



# Bellwin scheme of emergency financial assistance to local authorities

## **Guidance note for claims 2011-12**

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assistance to local authorities

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# The Bellwin scheme of emergency financial assistance to local authorities

## Guidance notes for claims 2011-12

### Background and general information

1. These guidance notes set out the terms under which Communities and Local Government is prepared to make emergency financial assistance available to local authorities (as defined in section 155(4) of the Local Government and Housing Act 1989) in England.
2. These guidance notes give information about the conditions applying in 2011-12. They will be published on the Communities and Local Government website at <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/>. More general information about the Bellwin scheme, including a report into local authority use of the scheme, can also be found here.
3. A Bellwin scheme may be activated in any case where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, one or more local authorities incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants. There is no automatic entitlement to financial assistance; ministers are empowered by Section 155 of the Local Government and Housing Act 1989 to decide whether or not to activate a scheme after considering the circumstances of each individual case.

### Qualifying emergencies

4. This guidance cannot cover every possible set of circumstances, and ministers will need to make a separate decision following any major incident. However the following paragraphs give an indication of the type of incident that is likely to lead to the Department setting up a scheme.
5. Bellwin has traditionally been seen as a response to incidents in which bad weather caused threats to life and property beyond all previous local experience. Although the law does not rule out other types of incident, the Department expects that the scheme will continue to apply predominantly as a response to bad weather incidents that occur within the area that the scheme covers. It is unlikely to set up a scheme in response to events in areas where the Government makes specific provision. In these cases, authorities are expected to deal with some rise and fall in expenditure demands within the money allocated to the spending programme concerned.

## Who can claim?

6. Any local authority as defined in Section 155 of the Local Government and Housing Act 1989 may make a claim i.e.:
  - (a) a county council
  - (b) a district council
  - (c) the Greater London Authority
  - (d) a London borough council
  - (e) the Common Council of the City of London
  - (f) the Council of the Isles of Scilly
  - (g) a police authority established under schedule 3 of the Police Act 1964
  - (h) a joint authority established by Part IV of the Local Government Act 1985, other than a metropolitan county passenger transport authority
  - (i) a Combined Fire Authority
  - (j) a National Park Authority or The Broads Authority

## Grant rates and thresholds

7. Grant Rate: the Department would normally pay grant at a rate of 85 per cent of eligible expenditure above the threshold described in the following paragraphs.
8. Thresholds: Before being eligible for grant, an individual authority is required to have spent 0.2 per cent of its calculated annual budget on works that have been reported to the Department as eligible for grant. This amount is the authority's "threshold" and applies to the whole financial year, not to each incident within the financial year. A full list of thresholds for 2011-12 will be available on the Communities and Local Government website at:  
[www.communities.gov.uk/localgovernment/localgovernmentfinance/bellwinscheme/](http://www.communities.gov.uk/localgovernment/localgovernmentfinance/bellwinscheme/)  
**from mid April 2011.**
9. It should be noted that costs which are the responsibility of one local authority cannot be claimed by another, just to take advantage of a lower Bellwin threshold.
10. Thresholds for 2011-12 will be based on actual budget figures as notified to the Department by local authorities.

## How to notify an incident or make a claim

11. The following procedures apply when making a claim:
  - a) Reporting the incident: the local authority must do this within one month of an eligible incident by writing to Colin Davis, LGF-SRC, Communities and Local Government, Zone 5/E1 Eland House, Bressenden Place, London SW1E 5DU (0303 444 3603; email [Bellwin@communities.gsi.gov.uk](mailto:bellwin@communities.gsi.gov.uk)). It is wise to do this even if spending is not likely to exceed the threshold. In the event of a later scheme taking total spending for the year above the threshold, the earlier spending would not be counted towards the threshold unless the incident was reported at the time. **A claim form can be completed at this stage (a standard claim form is at Annex E).**

- b) Setting up a scheme: if the information on the preliminary notification/claim form is sufficient, the Department will decide quickly whether to set up a scheme. It may, however, sometimes be necessary to ask the local authority for more complete details of the incident and its spending. In cases where it decides to set up a scheme, it will draw up the detailed conditions and notify them to the authority.
- c) Completion of eligible works: within two months of the incident, the local authority must complete all works in respect of which it intends to claim grant.
- d) Submission of claim: unless otherwise specified by the Department, within three months of the incident the local authority must submit a claim form provided by the Department and signed by the authority's Chief Financial Officer specifying relevant eligible payments made (Annex E). The Department may extend this deadline in exceptional circumstances but, if no such extension has been agreed and if no claim has been made within six months of the incident, the application will be deemed to have lapsed. **All claims must be submitted to the Department with full details of the expenditure incurred.** Further detailed guidance on completion of claims will be given for each scheme – this is likely to include provisions similar to those set down at Annex D.
- e) The Department will use its best endeavours to pay valid claims within 15 working days of receipt. Where interim claims are allowed, it will make an interim payment of 80 per cent of the eligible costs incurred to date.

