

Committee: Cabinet

Agenda Item

Date: 27 March 2014

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Title: Flooding – Business Support Scheme

Portfolio Holder: Cllr Robert Chambers

Key decision: No

Summary

1. The Government has put in place a support scheme for businesses affected by flooding since 1 December 2013. The scheme is to be administered locally by the council. Government funding has been received for this scheme in the form of a grant to the council in the sum of £22,500.

Recommendations

- 1) To agree the principle of operating the 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,
- 2) To authorise the Assistant Chief Executive – Finance to determine the arrangements for claiming financial support and to administer the scheme.

Financial Implications

2. If total support is limited to the grant received from the government, there will be no net impact on the council's budget.

Background Papers

3. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

4.

Communication/Consultation	Letter from DCLG attached
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	There are European rules which limit the amount of aid which can be given to

	businesses but the level of grant available is such that it is extremely unlikely that these rules would be infringed.
Sustainability	None
Ward-specific impacts	Businesses which experienced flooding are concentrated in Stansted North.
Workforce/Workplace	Administering the scheme may require revised priorities

Situation

5. The government has written to local authorities setting out guidance on a scheme it announced on 12 February. The council has received funding in the first tranche of allocations. The letter and guidance are attached to this report.
6. The council needs to set up a process to deal with applications from businesses for financial support.
7. The government is keen that funding is made available to qualifying businesses quickly.
8. The maximum payments to individual businesses with funding from the scheme are at the discretion of the council but in other similar government recovery schemes the government has advised that average claims were in the region of £2,500 per business. The £22,500 government grant to the council would therefore enable the council to approve 9 such claims assuming the same average size of claim. We believe however that there may be more businesses to have been affected by flooding. We have received 4 completed applications for business rate flooding relief and a further 9 application forms have been requested but not yet returned. Business rate relief is only available to businesses that have actually been flooded. We do not know the reasons for non-return of requested application forms. It is possible that businesses realised that they were not eligible.
9. The government's proposed Repair and Renew Grant scheme for both flooded businesses and domestic properties will be covered in a further report as soon as possible. Government advice as referred to in its 12 February announcement was received on 18 March. The government is seeking to achieve broad consistency in implementation of the scheme across local authorities whilst allowing scope for tailoring delivery of the scheme to meet local circumstances. Decisions will therefore be required over matters where there is scope for exercising discretion, such as which flood resilience and resistance measures are relevant locally and consequently those the council will grant support.

Risk Analysis

- 10.

Risk	Likelihood	Impact	Mitigating actions
Government grant is inadequate to cover claims from qualifying businesses	2 There is no definitive record of the number of businesses affected by flooding, particularly as businesses indirectly affected are eligible for support. The size of the potential claims is unknown	2 The council may need to impose maximum payments and businesses costs may not be fully covered	Require applications to be submitted quickly so that all claims are considered together before any payments are made.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Flooding - Business Support Scheme

1. The Government has put in place 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. Locally this scheme is administered by Uttlesford District Council.
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.

Which businesses will benefit from this grant?

- a. *Only* businesses affected by coastal and inland flooding since 1st December 2013 will be eligible for funding.
- b. 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.
- c. This business support scheme can also be used to support businesses which have been indirectly impacted by the floods.
- d. The grant covers direct and indirect impacted businesses within flood affected
- e. areas. It does not cover loss of trade suffered by businesses outside of directly affected areas.
- f. By direct impacts we mean 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
- g. By indirect impacts we mean 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.
- h. 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.

What can the grant be used for?

3. The type of things that may be grant aided include:
 - 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.
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).

How much grant will be available?

5. The maximum payments to individual businesses with funding from the scheme are at the discretion of the council but in other similar government recovery schemes the average claims were c. £2,500 per business.