

REPORT TO:	<p>Councillor Shahul-Hameed, Cabinet Member for Community Safety & Business Support</p> <p>Councillor Callton Young, Cabinet Member for Resources & Financial Governance</p>
SUBJECT:	Phase 3 & Phase 4: Additional Restrictions Grant (Discretionary)
LEAD OFFICER:	<p>Stephen Tate, Director of Growth, Employment and Regeneration</p> <p>Carol Squires, Head of Economic Development</p>
CABINET MEMBER:	<p>Councillor Shahul-Hameed, Cabinet Member for Community Safety & Business Support</p> <p>Councillor Callton Young, Cabinet Member for Resources & Financial Governance</p>
WARDS:	All
<p>COUNCIL PRIORITIES 2020-2024</p> <p>The coronavirus crisis has had an unprecedented economic impact, and this has not been experienced equally, with some businesses hit particularly hard (including those, such as non-essential retail, being forced to close) and others more able to adapt to survive.</p> <p>The council's approach to the distribution of the latest round of Additional Restrictions Grant funding will support the following priority:</p> <ul style="list-style-type: none"> • We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. 	
<p>FINANCIAL IMPACT</p> <p>In November 2020 the Government confirmed that Croydon would receive an Additional Restrictions Grant (ARG) of £7,734,200. Following the 3rd lockdown this amount was increased by £3,435,165 bringing the total of the Additional Restrictions Grant Funding to £11,169,365, to be spent by March 2022. An indicative ARG top up grant of £2,674,867 has been outlined by Government but only if the current allocation of £11,169,365 has been spent or had a commitment to spend by 30th June 2021. New guidance was received by the Department for Business, Energy & Industrial Strategy (BEIS) on the 15th April 2021. The new guidelines meant that Councils across the UK had to change the proposed mechanisms of the delivery of the grants to ensure that the direct business impact and support that had been planned met the new guidelines that government were implementing.</p>	

This is one of 13 business grant schemes that has been announced since October 2020 (see Appendix 1).

This grant will support local businesses to restart and recover as Croydon emerges from lockdown, reducing the reliance of such businesses on other support provided by the Council, and preventing business closures and subsequent unemployment, which would place a future burden on Council services.

FORWARD PLAN KEY DECISION REFERENCE NO.: 2021CSBR

This is a Key Decision as defined in the council's constitution. This key decision is requested under the General Exception measures as in November 2020 the Government confirmed that Croydon would receive an Additional Restrictions Grant (ARG) of £7,734,200. Following the 3rd lockdown this amount was increased by £3,435,165 bringing the total of the Additional Restrictions Grant Funding to £11,169,365, to be spent by March 2022 (an indicative top up grant of £2,674,867 was announced for Croydon in March 2021).

It was decided that Croydon Council would have a three phased approach to this funding, the third phase would be based on providing a combination of business support and grants that would be focused on the recovery of Croydon businesses providing a £5 million business recovery programme this would be agreed at the cabinet on the 4th May (subsequently delayed until the 22nd May)

On the 15th April 2021, Councils across the UK received new guidance that highlighted that government had changed initial guidance. It stressed that the indicative ARG top up grant of £2,674,867 would only be received by Croydon Council if the current allocation of £11,169,365 has been spent or had a commitment to spend by the 30th June - it also confirmed that all business support needed to have been commissioned by the 15th April and all external business support that had been commissioned needed to have been spent by the 30th June 2021.

This has meant that a new programme has had to be scoped that aligned with Croydon Council's outputs and avoided any financial risk for the Council. The new programme ensures that Croydon businesses receive the correct support that has the maximum impact for the social and economic recovery of the borough.

As the programme needs to be implemented as quickly as possible to ensure that the additional restrictions grant allocation of £11,169,365 is spent by the 30th June 2021. It is requested that decision is made under rule 31 general exception to allow grant activity to commence as quickly as possible.

1. RECOMMENDATIONS

The Cabinet Member for Communities, Safety & Business Recovery in consultation with the Cabinet Member for Resources and Financial Governance is recommended to:

- 1.1 Approve the proposed criteria and implementation of phase three and phase 4 of the Additional Restrictions Grant funding allocation, as detailed in this report.

