



CABINET

6TH MARCH 2014

AGENDA ITEM (13)

FLOOD SUPPORT PACKAGES

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Jenny Poole Head of Finance, Audit and GO Shared Services 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To enable Officers to administer the various flood support packages recently announced by government, namely: the Business Rate Relief Scheme, Council Tax exemption for flooded properties, Repair and Renewal Grants, Business Support Scheme and Severe Weather Recovery Scheme.
Recommendation(s)	<p>(a) That the Strategic Director (Environment), in consultation with the Leader of the Council, the Cabinet Member for Environment and the Head of Finance, Audit and GO Shared Services, be authorised to develop a Repair and Renew Grant Scheme;</p> <p>(b) That the local Business Rates Flooding Relief scheme, detailed at paragraph 3.3 of the circulated report, be approved;</p> <p>(c) That the Head of Revenues and Benefits be authorised to determine applications for Council Tax discounts as a result of flooding, subject to relief being granted for a maximum period of up to six months;</p> <p>(d) That the Leader of the Council or the Deputy Leader be authorised to determine applications for grant aid under the Business Support scheme, detailed at paragraphs 5.3 to 5.5 of the circulated report, up to a maximum grant allocation threshold of £5,000;</p> <p>(e) That the Strategic Director (Corporate Resources), in consultation with the Leader of the Council, the Cabinet Member for Environment and the Head of Finance, Audit and GO Shared Services, be authorised to develop a Severe Weather Recovery Scheme.</p>
Reason(s) for Recommendation(s)	To enable the Council to provide financial support to local residents and businesses affected by the recent floods.

Ward(s) Affected	The financial support will be available across all Wards where individuals or businesses have been affected by flooding.
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Key Decision	No
Recommendation to Council	No
Financial Implications	<p>The Government has committed to reimburse Councils' costs for flood support in their local communities. The Council will be reimbursed fully for the costs of Business Rate Relief and Repair and Renew Grants.</p> <p>Nationally, funding of £4m has been announced for Council Tax Exemptions, £10m for the Business Support Scheme and £3.5m for the communities element of the Severe Weather Recovery Scheme. The funding allocation at a local level for each of these schemes has not yet been announced (although the Council has not benefited from the first tranche of Business Support Scheme funding). Should the Council receive requests for funding, and subsequently provide financial support which exceeds its funding allocation from the Government, the balance will be funded by local Council Tax payers.</p>
Legal and Human Rights Implications	Relevant legislation is set out in the report
Environmental and Sustainability Implications	None directly as a result of this report. However, the report sets out proposals for financial assistance which will help residents and businesses to implement improvements to their property to prevent flooding in the future
Human Resource Implications	There will be an administrative burden in terms of determining applications for financial support. There may be considerable resource implication if there is a requirement for the Council to inspect properties and agree eligible works for the repair and renewal grants. The Government is working with the Local Government Association in order to determine a process for the Repair and Renew Grants, with resourcing being an element of the considerations.
Key Risks	If nationally the cost of the Business Support Scheme, Council Tax Exemption and Severe Weather Recovery Scheme exceed the £10m, £4m and £3.5m respective allocations, a share of the financial burden in the Cotswold District area may rest with Council Tax payers.
Equalities Impact Assessment	Not required - applications for financial support will be considered on a case-by-case basis using the criteria set out in this report or as part of a local Repair and Renew Grant Scheme or the Severe Weather Recovery Scheme.
Related Decisions	None
Background Documents	HM Government Flood Support Schemes Guidance Note
Appendices	'Appendix A' - Definition of flood from Section 1 of the Flood and Water Management Act 2010

Background Information

1. Background

1.1 The Prime Minister has announced a number of schemes to help homeowners and business recover from the adverse weather since 1st December 2013. Local authorities will be responsible for administering these schemes in local areas.

1.2 The support is for the impact of flooding between 1st December 2013 and 31st March 2014.

1.3 Support for Businesses

1.3.1 Businesses that have been flooded since December 2013 will qualify for:-

- 100% Business Rate Relief for three months, regardless of how long they were flooded;
- Business Support Scheme which is available to support small and medium sized businesses to develop and implement business recovery plans;
- the new Repair and Renew Grant which will provide financial support to pay for work that improves a property's ability to withstand future flooding.

1.3.2 Businesses in flood affected areas that have not been flooded themselves, but have been negatively impacted on by the floods may be eligible for support from their local authority from the business support scheme.

1.4 Help for Homeowners

People whose homes have been flooded will be eligible for:-

- a Council Tax rebate, funded by £4m to Councils;
- the new Repair and Renew Grant which will provide financial support to pay for work that improves a property's ability to withstand future flooding.

