

**Decision Maker:** Executive

**Date:** 7 September 2011

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** **IMPACT OF THE RECENT DISORDER ON THE BOROUGH'S TOWN CENTRES AND THE COUNCIL'S RESPONSE**

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**Chief Officer:** Marc Hume, Director of Renewal and Recreation

**Ward:** Borough-wide

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1. Reason for report

- 1.1 This report provides an assessment of the impact of the rioting and public disorder which took place in the borough on Monday 8 August and a description of the Council's responses to the disorder. Details of schemes announced by the Government and the Mayor of London designed to assist with the recovery process are also provided.
- 1.2 The report also seeks Executive approval for delegated authority to be provided to the Director of Renewal and Recreation in agreement with the Leader and other members of the Executive to decide on details of the Council's support to assist businesses recover from these events. The report also seeks financial provision to be made to assist businesses within the scope of the outlined recovery schemes.

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2. **RECOMMENDATION(S)**

**Executive members are asked to:**

- 2.1 Note the impact of the recent disorder on the borough's town centres and the arrangements put in place by Government and locally to assist with recovery.
- 2.2 Given the need to act urgently, agree delegated authority for the Director of Renewal and Recreation, in agreement with the Leader and the Portfolio Holders for Resources and Renewal and Recreation to decide on the final form of the Council's package of support for local businesses affected by the disorder.
- 2.3 Set aside £142,500 in the Central Contingency to fund these potential costs, which will be funded from the DGLG.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Vibrant Thriving Town Centres.
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### Financial

1. Cost of proposal: Estimated cost £142,500 reclaimable from Government scheme
  2. Ongoing costs: Non-recurring cost.
  3. Budget head/performance centre: Central Contingency
  4. Total current budget for this head: £
  5. Source of funding: Joint Communities and Local Government and Business Innovation & Skills funding schemes
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### Staff

1. Number of staff (current and additional): 4
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 57 businesses (maximum)
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

3.1 Following serious disturbances in Tottenham and other parts of London over the weekend of the 6/7 August, an outbreak of violent disorder was experienced in many places across the UK, including in the borough of Bromley on Monday 8 August. Rioting and looting took place in Bromley, Beckenham, Orpington, and the impact of the disorder was felt to a lesser extent in wards such as Biggin Hill, Penge and Cator, Hayes and Coney Hall, Petts Wood and Knoll and Plaistow and Sundridge.

#### IMPACT OF DISORDER

3.2 For a number of businesses in the affected areas the impact has ranged from low level of damage to frontages, up to serious loss of stock and equipment due to looting. To withstand this kind of loss at what is already a difficult economic climate must be disheartening for business owners and managers, particularly in the case of smaller independent traders. Thankfully there were no instances of properties being damaged or destroyed by fire as a result of the disorder, but the cost to the local business community is likely to run into several tens of thousands of pounds.

3.3 The Council has been provided by the Metropolitan Police a list of 57 businesses across the borough which have been affected by crimes related to the disorder in some way. In some cases this may have not been directly by rioting, but by criminals taking advantage of the concentration of Police resources in the main centres. The table below summarises the number of businesses potentially impacted, shown by ward:

Ward	Number of businesses reporting related crime
Bromley Town	20
Cray Valley East (Nugent / Sevenoaks Way)	9
Orpington	8
Copers Cope	6
Biggin Hill	3
Chislehurst	2
Clock House	2
Penge & Cator	2
Petts Wood & Knoll	2
Plaistow & Sundridge	2
Hayes & Coney Hall	1
<b>TOTAL</b>	<b>57</b>

- 3.4 At time of writing, information on the exact nature and value of the business losses is still being collated through a series of visits to the affected businesses – and the results of this will be reported verbally to the Executive on 7 Sept.
- 3.5 In terms of other impacts there were no instances of residents needing to be re-housed as a result of the disorder, nor are there any reports of significant damage to residential properties.
- 3.6 The Council suffered no damage or loss to property or assets as a result of the disturbances.

### **THE COUNCIL'S RESPONSE**

- 3.7 The Council's immediate response on the evening of 8 Aug and the following day was to clear up any resulting mess from the streets and pavements, which was done quickly and within the Council's usual street cleansing contract. At the behest of the Council, Ward Security supported the police by having 'high visibility' patrols with dogs on Bromley High St over 3 days following the disturbances and liaising with the police regarding any potential threats. In addition precautionary measures were taken to remove any plastic cones, barriers, litter bins and materials in recycling bins which could be used as weapons in any further disorder. Contractors in the higher risk areas were asked to remove skips and loose building materials and secure site fencing. It is understood that most of the activities undertaken by Environmental Services in the aftermath of the disorder were met within the usual contracts.
- 3.8 The Council has also assisted with the Police in terms of apprehending the perpetrators of the violence by providing all necessary recordings from the Council's own CCTV system. The provision of this imagery is proving effective in helping to provide valuable evidence for the Police in their work and we understand that scores of people have already been arrested in connection with the disturbances in the borough.
- 3.9 The final way in which the Council is responding to the disorder is through liaising with the businesses affected, and with the business community more generally. The Town Centre Managers have been taking the lead on this initiative, which is to disseminate a message of reassurance - that the Council is working with the Police and that the borough is still a safe place in which to do business. The aim has also been to provide information on sources of help and advice, to quantify the level of loss and disruption experienced, and to understand the needs of businesses in the recovery period. This process started on the day after the riots, when several thousand advice letters from the Police were hand delivered to businesses in the worst hit areas by the Town Centre Management team. In addition Town Centre Managers are visiting each of the affected businesses, accompanied by colleagues in the local Safer Neighbourhood Teams. The results of this exercise will be reported to members verbally at the 7 September meeting.

