

Committee(s): Policy & Resources Committee – For decision	Dated: 8/4/2021
Subject: COVID-19 Business Recovery Fund: Launch	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 7, 8, 10, 12
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£50 million
What is the source of Funding?	City Cash Reserves
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Town Clerk and Chamberlain	For Decision
Report author: Peter Lisley, Town Clerk's Department	

Summary

At the Policy & Resources Committee meeting on 11 March 2021 outline criteria for a new City of London COVID-19 Business Recovery Grant were approved. Officers have now developed the scheme in accordance with the criteria and design principles outlined in the previous report and have engaged with a number of professional services firms to establish a mechanism for online application and individual viability assessment. A number of firms will be appointed to conduct viability assessments in time for the launch.

The guiding principles have been that the scheme should seek to support businesses which contribute to the City's vibrancy at street level and directly provide services to returning City workers and residents, and the scheme should seek to support those businesses that can evidence, through the grant application process, a likelihood that with support they have a reasonable chance to survive beyond the short term.

HM Government, through BEIS, have recently announced that the next tranche of the Additional Restriction Grant (ARG) will be allocated based on the number of businesses in a Local Authority Area. It is recommended that when the funding allocation to the City is known it should be distributed based on the same criteria and application process as the COVID-19 Business Recovery Fund.

The Scheme is now attached at Appendix 1 for approval to allow launch on 12 April 2021.

Recommendation(s)

Members are asked to:

1. Approve the Scheme detailed at Appendix 1.
2. Approve that the latest tranche of HM Government funding for Additional Restriction Grant (ARG) be allocated in the same manner as the City Corporation's own funding.
3. Approve the scheme launch on 12 April 2021 with applications closing on 11 June 2021, noting grants will be awarded on a first come first served basis and if the funding available is exhausted the scheme will close at that point.
4. Approve the charging of professional fees for viability assessments and the application portal to the £50M COVID-19 Business Recovery Fund (funded by City's Cash).

Main Report

Background

1. The City of London Corporation is committed to supporting the Square Mile's economic recovery from the pandemic and building back better.
2. As part of those efforts elected Members decided unanimously at the Court of Common Council on 4 March 2021 to set up a City of London COVID-19 Business Recovery Fund.
3. Subsequently, at your Committee on 11 March 2021, draft eligibility criteria for the scheme were agreed.
4. An informal Sounding Board of Members was established to work with officers and provide strategic guidance. The Members of the Sounding Board were agreed as the Chair and Deputy Chairman of the Policy & Resources Committee, Chairman and Deputy Chairman of the Finance Committee and the Proposer of the Court Amendment.

Government Grants

5. HM Government, through BEIS, have recently announced that the next tranche of the Additional Restriction Grant (ARG) will be allocated based on the number of businesses in a Local Authority Area, something the City Corporation had advocated, instead of the residential population which was the basis of previous grants.
6. The financial allocation to the City is £4,237,124 from a national allocation of £425M.

Current Position

7. Following the last Policy & Resources Committee, officers have worked on refining the draft criteria. The guiding principles have been that the scheme should seek to support businesses which contribute to the City's vibrancy at street level and directly provide services to returning City workers and residents, and the scheme should seek to support those businesses that can evidence, through the grant application process, a likelihood that with support they have a reasonable chance to survive beyond the short term.
8. The scheme's wording has been discussed with the Sounding Board and professional advisers and is now attached at Appendix 1.
9. An online portal has been procured and set up ready to take applications on 12 April subject to any changes recommended today.
10. The City Business Library will provide support to those applicants unsure of using the online application portal.
11. Meetings have been held with three professional services firms to seek input into the design of the viability assessment process and negotiate a fixed fee per grant application reviewed.
12. Utilising the delegation granted at the last Policy & Resources Committee "*to procure external provider(s) for financial viability assessments, with approval to support the recommended procurement option, should it be needed, delegated to the Town Clerk in consultation with the Chair and Deputy Chairman of Policy and Resources Committee*" contracts will have been agreed with professional services firms to carry out the viability assessments subject to approval of the Scheme at your Committee today. This will allow a prompt launch on 12 April 2021.
13. It is in the interests of all small businesses with a direct public interface – e.g. food, retail, hospitality and close-contact services to register with the Covid Compliant Accreditation Scheme (CCAS) as by following the best practice advocated by the scheme the possibility of business interruption through outbreaks and the need for self-isolation are minimised.
14. To make the process as simple as possible for applicants, businesses will be able to register their interest in the Covid Compliant Accreditation Scheme (CCAS) at the time of application if they are not already registered. To ensure that this process does not delay the payment of grants COVID secure documentation will be checked remotely and queries discussed by telephone. The final stage, a site visit, will happen later.