2. The Repair and Renew Grant

2.1 On 12th February 2014, the Prime Minister announced details of a new scheme to provide grants of up to £5,000 to homeowners and businesses that had been flooded. The Repair and Renew Grant is being provided to fund additional flood resilience or resistance measures for homes and businesses that were flooded between 1st December 2013 and 31st March 2014. The flooding must have been as a result of recent adverse weather conditions and not, for instance, from the failure of water mains, internal water systems or a sewerage system (unless the failure was itself caused by the adverse weather conditions).

2.2 This is a one-off scheme to cover needs arising from the flooding of Winter 2013/14.

2.3 Grants are intended only to fund measures which improve the property's resilience or resistance to flooding, over and above repairs that would normally be covered by insurance. Where resilient repairs can be provided at the same cost as standard like-for-like repairs, insurers should act to encourage take-up as part of the standard reinstatement process.

2.4 Properties will not be eligible if they are due to benefit from a planned community-level scheme that would reduce the level of flood risk below 'significant', rendering the measures unnecessary. The Environment Agency must have announced plans for the scheme and be due to complete it within the next five years (i.e. before December 2018).

2.5 In addition, where households are currently benefitting from an existing or agreed Property Level Protection scheme, additional funding should only be used to take the whole package up to a maximum value of £5,000. The Council will need to work with the Environment Agency Area Office and the Lead Local Flood Authority to identify these properties, and how much additional funding they could be eligible for.

2.6 The Government will work with affected local authorities alongside the insurance industry and other technical specialists over the next few weeks in order to agree a clear process to enable the delivery of surveys, work needed and the grant payments.

2.7 As further guidance is awaited, it is recommended that the Strategic Director (Corporate Resources), in consultation with the Leader of the Council, the Cabinet Member for Environment and the Head of Finance, Audit and GO Shared Services, be authorised to develop a local scheme.

3. Business Rate Flooding Relief

3.1 On 12th February 2014, the Prime Minister announced details of a new Business Rate Relief scheme for properties that have been flooded.

3.2 As this is a temporary emergency measure, the Government is not changing the legislation around the reliefs available to properties. Instead, the Government will reimburse local authorities that use their discretionary relief powers (under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act)) to grant relief. The Government will fully reimburse local authorities for the local share of any Discretionary Relief (using a grant under Section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

3.3 Business Rate Flooding Relief - Cotswold District Council Local Scheme

3.3.1 The Government will fund 100% rate relief for three months, for those hereditaments which meet the following criteria:-

3.3.2 For any day between 1st December 2013 and 31st March 2014:-

- (i) the hereditament has been flooded in whole or in part as a result of adverse weather conditions; and
- (ii) on that day, as a result of the flooding at the hereditament, the business activity undertaken at the hereditament was adversely affected; and
- (iii) the rateable value of the hereditament on that day was less than £10m.

3.3.3 In considering whether the business activity has been adversely affected, the Council will consider the impact of the flooding in the full context of all business activities undertaken at the hereditament. Very small or insignificant impacts will be ignored.

3.3.4 The funding is for the impacts of flooding from the recent adverse weather conditions and not, for instance, from the failure of a water main, internal water systems or the failure of a sewerage system (unless the failure was itself caused by the adverse weather conditions). As a guide, the definition of flood from Section 1 of the Flood & Water Management Act 2010 is attached at **Appendix 'A'**.

3.3.5 The scheme applies to all types and uses of non-domestic hereditaments (other than those occupied by the Council itself).

3.3.6 Relief will be provided for three months starting on the day the hereditament first met the criteria set out in paragraph 3.3.2. The three months relief will apply irrespective of how long the flooding or adverse business impacts last.

3.3.7 Where a hereditament has been flooded more than once and business activities are adversely impacted, only one period of three months relief will be awarded and should be applied from the first date on which the criteria in paragraph 3.3.2 were met.

3.3.8 The relief will be awarded after all other reliefs have first been applied, including the retail relief where applicable.

3.3.9 This relief will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

3.3.10 Ratepayers that occupy more than one property may be granted relief within the scheme for each of their eligible properties.

4. Council Tax Discounts

4.1 On 19th February 2014, the Prime Minister announced that funding of up to £4m will be available to local authorities in support of Council Tax Discounts for homes that have been flooded.

4.2 Local authorities can use powers under Section 13A of the Local Government Finance Act 1992 to grant Council Tax discounts on properties affected by flooding. It allows local billing authorities the flexibility to grant reductions or exemptions on an individual basis or for a class of Council Tax payer. In usual circumstances, it would fall to local authorities to fund any reduction granted from Council Tax. However, for this scheme, local authorities will be able to claim support through the Department for Communities and Local Government for Council Tax Discounts to homes that have been flooded.

