

REQUEST FOR MAYORAL DECISION – MD2624

Title: Covid-19 Business Support Programme

Executive Summary:

This decision seeks approval for GLA expenditure of £1m (and such other third party funding as is secured) to provide business support to London's sole traders, micro-businesses, small and medium sized enterprises (SMEs) and social enterprises using budget currently secured (or which is secured) for activities delivered as part of the London Growth Hub, the Mayor's business support initiative.

The activity will cover intelligence gathering and initial crisis management telephone support as well as more detailed online content to support business continuation and diversification. Once the impact of the current crisis has started to subside, the programme will move to provide support for business starts and recovery.

Decision:

The Mayor:

1. approves expenditure of £1m of funding in 2020/21 from current and anticipated LEAP Core Funds and Growth Fund budgets to deliver a programme of support to businesses to London's sole traders, micro-businesses and SMEs and social enterprises to navigate the challenges they face during and after the Covid-19 pandemic; and
2. delegates to the Executive Director, Good Growth to approve the seeking, receipt and expenditure of any external income that may be identified so as to expand this initiative. This delegation will be exercised without the need for further decision forms.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date: 17 April 2020

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The current and emerging impact of Covid-19 has placed unprecedented pressure on businesses of all sizes, to which HM Government have responded with a package of financial measures. This has however not included any additional business support activity and the Mayor continues to lobby HM Government for further guidance and support for businesses looking to access financial help. In the interim, this report puts forward urgent crisis management support for London-based businesses looking to navigate the Government's offer, as well as longer term support to complement any government funded activity.
- 1.2. Growth Hubs have been established across the country to act as the Government's delivery partner for business support in each of England's 38 Local Enterprise Partnership areas. This report seeks approval to allocate available Growth Hub and LEAP Core Fund money to support a phased approach to supporting businesses through the current crisis, and to help London's small business eco-system recover once current restrictions have been lifted.
- 1.3. The impact of business closures is being felt more quickly in London, owing to the spread of the virus here being up to two weeks in advance of the rest of the UK. According to several lobby groups and the trades unions, many small firms and sole traders risk going under whilst waiting for any government relief to arrive. The Federation of Small Businesses has warned that the delay in wage supports - potentially until end of April - means many small firms still face "a potentially terminal cash flow crunch."¹
- 1.4. Whilst the London Growth Hub has repurposed existing resources to support the Covid-19 response, the scale of the challenge at hand requires a significant increase in current resources, and deployment of specific interventions as a matter of urgency.

2. Objectives and expected outcomes

- 2.1. The proposed funding will be used to focus on the following phased approach in order to support London's businesses during and following the current crisis.

Phase 1 (immediate) – intelligence gathering and crisis management support

- 2.2. Immediate work will be undertaken in partnership with the GLA's Intelligence team to capture and collate representative data on business needs. This will be achieved through an externally commissioned business survey and supported by ongoing engagement and intelligence gathering through GLA networks.
- 2.3. The current London Growth Hub telephone support for Covid-19 related enquiries is currently resourced by 5.5 business support advisers. This essential work to help businesses navigate support needs to be significantly scaled up as a matter of priority in order to meet anticipated demand. The precise delivery model and scale is currently being worked-up, including potential use of volunteers and specialist advisers.

Phase 2 (1-6 months) – business continuation and diversification support

- 2.4. Working with a coalition of business support partners, it is proposed that funding be used to deliver a coordinated and joined-up business support offer across London. The nature and scope of the

¹ Federation of Small Businesses website, 20th March 2020

programme will be informed by the aforementioned intelligence gathering activity and will be delivered through:

- ongoing information, diagnostic and triage support;
- a core programme of support targeted at the businesses most hit by a reduction in demand. This will include support to help businesses to 'go digital' through access to information on remote working, platforms and cloud computing, information on e-commerce, delivery, online payment and other platforms that will allow them to operate at-a-distance business;
- grant funding to partners to increase the existing delivery capacity for sectorally focused initiatives. This could include sector-specific telephone and webinars, podcasts and other online content; and
- directly commissioned online content, tools and awareness raising activity.