Proposals

15. It is recommended that the Scheme detailed at Appendix 1 is approved and launched with appropriate publicity on 12 April 2021. The application will be via a web portal which will ensure that initial eligibility checks can be carried out along with

various automatic anti-fraud checks. Support will be available for those who cannot use the web portal themselves.

16. Applications will be accepted between 12th April and 11th June 2021. No applications will be accepted after the closing date.
17. Funds will be awarded on a first come, first served basis. If the level of grants awarded exceeds the allocated funding, then the scheme will be closed with immediate effect.
18. It is further proposed that the HM Government funding received from BEIS for the latest round of discretionary grants is distributed using the same criteria and application route, so businesses only have a single application process to navigate.
19. It would be necessary to record grants from the BEIS allocation separately for reporting purposes and to ensure it is accounted for correctly as a City Fund rather than City Cash expenditure. BEIS funding would be allocated first under these arrangements.
20. The size of the grant awarded would be advised to City Corporation officers by the professional services firms who would examine the documentation detailed in the scheme and speak to the applicant.
21. All grants would then be subject to sign off by officers and payment arranged.

Corporate & Strategic Implications

22. The City of London Corporation is committed to supporting the Square Mile's economic recovery from the pandemic and building back better. The COVID-19 Business Recovery Fund aims to alleviate some of the worst effects of the pandemic on the Square Mile's support infrastructure and enable the City to emerge with a functional and thriving economy.
23. The fund follows the support already provided by the City Corporation to its tenants throughout the COVID-19 pandemic including rent deferrals, rent holidays and offering rent to be charged on a turnover basis.

Financial implications

24. Funding will be provided from a drawdown of City's Cash reserves.

Resource implications

25. Fees for the professional advisors and for procurement of the application software will be charged to the COVID-19 Business Recovery Fund and funded from the £50M commitment from City's Cash.

Legal implications

26. Self-certification by applicants that the grant will not cause a breach of State Aid regulations will be required. This is the model that has been used for all HM Government grants.

Risk implications

27. There is a risk that the initial applications could overwhelm the viability assessment process. This will be mitigated by appointing more than one professional firm and engaging with the firms early to ensure that there is an understanding of the requirements. Conversely there is a risk that the scheme could be viewed as too complex and this has been mitigated by limiting the initial information requested through the web portal and ensuring that information requested at the viability assessment stage is the minimum required to allow the professional advisers to conduct their assessment.

Equalities implications

28. These grants are aimed at supporting the business community across the City and are accessible to all businesses that meet the stated criteria. An Equalities Impact Assessment of the Scheme has been completed. It is expected that the impact of this scheme will be neutral or positive in terms of protected characteristics, but potential adverse impact will be reviewed and mitigated as appropriate by the decision maker when taking allocation decisions. It is proposed that as a condition of the grant scheme that all recipients should pay the Living wage.

Climate implications

29. Nil

Security implications

30. Communication and awareness raising is already planned to encourage workers returning to the City to be aware of their surroundings – especially in public spaces and retail areas.

Conclusion

31. This report presents Members with a recommended scheme and eligibility criteria to support distribution of grants to small businesses affected by the COVID-19 pandemic.

Appendices

Appendix 1 – COVID-19 Business Recovery Fund criteria and application process

Background Papers

Report to Policy & Resources Committee 11/3/2021: COVID Business Recovery Fund: Initial Considerations

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