1.2	Note that the Leader has delegated the implementation and management of the Additional Restrictions Grant to the Interim Executive Director of Place.
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2. EXECUTIVE SUMMARY

- 2.1 Croydon is facing one of the most challenging periods in its economic history. Despite Croydon's many strengths, the impact of COVID-19 (coronavirus) has created an economic crisis that needs an ongoing coordinated response in order to reduce the financial impact on Croydon businesses.
- 2.2 The consensus is that the impact of COVID-19 on the business community and the wider economy has been and will continue to be seismic and that recovery will take some years to play out, with many business practices unlikely to ever return to established pre-pandemic patterns.
- 2.3 The Council has worked with key stakeholders and business networks in the borough to support local businesses through the coronavirus crisis, and distribute targeted financial assistance. Although the pandemic continues, the prospect of lockdown gradually easing and the local success of the coronavirus vaccination programme means that the Council can now start to work towards a plan for local economic recovery.
- 2.4 There is an opportunity to 'build back better and greener'. The Council has the ability to kickstart economic recovery in Croydon by targeting discretionary grant funding to safeguard good businesses, drive high street renewal, boost trade and enterprise, support skills development and encourage business diversification.
- 2.5 This report seeks approval of the proposals for the implementation of the third phase of distribution of Additional Restrictions Grant (ARG) – £6,478,865 of discretionary funding provided by Central Government to support economic recovery in Croydon.

3. INTRODUCTION

- 3.1 The impact of the pandemic has been significant on employees and businesses across the borough.
- 3.2 At its peak, in June 2020, the take up of the Job Retention Scheme (furlough) was 37% of employees in Croydon. Whilst this rate has now reduced to 15% (as at 31st January 2021), in line with the London (17%) and England (15%) averages, it does not account for how many employees never returned to work following the June 2020 peak; perhaps reflected by the fact that the rate of Croydon's working age population now claiming Universal Credit has increased from 4.4% to 9.2% since March 2020 - significantly above the London (8.1%) or UK (6.3%) rates.
- 3.3 In the week beginning 8th March 2021, Croydon's footfall was 47% lower than the same week last year and according to the OBR Economic and fiscal

outlook, March 2021, in Q1 2021, consumption is expected to be 12% lower than its pre-pandemic peak.

- 3.4 A report on 'The future of the South London economy post Covid-19' (Oxford Economics, 2021), found that the economic consequences are being felt by some groups of the south London population more than others. Younger, self-employed, part-time, and less well-qualified workers have been disproportionately exposed to the economic impacts of the crisis—as well as ethnic minorities—resulting in relatively deprived communities being more affected.
- 3.5 Oxford Economics estimated that the Croydon workforce shed 3,000 jobs in 2020, a 1.3% contraction, and expect a further 4,800 jobs to be lost in 2021.
- 3.6 Croydon's hospitality sectors are the most exposed to the crisis. Accommodation & food in particular will see GVA almost halve in 2020 alone, and will account for around a third of jobs lost in Croydon through 2020 and 2021. Arts, entertainment & recreation and other services will similarly see a sharp fall in output. Oxford Economics also expects Croydon to shed jobs in wholesale & retail trade, professional and administration & support services.
- 3.7 Croydon's prospects for growth are also weaker than its south London counterparts, with less exposure to the types of sectors that will drive the recovery across the sub-region, region and country. Croydon is forecast to be the SLP's weakest performing borough over the period 2019 to 2030.
- 3.8 Linked to the local digital/tech sector, Oxford Economics forecast information & communication to be Croydon's fastest growing sector in GVA terms, averaging 2.0% per year. Other business services, such as professional and administrative & support services, will similarly be among Croydon's faster growing sectors.
- 3.9 Enhanced business support grants were first provided to areas entering Tier 3 restrictions for the first time from 14 October 2020. With the 31 October 2020 announcement that national restrictions would be reintroduced, the scheme was extended and formalised into the Additional Restrictions Grant to support all Local Authorities or Combined Authorities. The Additional Restrictions Grant guidance (Appendix 2) applies from 14 October 2020

In November 2020 Croydon Council received £8,214,767 of discretionary funding from central government, of which £7,734,200 was Additional Restrictions Grant. A further ARG allocation for Croydon of £3,435,165 was announced by Government on the 15th January 2021. This brought the total ARG allocation for Croydon to £11,169,365. The government has since issued guidance regarding suitability criteria, restrictions and reporting requirements.

