

Report to Portfolio Holder for Corporate Resources & Performance

Subject: Flood Recovery Framework Schemes | Storm Henk

Date: 8th January 2024

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Wards Affected

All

Purpose

The purpose of this report is to seek approval to implement flood recovery schemes administered by the department for Levelling Up, Housing and Communities (DLUHC) and the Department for Business and Trade (DBT) within the Borough of Gedling as follows:

- Community Recovery Grant
- Council Tax Discount
- Business Rates Relief
- Business Recovery Grant

The report seeks approval to delegate administration of the schemes to Director level in accordance with Government guidance and to agree to the terms of any Memoranda of Understanding between the Council and DLUHC / DBT as necessary.

The report also seeks establishment of necessary budgets to facilitate payment under the schemes.

Key Decision

This is not a key decision.

Recommendation(s)

THAT the Portfolio Holder for Resources and Reputation:

- 1) Approves the implementation the following Flood Recovery Schemes triggered as a result of Storm Henk:
 - Community Recovery Grant
 - Council Tax Discount
 - Business Rates Relief
 - Business Recovery Grant
- 2) Delegates to the relevant Director, the authority to administer and determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to persons whose dwellings have been flooded or rendered “unliveable” as a result of flooding caused by Storm Henk in the Borough of Gedling, in line with Government guidance.
- 3) Delegates to the relevant Director, the authority to administer and determine applications for discretionary reduction in business rates under section 47 of the Local Government Finance Act 1988 in relation to persons and companies whose businesses have been rendered unable to trade from the affected premises as a result of flooding caused by Storm Henk in the Borough of Gedling, in line with Government guidance.
- 4) Delegates to the relevant Director, the authority to administer and determine applications for the Community Recovery Grant of £500 per household, where the household has been internally flooded or is deemed to be “unliveable” for a period greater than 48 hours as a result of Storm Henk, in line with Government guidance.
- 5) Delegates to the relevant Director, the authority to administer and determine applications for the Business Recovery Grant of £2,500 per business where the business has been directly or indirectly impacted as a result of Storm Henk, in line with Government guidance.
- 6) Delegates authority to Director level to complete any Memorandum of Understanding issued by DLHUC and DBT in relation to the Flood Recovery schemes.

1 Background

- 1.1 In 2017, the Government produced a Flood Recovery Framework (FRF) which is a framework for use in a severe weather event with significant wide area impacts. The triggering of this framework is intended to provide local authorities with central support to help their communities and businesses return to normal. The Framework was updated in 2021 following impacts from flooding events in 2019 and 2020.
- 1.2 The FRF is a core package of business and community recovery support to serve as a framework for flood recovery funding when needed. As part of the package, a scheme for the funding of council tax discount and business rates relief can be applied to homes and businesses affected by major flooding events.
- 1.3 The Government's FRF was triggered on 6th January 2024 in response to severe flooding events which occurred following Storm Henk. The FRF guidance is attached to this report at Appendix 1.
- 1.4 As part of the FRF, DLUHC and DBT are likely to issue Memoranda of Understanding to be completed by local authorities which will cover the four flood schemes to be administered by DLUHC and DBT. Specifically, the Community Recovery Grant, Council Tax Discounts, Business Rates Reliefs and the Business Recovery Grant.

Council Tax Reduction and Business Rates Relief

- 1.5 There is a legal framework for the granting of discretionary discount in council tax which sits under section 13A(1)(c) of the Local Government Finance Act 1992. This framework effectively allows a Council to grant council tax discount for any value to any person for any length of time as it sees fit.
- 1.6 There is also a legal framework for the granting of discretionary relief in business rates which sits under section 47 of the Local Government Finance Act 1988. This framework also allows a Council to grant business rates relief for any value to any person for any length of time as it sees fit.
- 1.7 Gedling Borough Council's constitution requires such discretions (as detailed in sections 1.5 and 1.6 of this report) to be exercised by the relevant Portfolio Holder.
- 1.8 Storm Henk is known to have caused flooding events in the Borough which have affected households and businesses. At the time of writing the estimated impact is in the region of 47 households although this is still to

be verified and this number is expected to increase. The discounts and reliefs provided for in the FRF are designed to alleviate the financial impact to households and businesses caused by major flooding events.

