

THE BELLWIN SCHEME OF EMERGENCY FINANCIAL ASSISTANCE TO LOCAL AUTHORITIES

GUIDANCE NOTES FOR CLAIMS

1 Background and general information

1.1 These guidance notes set out the terms under which the Scottish Executive (the Executive) would be prepared to make emergency financial assistance available to local authorities in Scotland, established under Section 155 (2) of the Local Government and Housing Act 1989.

1.2 These Guidance Notes are published on the Executive's website at www.scotland.gov.uk/Topics/Government/local-government/17999/Bellwin

1.3 The Bellwin Scheme (the Scheme) is a discretionary scheme, which exists to give special financial assistance to local authorities which would otherwise be faced with an undue financial burden as a result of providing relief and carrying out immediate work due to large-scale emergencies. There is no automatic entitlement to financial assistance. The key criterion of the Scheme is to safeguard life and property, and prevent suffering or severe inconvenience in a local authority's area or among its inhabitants.

1.4 When it becomes obvious that there is an emergency incident, which is creating immediate demands on local government, Scottish Ministers (Ministers) will decide whether or not to activate the Scheme, after carefully considering the circumstances. The Scheme is activated for the specific emergency incident, which may apply to more than one local authority.

1.5 It is unlikely that the Scheme will be activated in response to an event for which the Executive makes specific provision. In such cases, local authorities are expected to deal with some rise and fall in expenditure demands within the money allocated to the spending programme concerned. For example, core and specific funding is provided to councils for Flood Prevention but it is up to each council how they use the core element of this funding based on local needs and priorities.

1.6 The Scheme has, in the past, been activated most frequently for the effects of severe weather, such as flooding or storm damage, although it may be invoked for other types of emergency incident.

1.7 Once the Scheme has been activated each affected local authority will be invited to submit a claim.

2 Eligible expenditure and scope of the Scheme

2.1 The Scheme may be activated to meet the additional expense an individual local authority incurs in providing immediate relief, in safeguarding life and property in affected communities and in keeping key communications open in the immediate aftermath of an emergency incident.

2.2 The purpose of the Scheme is not to put right all the ill effects resulting from an emergency incident but to provide a degree of financial protection to both local authorities and their local council taxpayers as a result of having to deal with an emergency situation or situations over and above what could reasonably have been budgeted for (0.2% of their total net revenue budget).

2.3 The Scheme addresses revenue and uninsurable expenditure incurred within a two month period from the date of the incident (or such later date as agreed between the Executive and the local authority). **Annex A** provides information relating to expenditure that is likely to be deemed eligible or ineligible under the Scheme.

2.4 An element for insurance excesses is considered eligible within the Scheme. Details of these excesses are provided at **Annex B**.

2.5 Grant is paid at a rate of 100% of eligible expenditure above each local authority's annual threshold.

2.6 Before being eligible for grant, an individual local authority is required to have incurred expenditure resulting from emergency incidents, which exceeds the local authority's threshold level within a financial year. This expenditure being on works that are deemed eligible for grant under the Scheme.

2.7 Information relating to the calculation of the threshold levels and the threshold levels applicable to the current year can be found at **Annex C**.

3 Notification of an incident and the activation of the Scheme

3.1 The local authority should inform the Executive of an emergency incident, which it considers meets the criteria of the Scheme, within one week of the commencement of the incident.

3.2 Ministers will decide, within three weeks of receipt from the local authority, of notification of the emergency incident (see paragraph 3.1), that the Scheme is to be activated. An announcement will be made that the Scheme has been activated and the affected local authority and Audit Scotland's Technical Services Unit will be notified that a claim may be submitted. Any other affected local authorities should inform the Executive of their intention to claim as soon as possible following notification.

3.3 Further information relating to the notification procedure and activation arrangements can be found at **Annex D**.

4 Making a claim and payment of claims

4.1 A claim form can be found at **Annex E**.

4.2 An interim claim, certified by the Director of Finance (or equivalent), should be received by the Executive within four months from the date of the incident (or such later date as agreed between the local authority and the Executive).