A further top up of £2,674,867 has been committed but only if the full £11,169,365 has been spent by 30th June 2021.

- 3.10 This grant funding is in addition to a number of other mandatory and discretionary grants that have also been provided by central government for

distribution by local authorities. More detail on the broader programme of business grant funding and support is provided in Appendix 1.

- 3.11 Since the beginning of the pandemic, to date, alongside distribution of grant funding direct to businesses, the Council's Economic Development team have sign-posted over 3,500 businesses to additional business support, funding, advice and guidance and supported businesses in a series of 10 business grant workshops.
- 3.12 The Council has established a key stakeholder group focused specifically on the safe re-opening and management of the borough's high streets, and have rolled out local targeted communications and marketing, alongside installation of hand sanitiser stations and social distancing signage.
- 3.13 The Council has updated our online guidance and signposting, and we issue a regular e-newsletter to all businesses signed up to the Council's network. We are working closely with local business organisations, through our Croydon Business Network and Croydon Business Taskforce whose members include London Chambers of commerce, Federation of Small Businesses, Chamber of Trades and Business Improvement Districts to help businesses manage the impacts of coronavirus, navigate the return to more normal practice as we emerge from lockdown, and begin to plan for future economic recovery and renewal.
- 3.14 This report sets out how, at a strategic level, the Council intends to use £6,478,865 of ARG funding to target support for key areas of the borough's economy, focusing on businesses that have been hard hit by the coronavirus pandemic and sectors which will engender inclusive recovery in the borough. The allocation of funding will be in accordance with the BEIS guidance (Appendix 2).
- 3.15 The Council is recruiting an Economic Recovery Programme Manager (funded from external new burdens grant funding for a 12 month period) to oversee the delivery of this funding. Decisions regarding the precise allocation of funding are recommended to be delegated to the Cabinet Member for Resources and Financial Governance, and the Cabinet Member for Economic Recovery and Skills in accordance with clear governance structures and processes to be recommended by the Council's Economic Development team.

4. ADDITIONAL RESTRICTIONS GRANT – ALLOCATIONS AND DISTRIBUTION TO DATE

- 4.1 Government have not specified the types of businesses Councils should support through Additional Restrictions Grant (ARG) funding, but suggest that consideration could be given to businesses forced to close during the periods of coronavirus restrictions that are not ratepayers, businesses not forced to close but severely impacted by the restrictions and businesses that supply the retail, hospitality and leisure sectors. The Council modelled our outreach and support for businesses in the first two phases of allocation and distribution of ARG following consultation with local business networks and representative organisations.

- 4.2 The first phase of ARG funding allocated by Croydon Council from December last year, was prioritised towards businesses in the following sectors:
- Non-essential Retail
 - Hospitality and Leisure.
 - Arts & Entertainment
 - Work Space Providers
- 4.3 This ARG first phase funding was targeted at applicants whose substantive part of the business has been required to close by law due to the national restrictions in place from 5th November to 2nd December, and who do **not** hold a rating liability for National Non-Domestic Rates (Business Rates). Funding was also prioritised to businesses in the supply chain for sectors or activities required to close by law or who are in the events sector; who can demonstrate that the national restrictions have had a direct negative impact on the substantial part of their business leading to a loss of income. The first phase distributed £652,000 to 214 businesses.
- 4.4 The second phase of ARG funding was broken down into four more specific funding pots, starting to become available from February this year. This was:
- £500,000 Growth and Innovation Grant fund to help businesses purchase equipment or software that will help them innovate and develop their businesses
 - £250,000 for business support initiatives
 - £500,000 grant funding targeted at businesses forming part of the evening and night-time economy – *(this amount was extended to £1,000,000 following the demand and need that emerged from the businesses who applied).*
 - £150,000 contingency fund to support businesses not able to access funding from the 1st lockdown.
- 4.5 The £250,000 allocated to business support in phase two of the ARG funding has had to be reallocated this is due to the publication of the BEIS guidelines which stated that if the Council's wished to be considered for the additional top up grants (Croydon's confirmed top up grant is £2,674,867) then all business support contracts had to be in contract prior to the 15th April 2021 with full delivery of support by the 30th June 2021.

As Croydon was focusing support on the recovery and awaiting the guidance no contracts had been committed.

