

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 24 February 2014

FLOOD SUPPORT SCHEMES

Issue for Decision

To consider adopting a series of schemes announced by the government proposals to support flood effected business and residential properties.

Decision Made

- a) That participation in each of the schemes set out in the urgent report of the Head of Finance & Resources be approved, in line with the criteria set by government; and
- b) Cabinet delegate authority to set up the administration for each scheme and set the local criteria for each scheme to the Director of Regeneration and Communities, in consultation with the Cabinet Member for Corporate Services.

Reasons for Decision

On 17 February 2014 the Prime Minister announced a series of measures aimed at assisting homeowners and businesses to recover from the adverse weather since 1 December 2013. Attached at Appendix A to the report of the Head of Finance & Resources was the government's guidance on this matter, published on 20 February 2014.

The support proposed by the Prime Minister is for the impacts of flooding between 1 December 2013 and 31 March 2014 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). A full definition of flooding to be used in relation to these schemes is set out in Annex A to the guidance attached at Appendix A to the report of the Head of Finance & Resources.

This support is in addition to other support schemes already announced by the government including the Bellwin Scheme, the Severe Weather Recovery Scheme and the Farming Recovery Fund. The support is not mandatory as the government has chosen not to legislate for these schemes but has confirmed that they will reimburse local authorities for any payments made or discounts allowed under the schemes through s31 of the Local Government Act 2003.

The four schemes proposed by the Government are:

- a) The repair and renewal grant
- b) Business rates flooding relief
- c) Council tax discounts
- d) Business support scheme

Full details of the government's principles for each scheme are set out in the guidance attached at Appendix A to the report of the Head of Finance & Resources. The detail of how the schemes will operate locally will need to be in accordance with the principles set out by government and the council will be required to have robust administrative processes in place. A summary of the principles of each of the schemes is set out below.

The Repair and Renewal Grant

The key principles of the scheme are as follows:-

- a) Scheme is for businesses and homeowners alike;
- b) Maximum grant £5,000;
- c) To provide additional flood resilience and resistance measures;
- d) Must not replace existing legislation or other schemes to provide support;
- e) Must not replace insurance;
- f) Businesses and Homeowners must apply to the local authority;

Local authority schemes are required to comply with the following:

- a) Validate the fact that homeowners and businesses suffered from flooding during the period;
- b) Ensure properties are not already eligible to benefit from planned community level schemes;
- c) Not claim for insurable costs;
- d) Develop criteria at a local level and decide on each individual case whether a grant is payable or not;
- e) Identify the package of works to be completed following a survey by a competent professional (further details expected but will apply the "standard property level protection template").

Business Rates Flooding Relief

The key principles of the scheme are as follows:-

- a) 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 in line with the eligibility criteria;

- b) 100% rate relief for 3 months subject to:-
- the hereditament has been flooded in whole or in part as a result of adverse weather conditions; and
 - on that day, as a result of the flooding at the hereditament, the business activity undertaken at the hereditament was adversely affected; and
 - the rateable value of the hereditament on that day was less than £10 million.
- c) Full impact of flooding must be considered, very small or insignificant impacts should be ignored;
- d) Flooding must be as defined in Annex A to Appendix A attached to the report of the Head of Finance & Resources;
- e) The scheme does not apply to premises occupied by the billing authority or to empty property.

In order for this scheme to operate local authorities must agree a local discretion under section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) and comply with the following:-

- a) Agree any additional period of discretionary exemption above the three month period prescribed in the guidance. At this time it is not recommended that additional discretionary periods should be granted as the impact and cost of the currently proposed discretion is not clear;
- b) Apply all other available relief before applying this discretion.
- c) Set up processes for administration of the scheme including evidence of flooding and application process.

Council Tax Discount

The key principles of the scheme are as follows:-

- a) While discounts should be locally funded, the Council can reclaim costs on this occasion from a £4m provision set aside by the Department for Communities and Local Government;
- b) Similar arrangements to those for businesses, to allow 100% discount for a period of 3 months, are proposed for eligible properties.

In order for this scheme to operate local authorities must agree a local discretion under section 13A of the Local Government Finance Act 1992 comply with the following:-

- a) Agree any additional period of discretionary discount above the three month period prescribed in the guidance. At this time it is not recommended that additional discretionary periods should be granted as the impact and cost of the currently proposed discretion is not certain;
- b) Apply all other available discounts before applying this discount.
- c) Set up processes for the administration of the scheme including evidence of flooding and application process.

Business Support Scheme

The key principles of the scheme are as follows:

- a) The Government will reimburse local authorities under s31 of the Local Government Act 2003 and has made a provisional allocation as part of the announcement. The fund is £10m and around £5m was allocated at this initial stage with a £290,000 allocation being made to Maidstone Borough Council;
- b) Support will be to small and medium sized enterprises (SMEs) to develop and implement business recovery plans. Such costs as clear up and temporary accommodation will be eligible;
- c) Only businesses affected by coastal and inland flooding since 1st December 2013 will be eligible for funding;
- d) Eligible businesses are those that have sustained hardship and significant loss of trade as a result of the floods;
- e) Costs recoverable elsewhere are not eligible;
- f) Can be used to support businesses which have been indirectly impacted by the floods;
- g) In considering whether the business activity has been adversely affected, local authorities should consider the impact of the flooding in the full context of all business activities undertaken at the hereditament. Very small or insignificant impacts should be ignored;
- h) The scheme applies to all types (other than those occupied by the Billing Authority) and uses of non-domestic hereditaments.

In order for this scheme to operate local authorities must agree a local discretion under section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) and comply with the following:

- a) Agree a system to identify qualifying businesses within the parameters of the guidelines at Appendix A to the report of the Head of Finance & Resources. Schemes can include:

- Non-recoverable business insurance excesses;
 - Extra staff costs;
 - Replacement of stock lost or damaged;
- b) Work with LEPs and BIS Local to ensure that existing business support schemes are targeted at businesses in most need;
- c) Keep a list of businesses assisted through the fund;
- f) Validate the fact that businesses suffered as a consequence of flooding during the period;
- g) Ensure properties are not already eligible to benefit from planned community level schemes;
- h) Ensure businesses are not claiming for insurable costs;
- d) Develop criteria at a local level and decide on each individual case whether a grant is payable or not;
- e) Ignore very small or insignificant flooding impacts.

Alternatives considered and why rejected

The Cabinet could have chosen not to approve the recommendations in part or in whole as the proposals remain at the discretion of the local authority and have not been legislated by central government. Funding for the proposals is provided by special grant from central government and a decision not to provide the support available from these schemes would disadvantage local businesses and homeowners.

Background Papers

None.

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 5 March 2014.
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