4.3 Grant is paid at a rate of 100% of eligible expenditure above each local authority's annual threshold.

4.4 Once the threshold level has been breached, an interim payment of 90% of the net eligible claim will be paid by the Executive, following receipt of the claim, certified by the Director of Finance (or equivalent). The balance being payable following receipt of the final externally audited claim.

4.5 All claims, which on a cumulative basis, breach the local authority's threshold level should be copied to the local authority's external auditor for audit certification purposes. The final audited claim should be received by the Executive within eight months from the date of the incident (or such later date as agreed between the authority and the Executive) to allow the Executive to make the balancing payment of grant (or to recover any overpayment).

4.6 The Executive will aim to make payments of valid grant claims; interim and final, within fifteen working days of receipt.

4.7 Further information relating to the claims procedure, certification by the Director of Finance at interim claim stage, certification by the local authority's external auditor at final claim stage and the documentation required in support of claims can be found at **Annex F**.

5 Flowchart

5.1 A flowchart showing the process and the timescales involved in making a claim under the Bellwin Scheme can be found at **Annex G**.

1 Expenditure deemed to be eligible under the Scheme

1.1 Expenditure must have been incurred by the local authority on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in its area or among its inhabitants.

1.2 Expenditure must have been incurred as a result of the incident specified by the activation of the Scheme which involved the destruction of, or danger to, life or property.

1.3 The Scheme addresses revenue and uninsurable expenditure incurred within a two month period from the date of the incident (or such later date as agreed between the Executive and the local authority).

1.4 Examples of expenditure that would be expected to qualify for grant under the Scheme:

1.4.1 in relation to non-administration expenditure, the costs of setting up temporary premises including the costs of removal, increased costs due to rent, rates, taxes, lighting, heating, cleaning and insurance;

1.4.2 hire of additional vehicles, plant and machinery that are not those already in use by the local authority, and incidental expenses;

1.4.3 removal of all trees and timber which may be dangerous to the public, this to include 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;

1.4.4 the costs of initial repairs to highways, pavements and footpaths, where the surface of the road must be replaced at the time or temporarily patched (subsequent permanent repair does not qualify);

1.4.5 the costs of initial land drainage works to clear debris and unblock watercourses, which may be the cause of danger to the public (long-term repair or replacement of previously dangerous or damaged structures does not qualify);

1.4.6 the costs of other work to clear debris causing obstruction or damage to highways, pavements and footpaths;

1.4.7 additional temporary employees or contractors to work on the emergency or replace permanent employees diverted from normal work;

1.4.8 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;

1.4.9 emergency works required to safeguard dangerous structures, including making them secure;

1.4.10 costs of evacuating people from dangerous structures and temporary rehousing;

1.4.11 costs of temporary mortuaries;

1.4.12 costs of providing emergency supplies of food and other emergency provisions and key services to affected communities during the period of the emergency;

1.4.13 costs of maintaining key communications, in particular clearing roads or providing emergency information to affected communities;

1.4.14 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;

1.4.15 legal, clerical and other charges incurred on the above work;

1.4.16 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 local authority would have paid in the absence of an emergency and is otherwise eligible it will qualify for grant under the Scheme.

2 Expenditure deemed to be ineligible under the Scheme

2.1 The general 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 an emergency incident, will not be eligible for grant funding under the Scheme.

2.2 Capital expenditure will not be eligible for grant under the Scheme.

2.3 Examples of expenditure that would not qualify for grant under the Scheme:

2.3.1 costs which are normally insurable, whether by the local authority or any other party. The Executive currently takes the Zurich Municipal SELECT policy, as its definition of what is normally insurable. Authorities should in particular note that:

- the shoring-up or dismantling of damaged buildings is an insurable cost;
- local authorities whose policies 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 the Scheme. Local 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 under the policy;
- damage caused by terrorism remains an insurable cost;

2.3.2 loss of income (e.g. from facilities closed as a result of the emergency incident);

2.3.3 the normal wages and salaries of the local authority's regular employees, whether diverted from their normal work or otherwise, and the standing costs of the local authority's plant and equipment;

2.3.4 longer term works of repair and restoration, such as tree planting and repair or refurbishment of damaged but not dangerous structures;

2.3.5 any element of betterment, e.g. repairs to roads or buildings to a significantly higher standard than their condition on the day before the emergency incident;

2.3.6 expenditure eligible for any other specific grant;

2.3.7 any amounts in respect of specific works on flood defence or coast protection that will be compensated by the Scottish Executive's Environment and Rural Affairs Department by means of specific grant;

2.3.8 any capital expenditure which is of a long term or preventative nature and not therefore connected with the immediate action to safeguard life or property following an emergency incident.