- 4.6 The total funding allocated for the third phase of Croydon's ARG distribution is £6,478,500 Government have now committed a further £425 million to the Additional Restrictions Grant, however it has been made clear that local authorities will have needed to have spent or committed to spend their existing allocations by the 30th June 2021 before any further funding will be made available.

It is important to note that all the existing ARG funds must be distributed (with a suitable audit trail and governance) by March 2022.

5. RECOVERY PLANNING

5.1 Presuming the government's 'road map' continues to go to plan, with the gradual lifting of lockdown restrictions which started with the opening of non-essential retail, personal care premises and outdoor hospitality on the 12th April, and then working towards the removal of all constraints on business opening and legal limits on social contact from 21st June. Whilst there is a pressing need to provide support, advice and funding to help businesses survive until restrictions are lifted, we must recognise that the economic impact of the coronavirus period will continue for a long period. The Government's furlough scheme has been extended to September, and the moratorium on commercial evictions is now in place until the end of June.

5.2 It is anticipated that a significant growth in local unemployment will occur following the end of the furlough scheme, with struggling businesses closing or reducing staffing substantially in the following months. Rising unemployment is likely to occur alongside growing in work poverty, with increasing numbers of households relying on in-work benefits, and generally a higher reliance on public sector support and council services across the board. The Council must work to target support for businesses that are struggling in the current climate but are otherwise viable, particularly those in key growth sectors that will help to drive the borough's sustainable and inclusive recovery.

5.3 The Council will work with community, business, research and education partners to ensure that the allocation of ARG will support the borough's recovery and build community wealth. We are proposing to focus the Council's support and ARG funding towards a number of key business sectors and economic themes which will be scoped in phase 4 of the ARG funding which will allocate a programme of business support that will be paid for by the top up grant received after the 30th June 2021. Phase three will focus on direct recovery payments to businesses and with a small contingency for direct grants to trade organisations on a discretionary basis to support recovery. Analysis of recent economic data and local trends shows clearly that hospitality and creative sectors require specific support. This accords with the Council's Economic Growth strategy and reflects qualitative information from business networks and representatives.

- High Street & Town Centre Recovery
- High Growth Sectors (such as digital/tech, medical and health, logistics)
- Supporting Creative & Cultural Business Recovery
- Creating a Culture of Enterprise
- Driving a green recovery
- Digital Recovery
- Creating Community Wealth
- Encouraging more businesses into the borough (Inward Investment)

6. IMPLEMENTING ARG PHASE 3

- 6.1 Guidance from the department of Business, Energy and Industrial Strategy (BEIS) regarding the use of ARG funding has changed and is focused on direct grants and payments to ensure funds are spent by the 30th June 2021. It is not a required outcome but the government are clearly encouraging Councils across the UK to spend the ARG that has already been received.

The guidance states that 'Local Authorities should allocate funding through direct business support grants or through wider business support measures.' Businesses who have already received other government grants during the coronavirus period can still be eligible for ARG funding, but this is subject to an overall subsidy cap in accordance with BEIS guidance. Businesses have to be actively trading to be eligible for ARG funding – this can include new businesses or start ups where the Council is confident that these have been established legitimately.

Any ARG funds remaining with the Council (i.e. not distributed to partners or businesses) at the end of March 2022 will be subject to recovery by BEIS. The Council undertake weekly reporting on ARG distribution to BEIS, the weekly reports highlights amount of spending and how many businesses have directly benefited from grants. There is also daily monitoring through internal processes. No further funds will be released if existing funds have not been spent or had a commitment to spend by 30th June 2021.

