

## Report Title Here

## Southport Business Recovery Fund

Date of meeting:	Cabinet: 5 September 2024 Council: 12 September 2024		
Report to:	Cabinet /Council		
Report of:	Assistant Director -Economic Growth & Housing		
Portfolio:	Cabinet Member for Regeneration, Economy & Skills		
Wards affected:	Kew/Norwood		
Is this a key decision:	Yes	Included in Forward Plan:	No
Exempt/confidential report:	No		

**Summary:**

To inform members, in accordance with the Constitution of the Council, of the decision of the Leader of the Council to exercise their powers to make urgent decisions because of the necessity to deliver emergency funding to businesses as part of the Council's response to the incident in Southport on 29<sup>th</sup> July 2024.

The Council will aim to provide long-term support to all affected families, communities and stakeholders, in every respect, following the unimaginable events of 29<sup>th</sup> July 2024. The Council's priority is immediate and long-term support for those families, in any and every manner required.

However, wider support includes financial assistance for businesses affected by these events, via the introduction of a Southport Business Recovery Fund. While business and economic considerations may be wider and longer-term as well, the immediate focus is proposed to be on businesses and organisations located in the Hart Street and St Lukes Road areas.

## **Recommendation(s):**

That members approve:

(1) the report and the necessity for the Leader of the Council to exercise her powers under the Council's Constitution to make urgent decisions to deliver emergency funding to businesses as part of the council's response to the incident in Southport on 29<sup>th</sup> July 2024. The introduction of a Southport Business Recovery Fund to provide financial assistance, in the first instance, to businesses and organisations located in the Hart Street and St Lukes Road areas of Southport who have incurred losses following the incident in Southport on 29th July 2024

(2) The allocation of £0.5m funded via existing Council resources.

(3) The establishment of this fund, and disbursement of monies progressed immediately given the urgency with which support is needed by affected businesses, with Cabinet and Council approvals to be secured retrospectively

(4) the finalisation of eligibility criteria and associated processes delegated to the Assistant Director, Economic Growth and Housing, in consultation with the Cabinet Member, Regeneration, Economy and Skills.

(5) the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because it was necessary to provide emergency funding to businesses in Hart Street, Southport following the incident on 29th July 2024 which forced them to close causing loss of income for the period of closure of up to four weeks.

## **1.0 Background**

The recent horrific incident and subsequent riot in Southport has had a profound adverse effect on the town's residents, communities, businesses, and local economy. As part of a wider response and support infrastructure, InvestSefton have been engaging with businesses in the affected areas to capture feedback and offer support. The Leader of the Council and the Council's Chief Executive have also visited affected businesses. Support for businesses, owners and staff will include focus on wider wellbeing, both immediate and for the long-term, but will also include financial support where required.

## **2.0 Business Rates**

InvestSefton has been leading the business response sub-group of the Southport Economy Cell, which is led by the Assistant Director for Economic Growth and Housing. InvestSefton is liaising with the Business Rates team who have already undertaken a mapping exercise of businesses paying rates in Hart Street and St Lukes Road. Most businesses in both areas are already receiving small business rate relief.

## 2.1 Business Needs and Support

The InvestSefton team has cold call visited 34 businesses in St Lukes Road, Hart Street (unrestricted area) and the side roads in and around the incident area. Direct enquiries have also been made to the team. Until recently the team has been unable to visit businesses in the remaining cordoned off area of Hart Street. The team has since further visited during week beginning 27<sup>th</sup> August.

Businesses have also been given the opportunity to call or email the team direct with business cards being left with multiple businesses to pass on and a holding message with further contact details on both the Council's support page and [www.investsefton.com](http://www.investsefton.com).

The team has steadily built up a priority list of immediate needs and initial requests including:

- Repairs caused by riot damage.
- Loss of income/earnings due to closures, e.g., cancelled orders, salary/wage bills.
- CCTV/security shutters
- Employment support
- Measures to encourage footfall and provide assurances to residents and visitors.
- Psychological trauma support from professionals. This request is being supported by Council Adult/Childcare teams.

### (i) Repairs to business premises

The team has spoken to three businesses who had their premises damaged by the riot on 30<sup>th</sup> July-**Names have been anonymised:**

#### **Business A**

Shop looted after the attack on the mosque. Owner concerned it will happen again with looters posting on social media that they will return. At time of visit, the Police Scientific Unit were at the premises and a local business, Southport Roller Shutters, were installing new shutters.