## Eligible expenditure

12. In order to meet the basic statutory requirement, expenditure must have been incurred:

- by a local authority in England on, or in connection with<sup>1</sup>, the taking of immediate action to safeguard life or property or to prevent suffering or severe inconvenience, in its area or among its inhabitants;
- as a result of the incident(s) specified in the scheme which involved the destruction of or danger to life or property.

13. Examples of expenditure likely to qualify are at Annex A.

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<sup>1</sup> Expenditure must satisfy the minimum requirements of Section 155 of the Local Government and Housing Act 1989 and Section 138 of the Local Government Act 1972. Where the connection between any expenditure and the immediate action taken in response to the specified incident is not obvious, the authority should provide sufficient information to enable the Department to take a decision as to the eligibility or otherwise of the expenditure concerned.

## Ineligible expenditure

14. The overriding rule is that expenditure which is not clearly incurred on or in connection with immediate action to safeguard life or property or to prevent suffering or severe inconvenience as a result of a disaster or emergency will not be eligible for grant. Expenditure that is not additional to what the authority would normally expect to incur will not be eligible, nor will expenditure in an area for which there is already a government expenditure programme, such as maintenance of law and order or housing safety and maintenance.
15. Insurable expenditure is ruled out, as described at Annex B. The decision about whether to take out insurance cover remains one for local authorities – having regard to value for money considerations. Where external insurance is not taken, authorities need to make adequate provision as part of their overall financial management. Since the enactment of the 2003 Local Government Act, councils are under a statutory obligation to take account of advice from the Chief Finance Officer on the adequacy of reserves when setting their budgets each year.
16. Most capital expenditure will not be eligible for Bellwin grant. Given that authorities have wider capital budgets that they can reallocate and have other sources of capital support, it is only in exceptional circumstances that claims against capital expenditure will be allowed. Any claims would need to demonstrate why capital expenditure on immediate action to safeguard life and property or to avoid severe inconvenience would represent better value for money than current expenditure. Specifically, they must demonstrate:
  - given the existence of wider capital budgets, why additional (as opposed to simply re-profiled) capital expenditure was necessary to safeguard life and property; and
  - that this capital expenditure offered better value for money than the alternative of current expenditure. The Department should be consulted before including any capital expenditure in a claim.

## Annex A

### Examples of incidents that would be expected to qualify

Subject to meeting the minimum statutory requirement set out in paragraph [12], the following are examples of expenditure likely to qualify for grant:

- a) in relation to non-administration purposes, the costs of setting up temporary premises including costs of removal, increased costs due to rent, rates, taxes, lighting, heating, cleaning and insurance
- b) hire of additional vehicles, plant and machinery that are not those already in use by the authority, and incidental expenses
- c) removal of all trees and timber which are or may be dangerous to the public, including trees in public parks, local authority trees on highways, and trees owned by private householders which have fallen on or threaten public highways or rights of way
- d) the costs of initial repairs to highways, pavements and footpaths, where a tree, item of street furniture or debris from a damaged building has fallen, and the surface of the road must be replaced at the time or temporarily patched (however, subsequent permanent repair would not qualify)
- e) the costs of initial land drainage works to clear debris and unblock watercourses which are or may be the cause of danger to the public (however, long-term repair or replacement of previously dangerous or damaged structures would not qualify)
- f) the costs of other work to clear debris causing obstruction or damage to highways, pavements and footpaths
- g) additional temporary employees or contractors, to work on the emergency or replace permanent employees diverted from normal work
- h) special overtime for employees, either during the emergency for overtime worked on the emergency itself, or afterwards to catch up on work from which they were diverted by the incident
- i) emergency works required to safeguard dangerous structures, including making them secure (where not insurable)
- j) costs of evacuating people from dangerous structures, and temporary rehousing
- k) costs of temporary mortuaries
- l) costs of providing emergency supplies of food and other emergency provisions, and key services to affected communities during the period of the emergency
- m) costs of maintaining key communications, in particular clearing roads or providing emergency information to affected communities
- n) costs incurred under the Military Assistance to the Civil Community Scheme - such as the use of helicopters