- 6.2 We will establish an ARG project board including the council's Economic Development officers, representatives from the borough's business networks, anchor institutions, education bodies and civil society. Working with these partners we will gather and respond to economic and business intelligence for the borough. This will be done by incorporating the Croydon Business Network Board an existing entity that incorporates representatives from the Council, businesses and education institutions across the borough. This will avoid duplication and also allow complete transparency on the delivery and decision making behind the ARG grant allocation in conjunction with partner and stakeholder delivery. This project board will oversee phase 3 and phase 4 of the ARG grant allocation, they will be working groups that support the effectiveness of the ARG funding grants and make recommendations to the decisions makers on delivery of the grant.
- 6.3 The council will use ARG funding to kickstart activity, and where possible, match funding from other bodies/providers/partners, to prompt action towards economic recovery. The grant cannot be used to cover officer time or salary costs. All funding allocated will be monitored and evaluated against key outcomes agreed at the point of funding any business support initiatives.
- 6.4 It is unlikely that the road to recovery will be entirely linear following the lifting of social and business restrictions this summer. In planning and distributing the ARG we are aware of the need to prepare for further economic shocks over the coming year. With this in mind, the Council's Economic Development team will work with partners and stakeholders to continually review the phase 3 and phase 4 of the programme to allow for suitable flexibility within allocating grants to respond to changes in external circumstances, whilst maintaining oversight

to ensure a suitable audit trail, procurement assurance and reporting to BEIS. We will ensure that support, guidance and funding issued by central government, the Greater London Authority and the London Economic Action Partnership are also fully utilised and complement the ARG scheme to build resilience in Croydon's economy.

- 6.5 The ARG Economic Recovery Programme will be delivered over 2 further phases Phase 3 and Phase 4, Phase 3 will focus on a £6,478,500 programme that includes:
- An extension to the existing Evening & Night Time Economy Grant Fund (prioritising district centre businesses) which will be increased by another £500,000 providing a further 50 £10,000 grants to assist an additional 50 businesses. This must be distributed by the 11th June 2021.
 - Discretionary grants to support business recovery in phase three of the ARG programme (phase three £120,000) to be directed through the ARG board to support the Croydon, Purley and New Addington BIDs and Croydon Chamber of Commerce. This must be distributed by the 11th June 2021.
 - Croydon Council Recovery Fund – direct grants to businesses to support them in the recovery of their business. These grants would be delivered to support businesses who have previously received mandatory grants with a specific focus on LRSG Lockdown 3 and ARG Phase 2 (*up to a value of £5,858,500*). *The value of the uplift of grants for the mandatory grants would be up to £2,000 and be determined on the rateable value. All ARG phase 2 grants would see an uplift of £2,000. This process will be completed by the 18th June 2021.*
- 6.6 Croydon Council will also be utilising £1.5 million of the original Additional Restrictions Grant to support payment of grants that were given directly to businesses in the first lockdown. This was following the reissuing of government guidance that meant that these payments are now not covered in the initial lockdown allocation. Government have acknowledged that incorrect guidance had been provided originally and they have sought to minimise the impact on Council finance by allowing the Council to utilise the ARG fund to cover the outlay of funding that was previously given. This is not included in the phase 3 distribution programme.

Phase 4

- 6.7 Phase 4 activity will utilise the third top up grant of £2,674,867 (available after the 30th June 2021) to focus on delivering a progressive business support programme which will be procured and developed to enable the recovery of Croydon Businesses. It will provide grants for programmes and organisations that address the outcomes outlined in 5.3, this includes:
- Grants to support businesses in workspaces helping to subsidise the cost of space for businesses.
 - Support to develop digital skills and development projects for Croydon businesses

- Support to deliver and develop the resilience of cultural and creative businesses in the borough.
- Support to assist High Street businesses across the borough to encourage footfall, resilience, innovation and growth.
- Additional support to district centres to encourage enterprise and that supports businesses in their recovery whilst encouraging aiding the recovery of the High Street.
- Support that encourages new enterprise and start up activity
- Support that supports businesses and the economy in a green recovery

This list is not exhaustive and grants will be given within the rules of the government guidance for ARG and also within the guidance of Council procurement policy. They will be evaluated through full governance of the Additional Restrictions Grant Steering group and with oversight and input from the Croydon Business Network, Silver and DLT groups as part of the emergency Covid recovery response to ensure maximum impact for Croydon businesses and the Croydon economy.

- 6.8 As the economy reopens and businesses start to restart and recover, this programme will need to be responsive to local business needs and therefore be flexible in its allocation of funding. Depending on demand and business need the programme will have the option to manoeuvre funding appropriately to grants as highlighted within this report with the appropriate governance and oversight from the Additional Restrictions Project Board and cabinet members. This will be managed in a transparent way with appropriate evidence to justify any amendments through silver and with full oversight from the Executive Director of Place.