Insurance Excesses

1 Since January 1997, the Bellwin Scheme in Scotland has been expanded to include an **element** for insurance excesses.

2 Under the Scheme, a local authority may include within their eligible costs sums in respect of insurance excesses. These will apply at the following levels:

From 1 October 2006:

- **£250 maximum per property for housing** (owned by the local authority), and/or its contents;
- **£500 maximum per property for general/educational buildings**, and/or its contents;
- **£1,250 maximum per property for industrial buildings**, and/or its contents.

3 Where the local authority has external insurance with a lower actual excess for any relevant property, the claim should cover only the lower figure.

Methodology in the calculation of the threshold levels

- 1 Expenditure threshold levels have been applied to the Scheme from its inception on the assumption that local authorities will budget to cover a proportion of the costs of emergency incidents from within internal resources.
- 2 Threshold levels apply to the whole financial year, not to each incident within the financial year.
- 3 The threshold levels will represent 0.2% of a local authority's budgeted net revenue expenditure and, for 2006-07, are as follows:

Local Authority	Threshold level (£)
Aberdeen City	799,410
Aberdeenshire	896,944
Angus	432,930
Argyll and Bute	443,592
Clackmannanshire	190,148
Dumfries and Galloway	635,188
Dundee City	622,638
East Ayrshire	478,206
East Dunbartonshire	410,320
East Lothian	364,294
East Renfrewshire	367,738
Edinburgh, City of	1,690,082
Eilean Siar	214,580
Falkirk	566,708
Fife	1,353,692
Glasgow City	2,840,528
Highland	970,724
Inverclyde	361,362
Midlothian	324,528
Moray	345,538
North Ayrshire	556,068
North Lanarkshire	1,262,110
Orkney	130,994
Perth and Kinross	543,118
Renfrewshire	692,688
Scottish Borders	462,324
Shetland	189,672
South Ayrshire	447,198
South Lanarkshire	1,168,346
Stirling	363,230
West Dunbartonshire	423,826
West Lothian	617,988

Notification of an incident and activation of the Scheme

1 The local authority should inform the Executive of an emergency incident, which it considers might fall within the criteria of the Scheme, within one week of the commencement of the incident.

2 The incident should be reported to:

Irene Little or Stuart Downes
The Scottish Executive
Local Government Finance Division
3-J North
Victoria Quay
Edinburgh
EH6 6QQ

Irene.Little@Scotland.gsi.gov.uk

Tel: 0131 244 7004

Stuart.Downes@Scotland.gsi.gov.uk

Tel: 0131 244 7007

3 It is recommended that the local authority informs the Executive of an emergency incident, which it considers might fall within the criteria of the Scheme, even if the eligible expenditure is unlikely to exceed the threshold level. This being due to the fact that an emergency incident occurring at a later date, during the same financial year, might allow the cumulative expenditure to breach the threshold level and the local authority would therefore be eligible for grant under the Scheme. If the earlier incident had not been reported this would not count towards the threshold level.

4 Ministers will decide that the Scheme should be activated and make such an announcement within three weeks of receipt from the local authority of notification of the emergency incident. The activation of the Scheme applies to the incident and therefore may apply to more than one local authority.

5 An announcement will be made that the Scheme has been activated. All local authorities will be advised that the Scheme has been activated for a particular emergency incident.

6 The local authority that requested activation of the Scheme will be invited to make a claim under the Scheme. Other affected local authorities should inform the Executive of their intention to claim as soon as possible following notification.