- 1.9 The criteria for triggering the council tax and business rates relief schemes in relation to Storm Henk is when in excess of 50 households have flooded within the area of the Lead Local Flood Authority. Nottinghamshire County Council is the LLFA and has confirmed that in excess of 50 households have been flooded across the County. The schemes are therefore triggered within the Borough.
- 1.10 The Government will reimburse authorities for the cost of a 100% council tax discount for a minimum of three months if flood water entered the domestic property or the domestic property was otherwise considered unliveable for a period greater than 48 hours.
- 1.11 The Government will also reimburse authorities for the cost of 100% council tax discount on temporary accommodation for any household unable to return to their home. Claims to cover costs of this relief can be claimed up to 31st March 2025.
- 1.12 In relation to business rates relief, the Government will reimburse authorities for the cost of providing businesses 100% relief from business rates for a minimum of 3 months if flood water entered the property or the flooding seriously impacted the ability of the business to trade from the property. The relief provided will be subject to UK subsidy control and will only be available to properties with a rateable value less than £10m.

Community Recovery Grant

- 1.13 By virtue of s.31 of the Local Government Act 2003, the Government may issue grants to local authorities towards expenditure incurred by it. This method of grant funding is being utilised to offer Community Recovery Grants to households that have been flooded or deemed unliveable for a period of 48 hours as a result of the impacts of Storm Henk. The total amount of grant is £500 per household. The trigger for this scheme is (as per the Council tax reductions and Business rates reliefs), that in excess of 50 properties across the LLFA must have been impacted between 2nd - 8th January 2024.
- 1.14 Further detailed Government guidance is to be released imminently in relation to the criteria and eligibility for the scheme. The schemes must be administered locally in accordance with that guidance and in accordance with any MoUs in place.

- 1.15 In order to ensure swift administration of the scheme so that those affected can receive support as soon as possible the approvals above are being sought.
- 1.16 The administration of all the schemes will require application processes, verification processes and reporting to DLUHC on a regular basis. Officers are already progressing application processes and ensuring adequate resource is available to undertake necessary property checks and reporting.

Business Recovery Grant

- 1.17 The BRG scheme, provides a one-off grant payment of £2,500 to eligible businesses, payment is linked to an individual property occupied by that business where that property has been adversely affected by Storm Henk. The business may have been directly impacted by flood damage to the property or indirectly affected where access to the business premises was severely restricted as a result of flooding including for example restricted access to customers, suppliers or staff.
- 1.18 In order to claim under the BRG businesses must be a small business enterprise (SME) at the point of grant award, so must have fewer than 250 employees and have a turnover of less than €50m or a balance sheet total less than €43m. The business must also have been trading from the premises affected at the point the property was impacted by Storm Henk.
- 1.19 Local authorities must ensure appropriate processes and checks in place to enable businesses to apply for the BRG and confirm eligibility. Businesses must provide a declaration as part of the application process to confirm they are an SME.
- 1.20 Further detailed Government guidance is to be released imminently in relation to the criteria and eligibility for the scheme. The schemes must be administered locally in accordance with that guidance and in accordance with any MoUs in place.

2 Proposal

- 2.1 It is proposed that approval is given to implement the community recovery grant, business recovery grant, council tax discount and business rates relief detailed above so that those households and businesses affected can receive some financial support to assist during recovery of the impacts from Storm Henk in the Borough.
- 2.2 It is proposed that the Portfolio Holder delegates the authority to administer the discretionary discount for council tax to the relevant

Director where such a discount falls within the eligibility criteria of the Government guidance. This will enable claims to be verified and paid promptly without overburdening the executive with individual applications.

- 2.3 It is proposed that the Portfolio Holder delegates the authority to administer the discretionary relief for business rates to the relevant Director where such a relief falls within the eligibility criteria of the Government guidance. Again, this will relieve pressure on the Executive to determine a number of applications.
- 2.4 It is proposed that delegation is given to Director level to administer and determine applications under the Community Recovery Grant scheme. The application process and determination will be in accordance with Government guidance but such delegation will enable swift determination of applications without overburdening the executive.
- 2.5 It is proposed that delegation is given to Director level to administer and determine applications under the Business Recovery Grant scheme. The application process and determination will be in accordance with Government guidance but such delegation will enable swift determination of applications without overburdening the executive.
- 2.6 It is proposed that authority is given to Director level to complete any Memoranda of understanding between the Council and DLUHC / DBT.

