



City of Westminster

Cabinet Member Report

Decision Maker:	Cabinet Member for Business and Planning: Councillor Matthew Green Cabinet Member for Digital and Customer Service: Councillor Paul Swaddle
Date:	14 July 2020
Classification:	General Release Appendix B – Legal Implications is exempt from publication
Title:	Digital Street Markets European Regional Development Fund (ERDF) bid
Wards Affected:	All
Key Decision:	Yes, this is a key decision and entry has been included in the Forward Plan of Key Decisions
Financial Summary:	Following the successful ERDF application, the project has secured £0.576m of external funding. This needs to be match funded by the Council which will come from the Enterprise Space Programme capital budget.
Report of:	Barbara Brownlee, Interim Executive Director of Growth, Planning and Housing

1. Executive Summary

- 1.1 In response to the market strategy the Economy Team developed an European Regional Development Fund (ERDF) bid to deploy Wi-Fi within our street market and deliver digital training to support traders.
- 1.2 In May 2020, the European Programme Management Unit (EPMU) approved the project and allocated £0.576m to the project, the council will match this from the capital programme to the value of £0.576m.

1.3 The EPMU has issued a grant agreement and this paper seeks to gain approval to enter the grant agreement and deliver the project as per the funding application.

1.4 A full copy of the bid is included in Appendix B

2. Recommendations

2.1 That part B of the report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A Part 1, paragraph 5 (as amended), in that it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

2.2 The Cabinet Members are asked to authorise the council to enter a grant agreement with the GLA for the Digital Street Markets Project.

2.2 The Cabinet Members are further requested to authorise the delivery of the Digital Street Markets Project as set out within the appended grant agreement.

2.3 Authorise capital expenditure against the budget within the capital programme of £1.152m of which £0.576m will be funded from the ERDF grant and £0.576m will be funded by the Council.

3. Reasons for Decision

3.1 The rationale for investing within the Digital Street Markets Project is as follows:

- The mobile networks within the market areas are not resilient enough for traders to reliably take card payments. The project will address this market failure.
- Through the market consultation residents had identified that they wanted to hear more about their local markets online. This project will support traders to improve their online presence.
- The project secures £0.576m of external funding which ensures good value for money for the council.
- The project enables us to deliver a priority within City for All, namely, “implement our Digital Street Markets Project and roll out Wi-Fi and digital training to all six Westminster Markets”.

4. Background, including Policy Context

4.1 In 2018 Westminster City Council ran a public consultation on our markets. This led to the creation of ‘A Strategy for Westminster City Council’s markets 2019-2022.

- 4.2 One of the recommendations made by both traders and customers was that they wanted to have wi-fi networks on the market to enable them to take card payments and receive information about the markets online.
- 4.3 The Digital Street Markets Project directly responds to this need as it will provide a geographically targeted intervention to support SMEs with a focus on two key areas:
1. Delivery of a free wireless connectivity on all of the street markets owned by Westminster City Council (displayed on the map below).
 2. Delivery of a three-year programme focussed on digital skills training to enable the beneficiaries to make best use of this new connectivity and enhance their skills.
- 4.4 The project also directly responds to the City for All objective, Smarter City. Namely its implementation is directly referred to as an objective:
- 4.5 'Implement our Digital Street Market project and roll-out Wi-Fi and digital training to all six Westminster Markets'.
- 4.6 This Wi-Fi network will also have capacity for the council to trial other smart city applications.

5. Outputs

- 5.1 Within the grant agreement the Council will achieve the following outputs:
- 6 markets with Wi-Fi networks.
 - 510 businesses supported
 - 270 new businesses supported
 - 240 new to the firm products and services.
 - 114 traders connected to the network.

6. Financial Implications

6.1 Capital Funding

- The 50% match funding of £0.576m will be drawn down from the Enterprise capital budget.
- This programme has a budget of £15m over the next three years to deliver a number of schemes to benefit small businesses and to innovate how spaces across the council are utilised.

- The budget forms part of the Capital Strategy approved by Full Council on 4th March 2020.

6.2 Revenue Funding

- Ongoing maintenance costs at the end of the three-year project period are currently the subject of a procurement process.

7. Legal Implications

- 7.1 The Council made an application to the ERDF in 2019 for funding for the project known as the 'Digital Street Market Project'. The Project is divided into 2 elements, (1) the provision of wifi free to street markets owned by the Council and (2) the delivery of a three year programme focused on digital skills training to enable market traders accessing wifi to make the best use of the wifi. Earlier this year, the ERDF awarded the Council £0.576m for the Project. It is a condition of the award that the Council enters into a Funding Agreement with the Greater London Council which will manage the grant on behalf of the Secretary of State for Communities and Local Government.
- 7.2 There are no unusual or unduly onerous terms in the Funding Agreement. The Council must comply with the Structural and Investment Funds Regulations. It must also comply with State Aid and Procurement Law.
- 7.3 The Council has started to proceed with the wifi element of the project and will shortly be proceeding with the second element. The Council has adopted a cautious approach to State Aid since non-compliance is a breach of the Funding Agreement resulting in repayment of the grant with interest. State Aid is defined in Article 107(1) of Treaty for the Functioning of the European Union. Article 107(1) states that, 'save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.' Aid to local markets (dealing with local customers in the main) appears unlikely to affect trade between Member States. However, since the Council has the opportunity to remove any residual risk to the Council by relying on the De minimis aid provisions in Commission Regulation 1407/2013 (OJ 2013 L352/1 which permits aid of up to 200 euros, it is advisable to rely on the provisions. First, the Council must inform traders that they will be in receipt of De minimis aid and obtain a declaration from them that they have not received more than 200 euros (including the value of the free wifi) of aid in the last 3 years.