7. CONSULTATION

- 7.1 The proposals in this report have been informed and influenced by engagement with key external public sector stakeholders, notably London Councils, the GLA, the South London Partnership and other local authorities. This scheme was also informed by significant engagement from the business community which included consultation from the Croydon Business Taskforce (a representative steering group of business membership groups that include the Federation of Small Businesses and the London Chamber of Commerce) and the Croydon Business Network (a working group of business support organisations and business membership groups that deliver support businesses in Croydon to start, develop and grow).

8 PRE-DECISION SCRUTINY

- 8.1 An update of the Additional Restrictions Grant programme was presented at an informal meeting of the Scrutiny Committee meeting on 15th February 2021.

9 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 9.1. The additional restrictions grants fund that has been agreed by Government (£11,169,365) will support the recovery of our local businesses and maintain employment for residents which will have a positive impact on the Council's finances in the longer term.
- 9.2 This will complement the mandatory business grant funding which has been agreed by Government and will support businesses who have been impacted by the Covid 19 lockdown.
- 9.3 The resource cost of the delivery of the grants has been scoped in-house, the new burdens funding which has already been received by the Council will be used to fund a Programme Manager, a new position which will be open to redeployment.
- 9.4 Daily monitoring to ensure that grant applications awarded do not exceed grant funding will be in operation.
- 9.5 Weekly and monthly reporting will be completed and returned to government and HMRC.

9.6 The effect of the decision

Small and micro businesses, including sole traders, will receive financial support to help them to survive and lessen the impact of COVID-19 on their fixed property costs. This will sustain businesses and employment within the borough.

9.7 Risks

Spending against funding will be monitored daily to ensure grant funding is not exceeded, the grant process includes a two person authorisation process which reduces the risk of fraud. Local Authorities will also be required to report weekly on the BEIS fund and a future audit will be implemented (internally), BEIS will audit councils on an adhoc basis.

Assurance controls have been implemented to ensure that Croydon Council does not deliver grants to fraudulent businesses, this includes the creation of a bespoke online grants platform that shows clarity of grant distribution from the Council as grants are authorised, bank account and management information checks and a companies house check.

There is a reputational risk that despite Croydon Council's best intentions this fund is not spent in time to draw down the additional funding that is due to be announced by Government.

There is a risk that these grants attract fraudulent applications as all businesses will be required to self-certify that they meet full eligibility criteria in accordance with BEIS guidance and therefore a full fraud risk management plan has been implemented.

9.8 Options

Alternative options were considered which included a sector specific approach. This was rejected as COVID 19 has impacted all sectors.

a. Future savings/efficiencies

The implementation of this grant will help to sustain Croydon's businesses which in turn will sustain employment in the borough. This will help to support future savings and finances for the Council.

Approved by: Geetha Blood, Interim Head of Finance, Place and Resources on behalf of Director of Finance, Investment and Risk, S151 Officer

10. LEGAL CONSIDERATIONS

- 10.1 The Interim Director of Law and Governance comments that in response to the Coronavirus, COVID-19, pandemic the Government has put in place additional support for businesses that have been severely impacted by restrictions arising out of the pandemic. The Additional Restrictions Grant (ARG) has been issued under Section 31 of the Local Government Act 2003.
- 10.2 Local Authorities are responsible for delivering grants to eligible businesses and whilst there is no specific statutory power to make these payments, guidance indicates that Councils are able to rely on the General Power of Competence in Section 1 of the Localism Act 2011 to undertake these payments.
- 10.3 The Government has issued guidance for Local Authorities in administering the ARG which sets out eligibility criteria and other requirements the Council needs to adhere to, such as reporting and pre-payment checks (fraud mitigation measures). The Council will also be responsible for any initial recovery action regarding payments made in error or fraudulent claims. Funds that have not been distributed by 31 March 2022 will be subject to recovery. BEIS reserves the right to vary, suspend or close the schemes with immediate effect, without notice and at any time. This guidance, and any subsequently issued guidance, should be followed by officers administering these grants.
- 10.4 The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020 (except some limited circumstances in which State aid rules still apply under the Withdrawal Agreement). The UK remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. On 4 March 2021 new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA. From 4 March Local Authorities must apply the updated scheme rules set out in the ARG guidance document.
- 10.5 The Government's ARG guidance sets out the three applicable subsidy allowances for this scheme: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance. These allowances should be applied in accordance with the

guidance and in accordance with the applicant's election (where relevant). The Council must be satisfied that all subsidy allowance conditions have been fully complied with when making grant payments.

