
Tier	2 and 3	3 and Lockdown	3	4 and Lockdown

Closed	Hospitality, leisure, personal Care and accommodation	As Tier 3, plus non-essential retail and personal care	Hospitality and leisure	
Grants (assuming rateable value less than £15,000)	£1,334 if closed. 67% for open businesses for 4 weeks	6 days of Tier 3 (October-November) and the 4 weeks closed £1,334	£1,334 plus £1,000 for wet led (ie pubs)	£1,334 per month for current restrictions, plus a £4,000 single payment
Discretionary Grants	Top up for open businesses	Top up for all SMEs (£1,000-£3,000) and supply chain		To be confirmed

- (e) the Covid business grants from October to December 2020 include:
- 14 October to 4 November 2020 – the Local Restrictions Support Grant (open allocation) – support for businesses in the hospitality, hotel, bed and breakfast, and leisure sectors that remained open under Tier 2 restrictions of up to £2,100 for a 4 week period, pro-rated depending on the rateable value;
 - 30 October to 4 November 2020 – the Local Restrictions Support Grant (closed allocation) – support for businesses in the hospitality, accommodation, beauty and leisure sectors that have legally been forced to close under Tier 3 restrictions of up to £3,000 for a 4 week period, pro-rated depending on the rateable value;
 - 5 November to 1 December 2020 – Local Restrictions Support Grant (closed allocation) – support for businesses that have been legally forced to close under the conditions of the national lockdown of up to £3,000 for a 4 week period;
 - 1 November 2020 to 4 November 2020 – Local Restrictions Support Grant (sector allocation) – support for businesses that were required to close in March and which have never been able to re-open (eg nightclubs) of up to £3,000 for a 4 week period pro-rated depending on the rateable value. This is a very specific cohort;
 - 5 November 2020 – ongoing – Additional Restrictions Grant – support for businesses affected by reduced trading conditions experienced during national lockdown, focusing on the hospitality, accommodation, beauty, and leisure sectors, non-essential retail and their supply chains, including self employed, homebased workers and micro businesses incurring fixed costs;
- (f) the new Lockdown Top Up Grants for January 2021 are on top of the Local Restrictions Support Grant and Additional Restrictions Grant. They are one-off grants to closed businesses, which will be allocated as follows:
- £4,000 for businesses with a rateable value of £15,000 or under;

- £6,000 for businesses with a rateable value of £15,000 to £51,000;
 - £9,000 for businesses with a rateable value of over £51,000;
- (g) for general business support, Nottingham benefits from a specific team within the D2N2 Growth Hub based in Nottingham (4 Business Advisors). Additionally there are 3 retail focussed Business Advisors in the City Centre Management Team. These staff, which are part of Economic Development, are critical to the face to face support that many businesses need during difficult times;
- (h) there are many other support agencies that the Council work with in the city to support businesses, including:
- Creative Quarter which support creative and digital businesses;
 - Medilink which supports life science businesses;
 - NBV which supports new and start up businesses;
 - University of Nottingham/Nottingham Trent University who provide students and access to research support for businesses;
 - Food and Drink Federation which supports the food sector;
 - Nottingham Business Improvement District which supports city centre retail, leisure and hospitality businesses;
 - Marketing Nottingham which support visitor economy businesses and businesses looking to expand or invest in the city;
 - plus others, with over 100 support agencies available;
- (i) the Nottingham Growth Board comprising the universities, colleges, Nottingham City Council, the Creative Quarter, Boots, Experian, Marketing Nottingham, Nottingham Project, the Business Improvement District, and the Castle Trust, was initially created to explore growth plans for the city, but since March 2020 has been looking at the impact of Covid, and developing the Nottingham Economic Recovery and Renewal Plan which is currently out for consultation. The vision is to reimagine the city in order to creatively build a green, digital future, reshaping the local economy so that Nottingham becomes:
- an internationally renowned city of culture, creativity and innovation;
 - the UK's first carbon neutral city;
 - a city which offers opportunities for everyone.
- With a focus on six key ambitions:
- a city of creativity and culture;
 - reimagining the city;
 - a carbon neutral city;
 - digital enterprise;
 - entrepreneurship and innovation;
 - skills and employment.

During the discussion which followed, the following points were made:

- (j) the discretionary grants fund is demand led so it can be re-opened if further businesses need to apply for support;

- (k) when businesses were locked down in March 2020 some had cash reserves which enabled them to survive for a while, and others had to close straightaway. Any reserves will have been used by now, so Government support is very important in the current climate, but it is likely that there are further business failures to come and an increase in unemployment;
- (l) the furlough scheme has been extended, but the retention bonus was removed as part of the extension;
- (m) the Economic Development Team is currently looking at how the city could benefit from the Levelling Up Fund, and will have projects ready to apply for funding;
- (n) the development of the Broadmarsh site is part of the Recovery Plan;
- (o) the Government have released 10 grant schemes to support businesses, which doesn't include the loan schemes. The number has made it complicated to administer, but they have had to respond to changes. The Council has developed one form for businesses to fill out, which is then checked to see what support they are eligible for. With so many grants to administer, there have been errors in distributing the grants, and some businesses that have claimed money they weren't entitled to have had to pay it back.

46 Work Programme

Councillor Anne Peach, Chair of the Committee, introduced the report of the work programme, detailing the items which will be considered by the Committee for the remainder of the 2020/21 municipal year.

Committee members requested that a further update on the impact of the pandemic on the Council and the Council's response to it be considered for inclusion on the work programme.