

To: City Executive Board
Date: 23rd April 2014
Report of: Head of Finance
Title of Report: Financial Flood Support Packages

Summary and Recommendations

Purpose of report: To consider a range of support schemes for households and businesses affected by flooding in Winter 2013/14 to enable the Council to provide financial support to local residents and businesses affected.

Key decision: No

Executive lead member: Councillor Bob Price

Policy Framework: Finance

Recommendation(s): It is recommended that the City Executive Board agree:

(i) The following flood support schemes for the payment of:

- Support to businesses, including
 - * Business rates flooding relief
 - * Business support grant
 - * Repairs and renewals grants

- Help to homeowners, including
 - * Council tax discount and
 - * Repairs and renewals grants

and that the schemes are in line with approved government guidance and follow the principles set out in Appendix A;

(ii) That members delegate the administration of the above schemes to the Executive Director of Community Services and Executive Director of Organisational Development and Corporate Services.

Appendix A: Details of Flooding Support

Appendix B: Definition of a Flood

Appendix C Application for Repairs and Renewals Grant

BACKGROUND

1. During the period December 2013 to February 2014 businesses and households within the city suffered from the effects of severe weather and flooding over a period of time.
2. The numbers of households and businesses affected was relatively low in comparison to other areas of the country. Latest information indicates around 13 businesses and some 51 households may have had water enter the premises, with another 52 businesses indirectly affected by the flooding.
3. The government have announced a number of schemes to help homeowners and businesses recover from the adverse weather since 1st December 2013. Local authorities will be responsible for administering these schemes in local areas. Full details of the schemes being promoted are attached at Appendix A and are summarised below.

Support for Businesses

4. Businesses that have been directly or indirectly affected by the floods for any day between 1st December 2013 and 31st March 2014 qualify for:
 - **Business Rate Flooding Relief** – Key points include:
 - Businesses qualify for three months business rate relief, regardless of how long they were flooded;
 - The property has to have been flooded in whole or in part
 - **Funding** -The Government will fully reimburse local authorities that use their discretionary relief powers (under Section 47 of the Local Government Finance Act 1988) to grant relief in line with the eligibility criteria shown in Appendix A, under Section 31 of the Local Government Act 2003.
 - **Scheme Discretion** – Limited – scheme In accordance with the principals set by Government as detailed above.
 - **Business Support Scheme** – Key points include:
 - Available to small and medium sized businesses (as defined by turnover not exceeding €50m and having less than 250 employees) that have sustained hardship and significant loss of trade, to develop and implement business recovery plans;
 - Eligible costs include: clean-up costs, materials. Exceptional business costs (such as hire of drying equipment) and temporary accommodation to enable the business to continue trading
 - The grant covers direct and indirectly impacted businesses within flood affected areas. Indirect impact means limited access to premises equipment and or stock as a result of flooding, restricted access to customers and suppliers and suffered a significant loss of trade

- Local authorities have discretion on the maximum level of grant but Government advised that in other similar recovery schemes average grants were £2500 per business.
 - **Funding** - £10 million allocated nationally which has been paid to Local authorities via Section 31 of the Local Government Act 2003. Initial allocation for Oxford City £30k, followed by a second tranche of £32k, making £62.5k in total.
 - **Scheme Discretion** – Discretion on the maximum amount of grant to be given as above, with indication that average grant should be around £2,500 but in exception circumstances additional grant may be available. The maximum level of grant will be determined having regard to demand and to manage within anticipated support from Government.
- **Repairs and Renewals Grant- Key points include:**
 - Provides financial support of up to £5,000 for work that improves a property's resilience against future flooding.
 - To fund resilience works that are over and above repairs that would normally be funded by insurance
 - Government will reimburse local authorities for eligible expenditure under Section 31 of the Local Government Act 2003.
 - **Scheme Discretion-** Up to the local authority to adopt a local scheme and determine cases on their merit. The application form for claimant to use is based on a draft by Defra for local authorities to use. Scheme adopted will be based on information provided by homeowner of up to £5,000 having regard to the indicative amounts in Appendix C with recommendations from officers within Environmental Development.
 - Grant applications will be determined by a technical recommendation to the Panel described in paragraph 8 below.