- 10.6 The Council is required to keep records of any and all public subsidy which it gives to businesses and comply with the Transparency obligations under Article 3.7 of the TCA and in accordance with the guidance (which involves uploading any relevant information to the BEIS database). The Council will still need to comply with any relevant reporting requirements to the European Commission for any grants previously granted under the European Commission's Temporary Framework before the Transition Period ended on 31 December 2020.

Approved by: Doutimi Aseh, Interim (Director of Law and Governance & Interim Deputy Monitoring Officer

11. HUMAN RESOURCES IMPACT

- 11.1 Delivery of the fund will require additional staffing redeployed to the Economic Development team. The Economic Development team's inbox will additionally experience high volumes of enquiries once the scheme is live and will require increased provision.
- 11.2 Additional staffing for this team will be employed via the Council's Recruitment Policy or the Council's internal redeployment policies.
- 11.3 Any other HR impact issues that may arise will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place, for and on behalf of Sue Moorman, HR Director.

12. EQUALITIES IMPACT

- 12.1 There are no direct equality impacts arising from this report. However the consultation referenced included representation across a broad spectrum of Croydon's SME business community including the local BAME business community.
- 12.2 The impact of the virus is far reaching. The combined and unprecedented impact on the local economy, both on businesses and the workforce, will exacerbate inequalities, where some parts of our communities are disproportionately impacted for the short, medium and long term. The Council has been acutely aware of the disproportionate impact that the virus and lock down can have on particular demographics, such as older residents, those with pre-existing health conditions and BAME communities. Younger, self-employed, part-time, and less well-qualified workers have been disproportionately exposed to the economic impacts of the crisis—as well as ethnic minorities—resulting in relatively deprived communities being more affected.

- 12.3 Supporting businesses and sustaining jobs will assist in reducing inequality across the borough. The grants scheme will be promoted widely through all the mediums available to the council, including social media and our dedicated business newsletter. Additionally, we will run regular workshops targeted at smaller, independent businesses who may not access information in traditional ways or where English may not be their first language. We will also work through our established business networks and recognised business representatives to ensure all businesses are aware of the grants and wider support available to them through the council.
- 12.4 We will also ensure the board that over sees the ARG project is representative and includes members from Croydon's SME business community including the local BAME business community.

Approved by: Yvonne Okiyo, Equalities Manager

13. ENVIRONMENTAL IMPACT

- 13.1 There are no direct environmental considerations arising from this report.

14. CRIME AND DISORDER REDUCTION IMPACT

- 14.1 The Croydon Additional Restrictions Programme will support businesses and sustain jobs preventing future issues through key principles of economic development.

15. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 15.1 The aim of the programme is to deliver resilience and innovation to the recovery of Croydon's businesses protecting employment and jobs. It combines direct financial support to additional support for businesses helping them to find new ways of work, increasing their markets and making our economy resilient and attractive place to live and work.
- 15.2 The criteria of this fund was developed to support as many businesses as possible impacted by COVID 19 and save jobs for Croydon residents.

16. OPTIONS CONSIDERED AND REJECTED

- 16.1 Alternative options considered include a scheme with a sector specific approach. This was rejected as COVID 19 has impacted all sectors.
- 16.2 Alternative options have been extensively considered. Regular consultation has been undertaken with key partners, notably London Councils, the South London Partnership and other local authorities.

17. DATA PROTECTION IMPLICATIONS

17.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

No, it will be business data that is processed however this will include sensitive financial evidence and banking details as well as potential sole trader details (which may be classed as personal data). Therefore a process that conforms to GDPR and the processing of sensitive data has been implemented.

17.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

A DPIA was completed for the first lock down discretionary fund, all handling of data remains the same.

Approved by: Stephen Tate, Director: Growth, Employment & Regeneration

CONTACT OFFICER:

Carol Squires, Head of Economic Development, Growth, Employment & Regeneration

APPENDICES TO THIS REPORT:

Appendix 1 – Grants
Appendix 2 – Additional Restrictions Grant
BEIS Guidance
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/978400/additional-restrictions-grant-la-guidance.pdf

BACKGROUND DOCUMENTS:

None