BELLWIN SCHEME

CLAIM FOR SPECIAL FINANCIAL ASSISTANCE

1 GENERAL DETAILS

1.1 Name of local authority:

1.2 Name and telephone number of contact within the local authority, in case of query:

1.3 Date of incident:

1.4 Brief details of incident (location and brief description of emergency):

1.5 Total amount of claim:

1.6 Date of claim:

Please provide details on separate claim form if the claim you are now making under the Bellwin Scheme includes cost incurred from a previous incident which has now caused your councils threshold to be breached within this financial year. A separate claim form should be completed for any previous claims and will be audited separately.

NOTES

2.1 This claim form is for use in making interim and final claims in the event of an activation of the Bellwin Scheme. Further information for the completion of the claim form will be provided at the time, the local authority may like to liaise with the Executive at this time. Local authorities may find it useful to bear in mind the following general points which will apply to claim:

- claims will be required to be signed by the Director of Finance (or equivalent) to the effect that it complies in all respects with the terms of the Bellwin Scheme;
- claims submitted to the Executive should be supported by high level summary documentation confirming that the claim meets the overall criteria of the Scheme. This to include a brief description of the type, date and amount of expenditure, e.g. Type: Removal of debris following flooding, Date: 12 May 2006 (i.e. confirming that expenditure has been incurred within the two month deadline) and Amount: £5,000.
- records in support of any claim should be kept in such a fashion that they are readily accessible for audit certification purposes. Local authorities should liaise with their external auditors at an early stage to ascertain the audit requirements in respect of supporting documentation/evidence; and,
- local authorities intending to use agents to undertake work should note that the claiming local authority's procedures should be capable of demonstrating that any claim is based on qualifying expenditure and that proper arrangements have been employed for specifying the work and for ensuring it has been satisfactorily completed.

ELIGIBLE EXPENDITURE

3.1 Expenditure will be deemed as eligible under the criteria of the Bellwin Scheme, which:

- has been incurred by the local authority in providing relief or carrying out immediate works to safeguard life or property or prevent suffering or severe inconvenience;
- is of a revenue nature;
- is uninsurable; and,
- has been incurred within two months from the date of incident (or such later date as agreed between the local authority and the Executive, where this is justified by the nature and scale of the emergency incident).

3.2 Was the expenditure included within this Bellwin Scheme claim:
(tick appropriate column “Yes” or “No”)

		Yes	No
(a)	incurred as a result of providing relief or carrying out immediate works to safeguard life or property or prevent suffering or severe inconvenience?		
(b)	of a revenue nature (i.e. not of a capital nature or to be capitalised)?		
(c)	net of any receivable income from other sources (e.g. police grant)?		
(d)	of an uninsurable nature (other than any claim for the element of insurance excesses)?		
(e)	incurred within a two month period from the date of the incident (or such later date as agreed between the local authority and the Executive)?		

		Yes	No
3.3	Has the incident caused an undue financial burden on the authority?		

You must be able to tick “Yes” to all questions, in order to make a claim of grant under the Bellwin Scheme.

3.4 If you have ticked “No” in any of the boxes in 2.2 and 2.3, please provide an explanation.

3.5 A local authority may include, within its eligible costs, sums in respect of an element of the insurance excess. Where the local authority has external insurance with a lower actual excess for any relevant property, the claim should cover only the lower figure. The element for insurance excesses will apply at the following levels:

- From 1 October 2006
£250 maximum per property for housing (owned by the authority), and/or its contents;
£500 maximum per property for general/educational buildings, and /or its contents;
£1,250 maximum per property for industrial buildings, and/or its contents.

4 FINANCIAL DETAILS

4.1 Please provide the eligible expenditure incurred by entering the Gross amount, Receipts and Net total. The receipts should show any off-setting revenue (e.g. police grant, sale of timber, etc.).

4.2 Claims submitted to the Executive should be supported by high level summary documentation confirming that the claim meets the overall criteria of the Scheme. This to include a brief description of the type, date and amount of expenditure, e.g. Type: Removal of debris following flooding, Date: 12 May 2006 (i.e. confirming that expenditure has been incurred within the two month deadline) and Amount: £5,000. This information will allow the Executive to check that the expenditure meets the overall criteria of the Scheme, prior to making an interim payment of grant of 90% of the local authority's net eligible claim.