3 Alternative Options

- 3.1 An alternative would be not to implement schemes locally, and establish necessary budgets, however this would be contrary to Government expectation and recommendation and would not enable financial support to those households and businesses impacted by Storm Henk.
- 3.2 Administration and determination of the schemes could remain with the Executive, however it is considered for expediency that delegation to Director level will ensure decisions are taken without overburdening the executive.

4 Financial Implications

Council Tax Discount

- 4.1 Where households in the Borough are granted council tax discount in line with the criteria set out in Government guidance and the MoU, the Government will fund the equivalent amount of council tax discount.

- 4.2 The estimated cost of funding council tax discounts in any one year assuming 47 (current estimates) flooded households paying full charge at the national average band D (£2,065.00) and assuming that those residents of the affected properties were all re-housed into band D properties within the Borough would be £49,000.
- 4.3 The estimate in paragraph 4.2 above is an absolute upper limit of required annual funding and should be considered a “worst case scenario”.
- 4.4 The council tax discount will go through the general fund however this will have no financial impact as any discounts issued will be offset by Government grant.

Business Rate Relief

- 4.5 Where businesses in the Borough impacted by the floods meet the criteria set out in Government guidance and any MoU, the Government will fund business rates relief via the new burdens funding mechanism set out in s31 of the Local Government Act 2003 meaning that the net expenditure to the Council would be nil.
- 4.6 The estimated cost of funding business rates relief in any one year is not currently known as the number of affected businesses is not known. This is likely to be subject to change as businesses are identified.
- 4.7 The business rates relief will go through the general fund however this will have no financial impact as any discounts issued will be offset by Government grant.

Community Recovery Grant

- 4.8 For the community recovery grant scheme the Council will be acting as an Agent for the Government in the distribution of grant monies over which it has no control of either the amount of grant, or the eligibility criteria to determine its award.
- 4.9 The Council only has discretion to refuse the grant until a verified recipient is identified. In accordance with the Code of Practice on Local Authority Accounting, where a local authority acts as an agent, the transactions do not need to be reflected in authority’s financial statements and therefore in this circumstance, a budget does not need to be established.
- 4.10 The Authority will receive £500 per household that has either been internally flooded or deemed to be ‘unliveable’ for a period of over 48 hours. This will therefore have no impact on the Council’s general fund.

Business Recovery Grant

- 4.11 Payment of the BRG is made by the Council following application sign off. Funds are provided as grants from Government paid under s.31 of the Local Government Act 2003.
- 4.12 The Council only has discretion to refuse the grant until a verified recipient is identified. In accordance with the Code of Practice on Local Authority Accounting, where a local authority acts as an agent, the transactions do not need to be reflected in authority's financial statements and therefore in this circumstance, a budget does not need to be established.
- 4.13 The Authority will receive £2,500 per business where the business has been directly or indirectly impacted as a result of Storm Henk, in line with Government guidance. This will therefore have no impact on the Council's General Fund.

Administration of the Schemes

- 4.14 The administration of these schemes will create additional work for the Council's teams and at this stage it is not known whether any new burdens grant will be available, therefore the work will be conducted within current resources.

5 Legal Implications

- 5.1 The legal implications and mechanisms for funding are detailed in the report.
- 5.2 In relation to business rates relief, this will be subject to the UK Subsidy control regime and advice will be provided in relation to subsidy impacts of any specific application.

6 Equalities Implications

- 6.1 There are no specific equality implications arising out of this report. There may be applicants from different protected characteristics eligible for support under the various schemes. The amount of financial support is not based on any particular characteristic and is available to anyone impacted by the flooding, in line with the schemes guidance.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/sustainability implications arising from this report.

8 Appendices

- 8.1 Appendix 1 - [Flood Recovery Framework: Guidance for Local Authorities in England](#)

9 Background Papers

- 9.1 None

10 Reasons for Recommendations

- 10.1 To ensure swift implementation of flood recovery schemes so that those residents and businesses impacted by Storm Henk can receive some financial support.
- 10.2 The delegations are requested to ensure that no unnecessary burden is placed on the Executive.

Statutory Officer approval

Approved by:
Date:

Chief Financial Officer

Approved by:
Date:

Monitoring Officer