### **DESCRIPTION OF SCHEMES**

- 3.10 Both Central Government and the London Mayor have announced funding schemes specifically to help local authorities support the re-building of communities in the wake of the disturbances. These can be summarised as follows:
  - **A £10m Recovery Fund** from the Department for Communities and Local Government (DCLG) to assist with the costs of making areas clear, clean and safe again in the wake of the disturbances. This fund can also be used to fund Council Tax discounts or reliefs to those whose homes have been damaged but still habitable.
  - **A £20m High Street Support Scheme** launched jointly between DCLG and Department for Business Innovation and Skills (BIS). The money is intended to finance those measures that will get businesses trading again and meet short term costs,

including reimbursing local authorities for reducing business rates, financing building repairs and encouraging customers back to the affected areas.

- A **re-housing fund** from the DCLG to assist with the immediate cost of temporary accommodation for families who have had to be re-housed due to the disturbances.
- A **£50 million regeneration fund** announced by the Mayor of London to help make major long term improvements to the capital's town centres and high streets damaged by the recent disturbances. The announcement states that this funding is in addition to the Mayor's £50 million Outer London Fund. The new regeneration fund will invest in larger scale proposals and will build on the momentum created as repair and rebuilding work begins and will ensure the affected areas are not only restored but enhanced. The full details of this scheme are in preparation by the Mayor and his team, and are expected to be announced in the next few weeks.
- Finally a **£20m enterprise and growth fund** announced by the DCLG and Mayor of London jointly, specifically to assist with regeneration for Tottenham and Croydon – the worst hit areas in London in the recent disorder.

3.11 In the light of what we know about the impact of the disturbances in the borough the Council is not expected to make any claims under the re-housing fund. However, it is possible the Council may wish to make a claim under the Recovery Fund, or under the existing Bellwin Scheme (which provides funding to local authorities to help with expenses related to disaster recovery) – to assist with any additional costs incurred in the immediate aftermath of the disturbances (as described in 3.7). The Government says it will make available these funds to enable the Council to ensure the affected areas are safe, clear and clean. Therefore it is anticipated that the Council should be able to claim for its additional costs in meeting any additional cleaning costs. However, as with all elements of Government funding there must be a question mark over how far their support will be capped given the fact that many areas suffered far more damage and disturbance than Bromley.

3.12 We may also wish to offer assistance to businesses directly affected by the events and reclaim these expenses under the High Street Support Scheme. Paragraphs 3.14 – 3.24 describe how this assistance may be implemented.

3.13 With regards to the longer term schemes described above, officers will liaise with colleagues at the Mayor's Office during the coming weeks to understand the emerging shape of the £50m regeneration fund. Once further details are announced, officers will look for opportunities to apply for funding to assist in improving the economic viability of the town centres most affected by the disorder. It should be noted that the Council has already been successful in attracting over £460,000 of investment to 3 of our town centres through round 1 of the existing Outer London Fund and bids are in preparation for the round 2 and 3 of this scheme (for submission in mid October). A separate report on progress to date and future proposals for the Outer London Fund is to be submitted to the Renewal & Recreation PDS meeting on 11 October.

## **SUGGESTED SCHEME IMPLEMENTATION**

3.14 Full guidance from the DCLG on The High Street Support Scheme is contained in Appendix 1, but a summary of the scheme follows.

3.15 The Scheme provides funding to allow Local Authorities to support businesses through providing direct grants to businesses affected to assist in three different ways:

- Help fund the costs to Council in providing business rate hardship relief

- Help businesses get on their feet more quickly, including with cash flow problems whilst they wait for insurance claims to be met
- Help businesses with non-refundable exceptional business expenses and to help rebuild business confidence in the area affected