#### **Business B**

Middle unit of 3 shops (others not affected), located near to the mini mart. One window broken during riots. Staff member spoken to was a lone worker, concerned about repeat incidents.

#### **Business C**

Located opposite the mosque. Police van was set on fire outside the premises, cracking windows, causing damage to the front door and burning their alarm box. Bins also burnt.

Businesses A and B have since undertaken repairs, Business A with support from crowd funding. While the obvious route for compensation is business insurance, it is worth noting that the Government has established a fund for such occurrences. It should also be noted that some of the smaller businesses may not be covered by insurance, but this has yet to be confirmed.

For business premises damaged by the riot, financial help is available from the Governments Riot Compensation fund. Further details about this fund and an online application form can be found at [Riot compensation: quick guide for claimants \(accessible\) - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

If businesses hold insurance for property that is damaged or stolen in a riot, then they must claim via their insurance company first. They can only submit a Government RCA claim for these items if all or part of the insurance claim is rejected.

In terms of considering any additional Council and / or Government funding it must be noted that help towards damaged premises could be classed as double-counting and not eligible. In view of this it is proposed that support is focused on businesses who have incurred financial losses because of closures.

## **(ii) Business financial loss**

It is estimated that up to twenty businesses on Hart Street have been forced to close due to the police cordon.

The first round of financial support will be made available to businesses who have been forced to close, and it is proposed to progress this at the earliest opportunity. The second round of financial support will be made available to businesses in the surrounding area (wider Hart Street area and St Lukes Road). A detailed map and postcode list will be sourced and used to identify these areas to ensure no business is overlooked by a boundary issue, and will be validated by business visits and engagement. This engagement will include the offer of wider support for affected individuals where required and helpful.

## **3.0 Southport Business Recovery Fund**

While there has also been a recognisable impact on the wider Southport economy, the immediate priority is those businesses who have been forced to close due to the cordon and then other businesses located on Hart Street and St Lukes Road. For the purposes of this initial immediate response, £0.5m is sought and will be funded from existing Council resources. The allocation of resources to this fund will require Cabinet and Council approval in accordance with financial procedure rules, but as was undertaken during COVID it is proposed to progress this fund at the pace required to support businesses, and to secure said approvals retrospectively.

It is already clear that many businesses, and their owners and employees, are struggling and will continue to struggle emotionally following the events. Financial support is intended to reduce business uncertainty as a contributing factor to that distress.

The Southport Business Recovery Fund will initially support businesses forced to close with loss of income/earnings. The fund will aim to reimburse a percentage of these losses. The exact percentage cannot be decided until the scale of the losses has been determined. InvestSefton will take a sensitive approach and will visit each business who has been forced to close and gain an understanding of their specific circumstances to ensure that the fund is accessible and equitable.

The businesses will be supported throughout the application process by InvestSefton and the team will ensure that the business owners do not feel overwhelmed by the application process.

Once these businesses have been supported, the second round of funding will be open to those businesses in Hart Street or St Lukes Road who did not have to close but have suffered a loss of income due to the incident.

InvestSefton will ensure businesses in the defined area are made aware of this funding opportunity and will provide advice either face to face or over the phone support to any business who requires it. Businesses will need to provide evidence of loss of trade.

Once the application has been submitted, checked and validated, a percentage of the losses incurred will be reimbursed. As with the first round of funding, the percentage that will be offered is yet to be determined but will be based on the number of eligible businesses, applications and scale of losses.

## **(i) Eligibility**

### Round 1 Businesses forced to close

Businesses from the following groups whose operating premises were closed due to the incident resulting in loss of income/earnings:

- All businesses of any size operating in any sector
- Social Enterprises
- Organisations/clubs/community groups
- Businesses using centres that are unavailable at the current time due to the cordon, e.g. the Hart Street Centre

The team may also need to be able to exercise discretion to support other groups such as self-employed residents who may have been financially impacted.

### Round 2 Businesses affected in wider (area to be confirmed)

Similar approach to Round 1 but subject to change depending on intelligence gathered by Invest Sefton team in the intervening period regarding type and scale of businesses affected.

## **(ii) Budget & Fund values**

It is estimated that there are up to twenty businesses located within the cordoned area. These businesses will be asked to estimate the loss they have incurred during the period they have been or were forced to close. InvestSefton will support businesses to produce these estimates and calculations. The fund will reimburse businesses up to a certain % for their losses potentially up to 100%. The team will also establish if insurance or other public funding has already been accessed to avoid double funding.

