

Update on the severe winter weather 2013/14

Summary recommendations:

Cabinet recommends that:

- 3.1. developer contributions of £1.8m revenue and £1.2m of capital are used to fund the costs of response and recovery from the severe weather and flooding; and
- 3.2. £10m of the current capital budget is used to fund the capital costs incurred in 2014/15.
- 3.3. Highways realigns the revenue budget to respond to service pressures including flood repairs

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Summary

1. The county of Surrey's population was the most affected of any part of the country by the severe weather and flooding in the winter of 2013/14. The county also incurred significant impairment to its infrastructure.
2. Council officers across services responded immediately to help residents, working with partners in boroughs and districts, police and the armed forces. The council has led on the recovery phase of the operation, taking on its responsibility as the Lead Local Flood Authority. The response and recovery from the severe weather will be the subject of a report by a member task group.
3. The aim of this section of the budget monitoring report is to:
 - set out the costs incurred by the county council,
 - how it intends fully to fund these and
 - explain the scope of government funding schemes.

Expenditure incurred and funding

4. The council has incurred or forecasts to incur £27.1m on the response to and recovery from the severe weather and flooding over the winter of 2013/14. The total funding received or bid from central government departments amounts to £11.7m, leaving a gap of £15.4m to find.
5. Table 1 below summarises the costs and potential sources of funding associated with the severe weather.

Table 1 – Costs and potential funding of severe weather

	Bellwin eligible expenditure £000	Other revenue expenditure £000	Capital expenditure £000	Total £000
Highways and Structures	2,460	6,000	17,000	25,460
Fire & Rescue service	942			942
Emergency Planning	343	22		365
Property Services	180	14		194
Children's, Schools & Families	25			25
Adults Social Care	137			137
Total costs	4,087	6,036	17,000	27,123
Sources of funding				
Bellwin Scheme	-2,473			-2,473
Severe weather recovery scheme		-3,400		-3,400
Additional highways funding - DfT			-1,900	-1,900
DfT pothole fund			-3,900	-3,900
Total external funding	-2,473	-3,400	-5,800	-11,673
Funding gap	1,614	2,636	11,200	15,450

6. Capital expenditure amounts to an estimated £17m and relates to capital repairs and improvements to roads, bridges and drainage. The Department for Transport (DfT) provided £104m nationally in March, of which it allocated £1.9m to the council. This is in line with the proportion the council would usually receive from a national allocation. Since then, DfT has announced a £170m national pothole fund for which highways authorities can bid. The application for the bid covered: assets (length of road etc), the authority's approach to repairs, innovation, efficiency and asset management, rather than for an amount of funding. DfT has awarded the council £3.9m, which is greater than a normal allocation. However, this still leaves a funding gap of £11.2m.
7. Officers have identified £1.2m of developer contributions that can legitimately be used to fund these highways works. The remaining £10m will need to be found from the council's own resources, either by: increasing the capital programme and fund it by borrowing, or reducing other capital schemes.
8. Elsewhere in this report, the Schools Basic Need programme is to be re-profiled, with an overall reduction in cost. This will allow the additional £10m for funding highways to be met within the existing capital programme.
9. The total revenue cost to the council of response and recovery is £10.1m, of which £4.1m has been claimed under the Bellwin Scheme. This scheme is to assist local authorities meet the costs of emergencies and disasters above a threshold level. For Surrey County Council this threshold was reduced to £1.6m in March, from its previous level of £2.8m
10. The Bellwin Scheme does not permit the reclaim of road repairs or capital expenditure – even if it is for emergencies. The Environment & Infrastructure directorate incurred costs up to 31 March 2014 of £2.5m that is claimable under the scheme. These costs include the emergency repairs to bridges and embankments; the costs associated with filling, deployment and disposing of sandbags, drainage;

and the emergency maintenance of trees and verges. Table 1 shows the council incurred other costs, bringing the total claimable under the scheme to £4.1m .