- 3.16 With regards to Business Rates the purpose is to adapt an existing scheme which has been designed to provide relief for businesses suffering from longer term business failure, to direct this to those who are suffering hardship due to the riots. A procedure is already in place and applications can be handled through existing channels, however unlike the existing hardship relief scheme, where the Government pays for 75% of the cost of the relief and the Local Authority pays the remaining 25%, the High Street Support Scheme can be used to make up the 25% so that all of the cost of the scheme is covered by central Government.
- 3.17 The business rates scheme is applicable to businesses of all sizes, not just independent Small and Medium Enterprises (SMEs). Further analysis, based on the ongoing visits to affected businesses, is required to understand the possible demand for this scheme, however specific criteria to be applied are that: a) the ratepayer, as a result of the public disorder, would sustain hardship if the billing authority did not provide relief from business rates and b) the relief granted covers the period from 6 Aug 2011 and 31 March 2012. Given that the scheme is primarily designed for businesses forced into closure for long periods, very low demand is expected.
- 3.18 The second and third types of assistance outlined above are applicable only to independents or franchises which are SMEs (i.e. fewer than 250 employees, and with a turnover below £11.2m).
- 3.19 In order to provide support to businesses from the scheme the Council needs to create a local procedure which will allow businesses to claim a grant to:
- Cover the cash flow problems arising out of insured losses where there is a wait for a pay out from the insurance company. The scheme will need to include arrangements to claw back the grant – effectively a short term loan - once the business is paid.
  - Cover uninsured losses, including those arising out of excesses. The guidance note provides a full list of the examples of expenses which would be allowable under the scheme – and include things like temporary accommodation, replacement of essential assets and stock, repairs to buildings, clean up costs etc. The guidance also provides a list of the items which would not be allowable under the scheme and this would include routine business expenses which would have occurred regardless, loss of earnings, costs that will be met by other grants or similar financial assistance, and costs for which the business has received reimbursement from its insurers.
- 3.20 Once all business claims, including for Business Rates relief, are agreed and disbursed, the Council will need to make a claim to DCLG (by not later than 7 November) to cover any funds spent by the Council. There is therefore a requirement on the Council to commit money (ensuring it meets the DCLG guidelines and is fully auditable) in advance of any reimbursement by the DCLG.
- 3.21 To the extent that the Council is unable to recover any financial support it pays out, effectively, by way of a short term loan, it would seek to recover these losses from the Government funding. It has already indicated its anticipated financial exposure to the Government who have given assurances that such funding would be supported. Members will be aware that whilst these assurances are helpful the Government may subsequently seek to cap or in some way limit its support in the event that claims from local authorities exceed its expectations. There is therefore some degree of financial risk to the Council should Members agree to support the establishment of such a scheme locally.

- 3.22 The Government is not setting an upper limit for payments to individual businesses in the interests of giving local authorities maximum flexibility to respond to the needs of businesses in each area. However, it is suggested that local authorities may wish to set an upper limit to payments within an area to ensure that available funds can be used to support all businesses in needs. Other recent business recovery schemes, for example those provided in the wake of the 2007 floods, have limited individual claims to £2500 per business. It could be that the Bromley scheme could apply this figure as an upper limit, which may only be set aside in exceptional circumstances.
- 3.23 Based on this suggested upper limit and the number of businesses we know to be affected there would need to a maximum of £142,500 set aside to provide assistance through this element of the High Street Support Scheme. However, it is likely that the actual amount would be lower than £100,000, since at least 20 of those affected are branches of national chains, which would not be eligible under the terms of the scheme.
- 3.24 This is still a fast moving situation, with additional information coming in from both Central Government and from businesses themselves. The final details of any scheme and our application to the DCLG will be dependant upon the level of need amongst the businesses, and the likely level of applications. It is therefore requested that authority be delegated to the Director of Renewal and Recreation, in agreement with the Leader of the Council and the Portfolio Holders for Resources and Renewal & Recreation, to liaise and agree the final shape of the Bromley support scheme, including the authorisation of any funds set aside to finance the scheme.

#### **4. POLICY IMPLICATIONS**

- 4.1 Working in partnership with local Police the Council's response has been aimed at restoring a quality environment, supporting businesses and restoring confidence in town centres across the borough which were affected by the disturbances. The actions contribute to the Building a Better Bromley key priority of Vibrant, Thriving Town Centres.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The fund is specifically being provided to
- Help fund the cost to local authorities of providing Business Rates Hardship Relief
  - Help businesses get back on their feet more quickly including cash flow problems whilst they wait for insurance claims or other claims
  - Help businesses with non-refundable exceptional business expenses and help rebuild business confidence in the area affected.
- 5.2 Local authorities have responsibility of ensuring full propriety in all payments and value for money for local support that is provided
- 5.3 Financial contribution to the grant scheme – maximum of £142,500, which is reclaimable from the DCLG. Again exact level of expenditure will be dependent upon actual applications received from the businesses.

#### **6. LEGAL CONSIDERATIONS**

- 6.1 Section 138 of the Local Government Act 1972 gives the Council (either alone or acting jointly with others) the power, where there is an emergency or disaster involving destruction of property, to incur expenditure to alleviate the effects of the event. The section also allows grants or loans to be made to other persons or bodies in respect of any action taken by that person or

body. The section is primarily targeted at natural disasters but is considered wide enough to include mitigating the impact of the events described in this report.

- 6.2 In addition Section 2 of the Local Government Act 2000 includes the power to provide financial and other assistance where that is likely to facilitate or be conducive to the economic, social or environmental well being of the area.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	