4.3 Council Tax Discounts - Cotswold District Council Local Scheme

It is recommended that the Head of Revenues and Benefits be authorised to determine applications for flooding relief subject to a maximum relief period of six months.

5. Business Support Scheme

5.1 On 17th February 2014, the Prime Minister announced details of a new scheme to support all small and medium sized business in flood affected areas that have been impacted by the floods and suffered a significant loss of trade. Local authorities will administer this business support funding.

5.2 Support from this fund will be available to support small and medium sized businesses to develop and implement business recovery plans. Eligible businesses will be able to claim for costs which could include immediate clean-up costs, materials, exceptional business costs (such as hire of drying equipment) and temporary accommodation to enable these businesses to continue trading. Business continuity planning and marketing costs may also be covered.

5.3 Business Support Scheme - Cotswold District Council Local Scheme

- (i) *only* businesses affected by coastal and inland flooding since 1st December 2013 will be eligible for funding;
- (ii) eligible businesses are those that have sustained hardship and significant loss of trade as a result of the floods, but it is not to be used for rewarding poor business practice (e.g. if a business has not put any insurance arrangements in place) or for routine business expenses or costs that are recoverable elsewhere;
- (iii) unlike the Business Rate Relief and the Repair and Renew grant, this Business Support scheme can also be used to support businesses which have been indirectly impacted on by the floods;
- (iv) the grant covers direct and indirect impacted businesses within flood affected areas. It does not cover loss of trade suffered by businesses outside directly-affected areas;

(v) 'direct impacts' means that business has suffered direct damage and loss to premises, equipment and/or stock and has been unable to trade normally as a result of flooding;

(vi) 'indirect impacts' means business has had no or highly limited access to premises, equipment and/or stock as a result of flooding, restricted access to customers and suppliers and suffered significant loss of trade;

(vii) in considering whether the business activity has been adversely affected, the Council will consider the impact of the flooding in the full context of all business activities undertaken at the hereditament. Very small or insignificant impacts will be ignored;

(viii) the scheme applies to all types and uses of non-domestic hereditaments, other than those occupied by the Council.

5.4 The grant will be available to support business to recover from the impacts of flooding from the recent adverse weather conditions and the Council will consider funding for items including: non-recoverable insurance excesses for repair or replacement of buildings, equipment and stock; removal of debris, additional business accommodation or extra staff costs; structural surveys, security measures, additional marketing, exceptional costs to improve access to/for suppliers and customers etc.

5.5 The funding is for the impacts of flooding from the recent adverse weather conditions and not, for instance, from the failure of a water main, internal water systems or the failure of a sewerage system (unless the failure was itself caused by the adverse weather conditions). As a guide, the definition of flood from Section 1 of the Flood & Water Management Act 2010 is attached at **Appendix 'A'**.

5.6 Local authorities will have discretion on the maximum payments to individual businesses with funding from the scheme but the Government has stated that, in similar recovery schemes, the average claims were approximately £2,500 per business.

5.7 It is recommended that applications for Business Support Scheme Grants are determined by either the Leader of the Council or the Deputy Leader and that a maximum grant level of £5,000 is applied.

6. Severe Weather Recovery Scheme

6.1 The £7m Severe Weather Recovery Scheme was announced on 17th January 2014. The scheme covers the period 5th December 2013 to 7th February 2014. The Government has made £7m available in total - £3.5m for supporting communities and £3.5m for repairs to local highway infrastructures.

6.2 The communities element of the grant is available to local authorities that are able to demonstrate that:-

(i) they have incurred, or will incur, expenditure on supporting their communities during the recovery phase following the East Coast tidal surge and severe weather between December 2013 and 7th February 2014. Qualifying activities may include one or more of the following:-

- offering Council Tax discounts;
- providing assistance for long-term displaced households;
- placing households in temporary accommodation;
- support payments to flood affected households;
- purchase/provision of new household items for those affected, provision of temporary caravans etc.;
- use of rest centres;
- tourism impacts; and

(ii) that at least ten residential and/or commercial properties have been reported as having been flooded (water having entered the property) in their local authority area.

6.3 It is understood that the grant will be distributed using a simple formula based on the number of properties affected (internally flooded) as a proxy for scale of wider impacts. At this point in time, the allocation of funding to this Council is not known.

6.4 As details of the amount of financial support to be allocated to the District is awaited, it is recommended that the Strategic Director (Corporate Resources), in consultation with the Leader of the Council, the Cabinet Member for Environment and the Head of Finance, Audit and GO Shared Services, be authorised to develop a local scheme.

7. Council Priorities

This report supports the following Council priorities:

- Maintain and protect our environment as one of the best places to live, work and visit;
- Work with local communities to help them help themselves.

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