- 7.4 It is a condition of the grant, that the delivery of services by an external provider be awarded to that provider following a competitive process. In compliance with this requirement, the Council has approved a strategy (for the wifi) at Procurement Assurance Board level for the Council to follow an open procurement under the Public Contracts Regulations 2015.
- 7.5 The applicable rules for determining who has authority to sign the Funding Agreement are set out in the Scheme of Delegations for the Executive Director (the Council's Contracts Procedure Regulations which do not apply to Funding Agreements or grants).
- 7.6 Please refer to Appendix B for additional legal implications with advice from the Council's external solicitors.

8. Consultation

- 8.1 In 2018 Westminster City Council ran a public consultation on our markets over 12 weeks (6 August to 29 October).

The aims of the public consultation were to understand:

- What is important to customers, from the opening hours to items sold.
 - How residents use the markets and how we can support more of them to become traders.
 - What additional facilities and support traders may need to improve their trading conditions and increase income.
 - Which of the fees and charges changes proposed were preferred by the traders.
 - Views across neighbourhoods based on a number of ideas under the themes of business enterprise, marketing and promotion, regulation, products sold, sustainability and stakeholder engagement (involving residents with their markets).
- 8.2 838 responses were received from residents, traders, workers and business owners. Wider views were provided by 60 people who attended drop-in sessions.
- 8.3 The results showed strong support for: the markets becoming more sustainable via reduced plastic use and increased recycling; greater community involvement; more seating; attracting young people, local residents and start-ups to trade at our markets; information and promotion online for all markets and a wider range of products being available.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

**David Wilkins, Senior Business & Enterprise Manager,
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BACKGROUND PAPERS

Appendix A – Other Implications
Appendix B – Grant agreement
Appendix C – Digital Street Market Proposal

For completion by the Cabinet Member for Business and Planning

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed:

Date:

NAME: Councillor Matthew Green

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled Digital Street Markets European Regional Development Fund (ERDF) bid and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for Business and Planning

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, Strategic Director Finance and Performance and, if there are resources implications, the Strategic Director of Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

For completion by the Cabinet Member for Digital and Customer Service

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed:

Date:

NAME: Councillor Paul Swaddle

State nature of interest if any

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled Digital Street Markets European Regional Development Fund (ERDF) bid and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for Digital and Customer Service

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

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Other Implications

1. Resources Implications

The project resources have been secured. This is through a combination of and ERDF grant and the Enterprise Programme capital funding.

2. Business Plan Implications

The project supports City for All, Smarter City.

3. Risk Management Implications

Risk Description	Owner	Probability	Impact	Mitigation
Covid-19, ability to deliver the projects due to the reduction in the number of market traders and businesses.	Senior Business & Enterprise Manager	Medium	High	Look to tailor the project to support existing businesses to start trading online to provide them with resilience in the event of future lockdowns.
Failure to procure Wi-Fi contract and business support.	Senior Business & Enterprise Manager	Low	High	Engaged the market whilst developing the bid. Will ensure the opportunity is promoted widely.
Low uptake of business support programmes	Business Support Programme Manager	Low	Medium	High demand for current business support programmes. Covid-19 expected to increase that demand.

Failure to collect relevant ERDF Evidence	Funding & Compliance Manager	Low	Medium	Contracts with partners to provide information. Ask for information in a timely manner.
Failure for external contracts to deliver	Enterprise Space Programme Manager Business Support Programme Manager	Low	Medium	Effective procurement processes and contract management.

4. Health and Wellbeing Impact Assessment including Health and Safety Implications

No implications.

5. Crime and Disorder Implications

No implications.

6. Impact on the Environment

By enabling traders to deal with card payments it will help to reduce the environmental footprint associated with cash transactions. Improving the online presence will also reduce the need for paper fliers and advertising for the markets.

7. Equalities Implications

The events that are delivered as part of the programme will be in fully accessible community venues.

The programme will be fully inclusive and this will be assessed at procurement stage with relevant weighting applied.

8. Staffing Implications

The project staffing is funded within the project costs. Additional staff will be recruited to support the delivery of the project. Existing staff time on the project will be reimbursed by the project.

9. Human Rights Implications

Not applicable.

10. Energy Measure Implications

N/A

11. Communications Implications

Following the signing of the grant agreement the Business and Enterprise Team will work with the communications team to work up a plan in relation to promoting the project. The plan will aim to maximise positive exposure of the council investing in an area that supports local entrepreneurs to start businesses.

Through the evaluation process, the council will develop case studies of firms that have benefited from the project.

Note to report authors: If there are particularly significant implications in any of the above categories these should be moved to the main body of the report.