Help for Homeowners

5 People whose homes have been flooded for any day between 1st December 2013 and 31st March 2014 may be eligible for:-

- **A Council Tax Discount;**
 - Local authorities can use powers under Section 13A of the Local Government Finance Act 1992 to grant council tax discounts
 - **Funding** The Government have made £4 million available nationally to provide funding for up to 3 months. Depending on take up they have indicated they will review the funding envelope to see whether further funding can be made available.
 - **Scheme Discretion** – Local authority to determine duration of discount but limited by available funds from Government

- **Repairs and Renewals Grant**

- To provide financial support for work that improves a property's resilience against future flooding. To provide grants of up to £5,000 to homeowners and businesses that have been flooded.
- To fund resilience works that are over and above repairs that would normally be funded by insurance
- Indicative costs of repairs to be funded by this grant are shown in Appendix C
- **Funding** – Government will reimburse local authorities for eligible expenditure under Section 31 of the Local Government Act 2003.
- **Scheme Discretion**- Up to the local authority to adopt a local scheme and to determine individual cases on their merit. The application form for claimant to use is based on a Defra draft for local authorities to use.
- Scheme adopted will be based on information provided by homeowner of up to £5,000 having regard to the indicative amounts in Appendix C with recommendations from officers within Environmental Development
- Grant applications will be determined by a technical recommendation to the Panel described in paragraph 8 below

Severe Weather Payment

- 6 The Government announced that around £7 million will be available to help fund recovery costs incurred by Councils in supporting their communities, repairing local Highway Infrastructure and funding repairs arising from the impact of the East Coast tidal surge and dealing with severe weather up to the 7th February. Oxford City Council has received a payment of £34.9k. Details of the scheme are contained in Appendix A.

Bellwin Scheme

- 7 Local authorities are able to claim for eligible costs that exceed the threshold set by the Government. For Oxford City Council this is £48.5k. The Council has yet to finalise its claim which is due to be submitted by 30th June 2014. Estimated expenditure is in the region of £250k, hence the claim is likely to be in the region of £201.5k.

Action to Date

- 8 Council officers have to date:
 - Established a web site with details of how to apply for flooding support
 - Have mailshot owners of properties where it is known flooding took place, namely Abingdon Road, Botley Road and Osney Mead with a return date of 21st April 2014.
 - Established a panel to assess and agree applications for flooding support consisting of :
 - Head of Finance

- Service Manager- Revenues and Benefits
- Environmental Policy Team Leader
- Environmental Development Technical Officer
- Corporate Secretariat Manager

FINANCIAL IMPLICATIONS

- 9 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 Renewal Grants.
- 10 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.
- 11 The funding allocation at a local level for each of these schemes has not yet been fully announced although the Council has received
 - a. £62,500 from the first and second tranches of the Business Support Scheme funding
 - b. £34,900 in respect of the severe weather payment
- 12 Whilst eligible costs of providing flooding support through business rates relief and repair and renewals grants to businesses and homeowners are fully funded by Government, business support and council tax discounts are not. Should the Council receive requests for funding, and subsequently provide financial support which exceeds its funding allocation from the Government, the balance will need to be funded by local Council Tax payers.
- 13 It may therefore be prudent to wait until all applications for flooding support have been received before setting the final aspects of each of the schemes. This will give time for the authority to :
 - a. Receive the final details for the scheme reimbursement from DCLG
 - b. Assess the potential claim against the business support cash limited sum

RISKS

- 14 If nationally the costs of the Business Support Scheme, Council Tax Discount and Severe Weather Recovery Scheme exceed the £10m, £4m and £3.5m respective allocations, a share of the financial burden in the District area may rest with Council Tax payers. The Council will seek to ensure that this is mitigated as far as possible
- 15 Any grants or relief given will be subject to State Aid restrictions and consequently the Council will need to satisfy itself that any of the business related schemes limit relief to less than € 200,000 over a three year period.

ENVIRONMENTAL IMPACT

16 These schemes will help householders and businesses recover from the effects of the flooding, but will also help with flood prevention schemes going forward

LEGAL IMPLICATIONS

17 The legal implications are contained within the body of the report

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**List of background papers: Flood Support Schemes Guidance issued
24th February 2014**

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