

Written Evidence submitted by the City of London Corporation [SHS 025]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE: INQUIRY INTO ‘SUPPORTING HIGH STREETS AFTER COVID-19’

Memorandum from the City of London Corporation

Submitted by the Office of the City Remembrancer

Introduction

1. Small and medium-sized enterprises (SMEs) are a significant contributor to the wider UK economy, driving growth and employment. Within the Square Mile, SMEs make up 99% of the City’s 23,890 businesses, and account for almost half of the City’s 522,000 jobs. The City of London Corporation (the City Corporation) is committed to encouraging and supporting enterprise and small business growth within the City of London and within neighbouring boroughs. The Corporation offers support and advice to smaller businesses, from help on accessing finance and finding suitable premises, to support for establishing responsible business practices, sustainable and local procurement, and contingency planning processes.
2. The COVID-19 pandemic has had a considerable impact on businesses across the Square Mile, and in particular on those that rely on commuter footfall into the City for their custom. An indication of the decline in footfall may be given by a recent analysis which estimated that London Underground passenger numbers remain 70% below pre-COVID levels. A study by Morgan Stanley found that 49% of office workers across London as a whole were working from home full-time, with another 18% working from home for at least three days a week, and 15% working from home for 1-2 days. Only 18% of office workers were not working from home at all. The City Corporation therefore welcomes the opportunity to contribute to the Committee’s inquiry into support for high street businesses.

Mitigating the Impact of COVID-19

3. Since the outbreak of the COVID-19 pandemic, the City Corporation has taken steps across a number of its departments to support SMEs in the Square Mile. As a landlord, the City Corporation offered tenants the opportunity to defer two quarters’ rent, and administered the Business Rate Relief scheme. Support offered by other departments is outlined below.
4. The City Corporation-owned City Business Library (CBL) offered online access to a wide range of business information and market research data. Services offered to SMEs through the City Business Library during the pandemic have included:
 - *Business advice*
The City Business Library has offered free 30-minute ‘bitesize’ video meetings with the in-house Business Adviser Team for anyone seeking advice and guidance on starting a business.
 - *Access to reliable business information and market research data*
During the lockdown, CBL membership sign-ups were provided with remote access to a wide range of business information and market research data. The CBL team also emailed key information to customers, upon request, and supported them remotely to interpret the data in order to make tangible future decisions for their businesses.
 - *Free COVID-19 industry impact statements and outlooks for SMEs*
CBL worked with database suppliers to provide reliable business information to SMEs and business start-ups. MarketLine and IBISWorld are major business research suppliers that are available remotely with CBL membership. In order to reach a wider audience and to support

SMEs across the UK, both suppliers created free COVID-19 impact statements and outlooks. These reports focused on the economic impact of COVID-19 upon the UK and global industries and helped SMEs understand how the pandemic would affect their business, as well as assist them with their contingency planning.

- *City Business Library supporting the Mayor of London's 'Pay it Forward London' Crowdfunding scheme*

CBL worked with the Greater London Authority to support the Mayor of London's 'Pay it Forward London' initiative, which aimed to support small businesses to secure funds through the Crowdfunder website. Communities were asked to support their local businesses with cash donations, in return for vouchers, goods, or services post-lockdown. City Business Library shared this scheme widely to its networks. CBL has also used its connections and partnerships to support London Councils to provide accurate company data, so that it could effectively contact local businesses about COVID-19 business grants.

5. The City Corporation's City Property Advisory Team (CPAT), which provides advice and information on property matters to start-ups and established firms in the City, have supported SMEs by:

- Advising on property options for occupiers;
- Advising on infrastructure issues within properties;
- Working with the City's BIDs and business partnerships to promote local business through the 'Privilege Card' discount scheme, market specific sectors and small businesses; provide support in recruitment, and aim to build consumer confidence and attract visitors to come back into the City;

6. The Innovation & Growth Department have:

- Provided online advice and signposting to COVID-related information;
- Participated in pan-London business forums to highlight issues relevant to SMEs;
- Organised briefings for business groups and London Councils by UKFinance on loan schemes;
- Conducted a Virtual Engagement Programme to gather COVID-19 related intelligence from larger firms, which use services provided by SMEs;
- Liaised with TfL on business engagement in the City;
- Supported TheCityUK's recapitalisation programme, which has considered how COVID-related debt can be recapitalised to support the post-COVID economic recovery.