11. The council made its claim under the Bellwin Scheme in May 2014, in accordance with the guidance. To date, it has not received any funds.
12. Other revenue costs incurred or being incurred that were not admissible under the Bellwin Scheme total £6m, nearly all for highways. These include the costs of surface patching, investigations and gully and ditch clearance. The council received £3.4m revenue funding under the DfT's Severe Weather Recovery Scheme at the end of 2013/14. The council can apply this funding to the revenue costs of the severe weather that are not eligible under the Bellwin Scheme. However, a funding gap of £2.6m remains.
13. Officers have identified £1.8m of developer contributions the council can legitimately use to fund these revenue highways works and a further £0.8m within the current highways revenue budget.

Government assistance to residents and businesses

14. In the immediate aftermath of the flooding that affected many parts of south and south west England, the Prime Minister stated that "Money is no object in this relief effort. Whatever money is needed for, it will be spent" to end the misery caused by flooding. Over the following weeks government departments announced a series of measures and funding streams to assist households and business affected by flooding.
15. **Council tax relief** is a £4m nationwide scheme, announced by the Prime Minister to support councils in providing council tax discounts for homes with internal flooding. Initially this was for a three month period, but was subsequently extended by the Department for Communities and Local Government (DCLG). Each billing authority (the boroughs and districts in Surrey) has developed its own scheme to offer a discount on council tax, although most of the elements of these are the same. The cost of the discount will be borne by the billing authority's collection fund, which will also receive the government grant. There have been 1,383 applications for council tax relief across the county and it is not expected that this level will lead to a loss of income for the county council.
16. **Business rate relief** is a 100 per cent business rate relief for 3-months for flood affected businesses. The scheme is implemented and administered by the billing authority. The business property must have a rateable value of less than £10m, been flooded as a result of adverse weather conditions and this must have adversely affected business. The government will fully refund the billing authority for loss of business rates, so there should be no impact on the county council. There have been 162 applications for the relief across the county.
17. **Business Support Scheme** is a £10 million nationwide scheme to provide hardship funding for Small and Medium Enterprises (SME) businesses affected by flooding since 1 December 2013. Again, this scheme is administered by billing authorities, who determine the eligible expenditure. This could 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 or security measures. The average claim is around £2,500 and there have been 235 applications across the county.

18. **Repair and Renew grants** is a scheme providing up to £5,000 per flood affected home or business that have been flooded since 1 December 2013 to fund additional flood resilience or resistance measures for homes and businesses. This is funded by the Department for Environment, Farming and Rural Affairs. In Surrey the county council administers the scheme on behalf of most of the districts and boroughs to gain economies of scale. Woking BC is administering its own scheme. The council has applied for funds from DCLG to cover administration costs.
19. Table 2 below summarises the number of applications for each of the schemes by billing authority.

Table 2 – Numbers of funding applications by billing authority

	Council tax relief	Business rates	Business support scheme	Repair & renew
Elmbridge	20	7	17	3
Epsom & Ewell	0	0	0	0
Guildford	76	26	23	5
Mole Valley	195	20	10	9
Reigate & Banstead	11	2	0	6
Runnymede	684	40	88	10
Spelthorne	238	47	79	16
Surrey Heath	0	0	0	0
Tandridge	56	6	13	11
Waverley	63	12	3	3
Woking	40	2	2	38
Total	1,383	162	235	101

Revenue implications

20. Highway maintenance revenue budgets have been reviewed & reprioritised in order to respond to service pressures including flood repairs. Savings have been identified, primarily from street lighting and signs & lines, in order to respond to pressures against the road repair and drainage budgets.
21. The Highways service requests to realign its policy revenue budgets as follows:

Policy line	Current budget £'000s	Proposed budget £'000s	Movement £'000s
Bridges and structures	1,068	961	-107
Drainage	2,942	3,077	135
Environmental maintenance	2,868	2,868	0
Local schemes	3,248	3,148	-100
Parking	184	125	-59
Roads	4,507	5,599	1,092
Signs and lines	1,237	975	-262
Staffing and other costs	7,091	6,991	-100
Street lights and furniture	16,119	15,597	-522
Traffic signals	769	769	0
Winter maintenance and safety barriers	2,899	2,823	-76
Strategy	2,409	2,409	0
Total Highways budget	45,342	45,342	0