It is still unclear what the ongoing impact will be. When these businesses have re-opened the team will assess the situation and decide upon an appropriate time frame for evidencing losses which is fair and equitable to all who have been affected.

## **(iii) Evidence requirements**

Applicants will be guided and supported through the application process but must be able to provide evidence of loss of business income/earnings, e.g., proof of client/business cancelled orders for work; ledgers and business accounts showing profit and loss; proof of salary/wage bills; supporting bank statements (where applicable).

The above-mentioned recommendation may be subject to change due to intelligence garnered from meeting with businesses who have been impacted. Finalisation of requirements and criteria will be delegated to the Assistant Director for Economic Growth and Housing, in consultation with the Cabinet Member for Regeneration, Economy and Assets.

#### **(iv) Governance**

The Council has experience of managing emergency funding through the Covid-19 business support schemes which resulted in circa £50m provided, with no occurrences of business fraud following both internal audit and Government department audits from BEIS.

An application form is being developed alongside guidance, an evidence requirement checklist, terms and conditions and a privacy notice. A risk assessment will also be produced.

Applications and supporting evidence will be checked by an appraisal panel for approval/rejection recommendation. The Southport Business Group, led by the Head of Business Support and Economy, will deliver the process to ensure separation of duties. Final approval and oversight will be provided by the Southport Economy Cell chaired by the Assistant Director Place - Economic Growth and Housing.

In addition to reporting through the Recovery Cell, the Cabinet Member will be kept to date on progress including any required changes or additions to the fund criteria.

#### **4.. Financial Implications**

£500,000 Recovery Funding is sought, to be funded from existing Council resources.

#### **5. Legal Implications**

UK Subsidy Control limits the amount of public funding an individual business can receive over a rolling three-year period. The current maximum ceiling is £315k and Business Recovery Fund awards will not exceed this limit. However, businesses will be asked to declare this, alongside previous grant aid or any other awards such as crowd funding received, on their application forms.

#### **4. Risk Implications**

A risk assessment is under preparation identifying risks and actions to mitigate including potential fraudulent applications and any breach of UK Subsidy limits although the latter is highly unlikely.

#### **5 Staffing HR Implications**

The fund will be delivered by existing InvestSefton staff and, where applicable, supported by other officers within Economic Growth & Housing and by external partners.

#### **6 Conclusion**

Support for the affected families remains the Council's priority, alongside support for all affected communities and stakeholders. This includes local businesses, their owners and employees.

The Business Recovery Fund is one of many steps of support required to meet the immediate needs of affected local businesses. This forms part of a developing long-term plan, through a community impact assessment, which also must be based on different groups impacted.

The Council will continue to work with partners (locally and in central government) and with those impacted to understand the long term need through the community impact assessment.

#### **Alternative Options Considered and Rejected:**

Do nothing and refer businesses to available loan finance. This was rejected as businesses affected by closures are struggling to meet financial commitments and additional debt burden will compound their current situation, potentially resulting in closure. This would not reflect the Council's unequivocal commitment to short- and long-term support.

This is an unprecedented situation for businesses and the local economy. Forced closures have had an adverse effect on business finances and immediate intervention is required to help them recoup some of these losses as they, and indeed the wider community, begin to recover.

**Equality Implications:**

The equality implications have been identified and will be mitigated in delivery which will be conducted in person with business owners throughout the application process. The team is aware of the tension in the community because of the riot and the one-to-one approach for all affected businesses will be treated sensitively.

**Impact on Children and Young People:**

Prevailing economic conditions will inevitably have an impact on children and young people and the implications of these are already being captured under the key strategic objectives and subsets of the Sefton Economic Strategy. The work of the Child Poverty Strategy addresses this area in more detail.

The Business Recovery Fund has been established to assist those businesses forced to close following the incident in Southport on 29<sup>th</sup> July. The fund will assist businesses in their recovery and enable owners and staff to continue trading. This will have a positive impact on their families including children and young people while the community begins its recovery.

**Climate Emergency Implications:**

Neutral – there are no direct climate implications from this fund.

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Services & Commercial (FD 7760/24) and the Chief Legal and Democratic Officer (LD.5860/24) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Discussions are ongoing with local and central government departments, with the Liverpool City Region Combined Authority and Southport BID both members of the Council's Southport Incident Economy Cell and Business sub-group which is overseeing the development and delivery of the Business Recovery Fund. The proposals herein are also informed by direct engagement with local businesses.

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**Appendices:**

None

**Background Papers:**

None

**Implementation Date for the Decision:**

With immediate effect