- o) where repair is insufficient, the removal and replacement of street lighting, street signs, bus shelters and other street furniture, fences, railings, and uninsurable outbuildings damaged by the incident, where in its damaged state it presents a danger to public safety or security
- p) legal, clerical and other charges incurred on the above work
- q) In general, the immediate nature of emergency expenditure means that capital expenditure is unlikely to qualify for grant, but there may be limited circumstances in which a contribution could be made to the cost of a capital item. The authority must demonstrate that this secures better value for money than current expenditure and is connected to immediate action to safeguard life or property or to prevent severe inconvenience. Specifically it must demonstrate:
  - i) given the existence of wider capital budgets, why additional (as opposed to simply reprofiled) capital expenditure was necessary to safeguard life and property; and
  - ii) that this capital expenditure offered better value for money than the alternative of current expenditure. The Department should be consulted before including any capital expenditure in a claim.
- r) Expenditure in respect of works undertaken by internal trading organisations (or internal trading services (formerly Direct Services Organisations) in response to an emergency will be eligible for grant in the same way as other expenditure of the local authority - i.e. if it is additional to what the authority would have paid in the absence of an emergency and is otherwise eligible, it will qualify for grant.

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## Annex B

### Examples of incidents that would not be expected to qualify

The following are examples of expenditure that would normally not qualify under this scheme:

- a) costs which are normally insurable, whether by the authority or any other party (e.g. under household insurance policies)

The Department currently takes the Zurich Municipal SELECT policy that can now be obtained for costs exceeding £100,000, as its definition of what is normally insurable by the authority for the purpose of schemes set up under section 155. Authorities should in particular note that:

- the shoring-up or dismantling of damaged buildings is an insurable cost
- authorities whose policies may bear less risk than the Zurich Municipal SELECT Policy would still be bound by its definition of normally insurable risks as regards qualifying expenditure under a Bellwin scheme: authorities whose policies include cover for greater risks than the basic SELECT Policy should exclude from their qualifying expenditure all costs for which they are covered and will be compensated
- damage caused by terrorism remains an insurable cost.

- b) Environment Agency levy costs and those costs reportable for RSG purposes relating to flood defences
- c) loss of income (e.g., from facilities closed as a result of the emergency), as this falls outside the scope of section 155 of the Local Government and Housing Act 1989
- d) the normal wages and salaries of the authority's regular employees, whether diverted from their normal work or otherwise, and the standing costs of the authority's plant and equipment
- e) longer term works of repair and restoration, such as tree planting and repair or refurbishment of damaged but not dangerous structures
- f) any element of betterment, e.g. repairs to buildings to a significantly higher standard than their condition on the day before the incident
- g) expenditure eligible for any other specific grants, e.g. police grant
- h) any amounts in respect of specific works on flood defence or coast protection which had already been allocated within budgeted expenditure to these works before the incident occurred (however, subsequent amounts for emergency work resulting from the incident above the level of any amounts thus allocated would usually be eligible for assistance)
- i) any expenditure on flood defence or coast protection that will be compensated by the Department for the Environment, Food and Rural Affairs by means of grant or credit approvals

- j) any capital expenditure which is of a long term or preventive nature and not therefore connected with the immediate action to safeguard life or property following an emergency or disaster (refer to item q at Annex A for further guidance on this).

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## Annex C Bellwin thresholds 2011/12

Thresholds based on each individual local authority's budget will be available on the Department's website from early April at:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/thres1112.xls>

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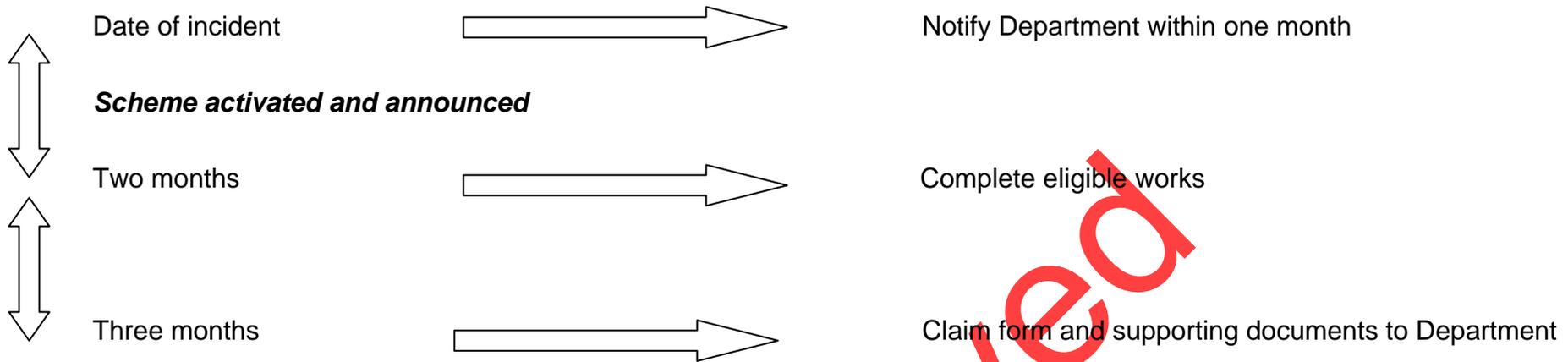
## Annex D