Phase 3 (6-12 months) – business starts and recovery

- 2.5. Once current restrictions are lifted there will be a great need to get the economy started again, and new or relaunched small businesses will need support to help get London back in business. Detailed metrics and support mechanisms will be developed once the full impact of the current crisis is assessed. This will be dependent on the pace and depth of the crisis as it unfolds over the coming weeks.
- 2.6. The decision seeks approval for the receipt and expenditure of additional funds that may be secured from third parties which may include new EU or HM Government funds, private investment and/or contributions from business support providers. Based on current unit costs measures for business support, £1m of funding committed to the project could provide light-touch support to an additional 1,600 businesses.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have due regard of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. There is a significant risk that minority groups will be disproportionately impacted by the current crisis and many will face particular barriers to accessing support available from HM Government. The London Growth Hub will work with its delivery partners to ensure a significant level of engagement with community and faith groups in order to access harder to reach communities to avoid discrimination and make sure there is equality of opportunity.
- 3.3. The London Growth Hub will also work with its delivery partners to foster good relations between those with and without protected characteristics by providing support designed to overcome the specific barriers these groups may face. We will also use our extensive contacts within minority and women owned business networks to disseminate messaging and support available to these communities. This will include translation of materials and use of diverse communication channels.
- 3.4. We will learn from best practice in other cities and regions. For example, discussions are ongoing with cities facing similar problems such as New York, where the Commissioner for Small Business is leading work to engage these communities and deliver support in appropriate formats and using diverse communication channels.

4. Other considerations

Key risks and issues

- 4.1. The risks facing London's small business community are unprecedented and potentially catastrophic for London's economy. These proposals go some way in supporting businesses to survive the current climate, but without securing additional funding, the penetration levels across London's 1.1m small businesses will remain low. This risk will be mitigated by continuing to lobby HM Government for further funding to support businesses and to ensure London's business support eco-system is working in a joined-up and effective manner.
- 4.2. Ongoing and proactive risk management will be undertaken throughout delivery of the programme, with GLA corporate, HM Government and LEAP reporting as required.

Links to Mayoral strategies and priorities

- 4.3. The Mayor has been clear over his concerns on the impact to businesses if appropriate funding and support is not in place for business. This package of support therefore forms a key part of the Mayor's response to support London's economy through and beyond the current crisis. It also supports the priorities set out in the Mayor's Economic Development Strategy to support enterprise and entrepreneurship in the capital.

Consultations and impact assessments

- 4.4. These proposals include an extensive consultation exercise with London businesses that will help inform and shape the subsequent programme of activity. All consultation activity will be actioned in line with the GLA's requirements concerning the same including data protection requirements.

5. Financial comment

- 5.1. The initial £1m investment in this initiative will be funded by a combination of available funding streams, namely the 2020-21 Growth Hub (£400,000*) and LEAP Core Fund budgets (£200,000*) via BEIS grant and from the Strategic Investment Fund, specifically from the Micro and SME Business Support allocation (£400,000) as approved by MD2363.
- 5.2. In order to supplement the programme, external funding will be also be sought to increase the financial support for the programme. This may include new EU or HM Government funds, private investment and / or contributions from business support providers.

**Whilst it is anticipated that these sums will be contained within Government Growth and LEAP funding for the 2020-21 financial year the GLA has yet to receive grant offer letters in this regard (save for £100,000 of the £200,000 LEAP Core Fund which is already held).*

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
 - 6.1.1. The decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation in Greater London; and
 - 6.1.2. In formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people;

- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3. In addition to seeking grant funding from Government, the EU and other public sector bodies the GLA may seek third party funding from:

- Third parties under its power to them for discretionary services under section 93 of the Local Government Act 2003 provided that the charges levied do not exceed the costs of provision; and
- Third party local authorities under the Local Authorities (Goods and Services) Act 1970.

6.4. Should the Mayor be minded to make the decisions sought officers must ensure that:

6.4.1. Any services and supplies required for delivery of the proposed business support are procured by TfL Commercial and in accordance with the GLA's Contracts and Funding Code and the GLA and service providers/suppliers enter into an execute contracts for the provision of the same before the commencement of such services and supplies.

6.4.2. To the extent that any of the expenditure concerns the award of grant funding, that funding is distributed fairly, transparently, in manner which affords value for money and in accordance with the requirements of the GLA's Contracts and Funding Code and grant funding agreements are put in place between and executed by the GLA and recipients of grant funding before any commitment to fund is made.

6.4.3 No reliance is place upon third party funding before a legally binding commitment is secured from the funder(s).

7. Planned delivery approach and next steps

7.1. Key milestones are outlined below.

Activity	Timeline
Procurement of contract	From 1 April 2020
Announcement	Following approval
Delivery Start Date	1 April 2020
Final evaluation start and finish	April 2021
Delivery End Date	March 2020
Project Closure	June 2021

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Until what date: (a date is required if deferring)

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Jamie Izzard has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Phillip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓


Corporate Investment Board

This decision was agreed by the Corporate Investment Board in draft form on 30 March 2020.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

8 April 2020

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature



Date

6 April 2020