7. The Heart of the City, a City Corporation-supported responsible business charity has provided online support and advice for SMEs during the crisis, including information and good practice on virtual meetings and management; mental health and wellbeing support; and good practice for implementing the furlough scheme.

Central Government COVID-19 Support

8. While the measures announced by the Government to support businesses affected by COVID-19 were welcome, the City Corporation's experience was that the funding allocated to central London local authorities, where business rate valuations tend to be higher, disadvantaged SMEs in central London.

9. Of the original £16.1m funding for the Small Business Grant and the Retail, Leisure and Hospitality Grant, the City Corporation made disbursements of £19 million, or 128%. The number of Small Business Rate Relief cases rose across the lockdown period as a result of more businesses, particularly from the serviced office environment, needing to access the

scheme. This increased the amount of small business relief claimed from £1,090,292.00 at the end of 19/20 to £4,082,547 at the beginning of August 2020.

10. The announcement of additional funding through the Local Government Discretionary Grant Fund was welcome, but the way that it was calculated—using the number of businesses in an area qualifying for small business rate relief—meant that the Corporation received a disproportionately low amount owing to the high rateable values of properties in the Square Mile. The Corporation received 5% of its initial grant funding of £16,155,000, totalling £807,750 in discretionary grant funding, which resulted in it being possible to offer fewer than 81 grants of £10,000. In total, across all of the funding schemes, the City Corporation was able to provide support to only around 2,200 of the businesses operating in the City.
11. Expectations of the support available was raised by the announcement of the discretionary grant fund, but the allocated funding enabled grants to only a small number of City businesses, leaving more than 20,000 businesses without any additional support. Guidance issued by Government on 13th May asked local authorities to prioritise “small businesses in shared offices or other flexible workspaces” (p. 6). However, in the City there are over 7,000 serviced offices with a rates assessment, with an unknown number of businesses operating from within these offices that do not themselves have a rates assessment. The funding allocated to the City Corporation meant that it would only have been possible to support only 1.2% of these businesses. Owing to the high volume of eligible businesses and small funding allocation, the decision was taken not to extend the support available to this sector.
12. In addition to the lack of support available in the City for businesses in shared offices, the City received representations from a variety of service sector businesses, including dentists, chiropractors, physiotherapists and barristers, who were also ineligible for any support. In particular, barristers engaged in publicly funded court work raised serious concerns about the impact of the available funding on the judicial system.
13. Accordingly, the City Corporation requested that the Government widen the number of businesses that qualify for rate relief and grants, including dentists, physiotherapists and barristers. The Corporation also called for a review of the rate relief thresholds, as they disadvantaged SMEs in central London.

Future Support

14. To support the return of a thriving City, it is vital to do everything possible to boost local businesses and safely facilitate the return of tourists and visitors. The City Corporation has accordingly welcomed the reopening of bars, pubs, cafes and restaurants in the Square Mile, while recognising the need for people to enjoy themselves safely and responsibly.
15. To promote public confidence in London’s pubs, restaurants, cafes and shops, and so boost SMEs in the Square Mile, the City Corporation has launched a pilot accreditation scheme assessing COVID-19 safety measures in businesses.
16. This pilot, which began on 14 September and is being conducted with the London Boroughs of Southwark and Camden, will see businesses reviewed by local government Environmental Health Practitioners. They will examine each businesses’ COVID-19 risk assessment and carry out a site visit to look at social distancing measures, customer track and trace, and cleanliness.
17. Thirty businesses from each local authority area have been invited to participate in the scheme. Firms in the trial will be given a simple pass or fail by the local authority’s Environmental Health teams. Those who fail will still have the opportunity to put into place

remedial measures as advised by the officers when on site and be re-assessed. A sticker will be awarded to businesses to display on their premises and the result will be posted on each of the local authority websites. The pilot scheme will run throughout September and October. If successful, the initiative could be rolled out across London.

18. The City Corporation is also supporting London & Partners 'Because I'm a Londoner' campaign to encourage Londoners and other domestic tourists to support the city's recovery, build consumer confidence, and encourage a responsible recovery in consumer spending.

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September 2020