### Guidance for completion of claim forms

When agreeing to set up a scheme under Section 155 of the Local Government and Housing Act 1989, DCLG will provide a form on which application for grant must be made. The following conditions will apply:

- all claims must be made on paper on a claim form provided by the Department (Annex E)
- all submitted claims must enclose full details of the expenditure incurred
- correction fluid must not be used anywhere on the claim form
- the Chief Financial Officer of the authority must certify by signing the claim that it complies in all respects with the terms of the scheme in question
- the figures included in a final claim should be actual expenditure and should be precise
- the local authority must keep records in support of any claim in such a fashion that they are readily accessible for audit
- authorities intending to use agents to undertake work should note that the claiming authority's procedures should be capable of demonstrating that any claim is based on qualifying expenditure, and that proper arrangements have been employed both for specifying the work and for ensuring it has been satisfactorily completed
- where required, local authorities must submit claims to the Department by a deadline which the Department will specify once the scheme is activated and officially announced. In the event that a final claim is not submitted to the Department by this date, the Department will deem the claim to have lapsed
- the Department will consider extensions to the deadline only in exceptional circumstances which the authority will need to be able to demonstrate were beyond its control
- In some circumstances the Department will - where requested - make an interim payment to an authority of 80 per cent of its incurred grant entitlement. It will pay the balance due on receipt of the final claim. Where such a payment on account exceeds an authority's final entitlement, then the difference will be repayable to the Department immediately

## Typical timetable of events



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# Annex E

Bellwin (2011-12)

## Bellwin Scheme

**Local authority name:**

(Insert)

**Date of incident:**

*This claim should be submitted to Communities and Local Government , SRP Division, zone 5/E1, Eland House, Bressenden Place, London, SW1E 5DU) **within 3 months of the date of the incident.***

**Please read the guidance notes before completing this form.**

**Eligible expenditure under the scheme (NB this grant is not subject to a separate grant audit. Supporting documentation for all expenditure must be enclosed with this claim form).**

A.	Costs which are eligible under <u>the current scheme</u> (including expenditure below the threshold )	£
B.	Costs which are eligible under another Bellwin scheme in 2011-12 (including expenditure below threshold <b>which did NOT result in a claim</b> )	£
C.	Total eligible costs (A+B)	£
D.	Less threshold for 2011-12	£
E.	Less Receipts	£
F.	Net grant in respect of other Bellwin Schemes in 2011-12	£
G.	Total net claim for this Scheme (C minus the sum of D,E and F)	£
H.	Net Grant (85% of G)	£

**Request for payment in advance of the final claim:**

If an interim payment is required, please tick this box:

Amount of interim payment requested:

£

**Interim payments will only be made against expenditure actually incurred. The Department will not normally be prepared to advance more than 80 per cent of this amount.**

In the event that a claim satisfactorily certified by the Chief Finance Officer is not received by DCLG within three months of the date of the incident, any advance payment will be immediately repayable to the Department.

**Chief financial officer's certificate**

I certify that the information in this claim represents my authority's expenditure necessarily incurred by..... (LA NAME) by..... (DATE, *within two months of the incident date*), on or in connection with, the taking of immediate action in dealing with the flooding in my authority's area between.....(DATE) and..... (DATE) and that the claim complies in all respects with the terms of the scheme. An itemised list of expenditure with appropriate supporting documentation is enclosed.

Signed  
  
(Chief Financial Officer)

Date

**Local authority contact points**

Please add the name of the main contact point for inquiries:

Name (Please Print) .....

E Mail Address.....

Telephone Number: .....

**DCLG contact points:**

Colin Davis  
Zone 5/E1  
Eland House  
Bressenden Place  
London  
SW1P 5DU  
Tel 0303 444 3603  
e-mail: [colin.davis@communities.gsi.gov.uk](mailto:colin.davis@communities.gsi.gov.uk)

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