4.3 For final audit certification purposes the local authority should be able to support this information with accompanying reports, listing the damage sustained and works undertaken in response.

	a) Gross £	b) Receipts £	Net (a – b) £
Total eligible Expenditure			

5 ELEMENT OF INSURANCE EXCESS

5.1 Provided the local authority has not recovered the cost of carrying out these repairs from a third party or any other source please calculate, if appropriate, the uninsured losses for properties which suffered damage during the incident.

	<u>No. of Properties</u>	<u>Value £</u>
Per property		
Housing		
General/educational buildings		
Industrial buildings		

6 TOTAL CLAIM

Total eligible expenditure (Part 4 above)	£
Total insurance excesses (Part 5 above)	£
Total claim	£

7 CERTIFICATION BY THE DIRECTOR OF FINANCE FOR THE GRANT CLAIM MADE UNDER THE BELLWIN SCHEME

I hereby certify that the net revenue expenditure totalling £ _____ and detailed on this form is additional expenditure necessarily incurred by _____ Council, alone or jointly with others, excluding other councils, in taking action to alleviate or eradicate the immediate after effects of the emergency incident of _____ which took place in this council area on _____. Excluded from the claim is expenditure which has been, or will be, the subject of any other claim by the local authority for grant or expenditure recoverable from insurance or any other source. The claim has been calculated according to the full terms and conditions of grant as detailed in the Guidance Notes for Claims.

Signed (Director of Finance):

Local Authority:

Date:

Account to which payment should be made:

Bank name and address:

Bank Sort Code:

Account Reference:

External auditor's report

In accordance with Audit Scotland's Grant Note GN/BEL/07, I/we* have examined the entries in this statement and the related accounts and records of the authority and have carried out such tests and have obtained such explanations as I/we* consider necessary.

*(Subject to the reservations in the attached report dated _____).

I/We* are of the opinion that the entries are fairly stated and that the expenditure has been properly incurred in accordance with the conditions under which the claim is made.

* Delete as appropriate

Auditors: _____

Date: _____

Claims procedure, certification and payment of the interim and final claim and the requirements for supporting documentation.

1 The local authority should submit its claim for grant on a valid claim form, see **Annex E**.

2 The claim form should be signed by the local authority's Director of Finance (or equivalent), certifying that the claim meets the criteria of the Scheme. The interim claim will require only the certification by the local authority's Director of Finance (or equivalent). The final claim will require final audit certification by the local authority's external auditor.

3 The claim form should be received by the Executive within four months from the date of the incident (or such later date as agreed between the local authority and the Executive). This will allow the Executive to make an interim payment of grant of 90% of the local authority's net eligible claim.

4 Claims submitted to the Executive should be supported by high level summary documentation confirming that the claim meets the overall criteria of the Scheme. This to include a brief description of the type, date and amount of expenditure, e.g. Type: Removal of debris following flooding, Date: 12 May 2006 (i.e. confirming that expenditure has been incurred within the two month deadline) and Amount: £5,000. This information will allow the Executive to check that the expenditure meets the overall criteria of the Scheme, prior to making an interim payment of grant of 90% of the local authority's net eligible claim.

5 If the scheme is triggered, the local authority should keep a record all their eligible expenditure under the scheme even though this may not on its own exceed their threshold and result in an interim claim. Expenditure on an initial incident combined with expenditure in connection with a subsequent incident together, might breach your council's threshold and give rise to a composite interim claim and subsequently a final claim which should record all eligible expenditure on the two or more incidents. It should be noted that an audit trail is required for eligible expenditure on all incidents even though expenditure on an initial incident might not, on its own, trigger an interim claim. Therefore once the local authority's threshold level has been breached, past claims and the current claim should be submitted to both the Executive and the local authority's external auditor at the same time. All relevant claims will require final audit certification by the local authority's external auditor. The local authority should liaise with its external auditor, at an early stage, to ascertain requirements for final audit certification purposes; such as supporting documentation. Claims should be certified by the local authority's external auditor appointed by the Accounts Commission for Scotland.

6 The final audited claim should be received by the Executive within eight months from the date of the incident (or such later date as agreed between the local authority and the Executive), to allow the Executive to make the balancing payment of grant or recover any over payment.

7 The Executive will aim to pay valid claims; interim and final, within 15 working days of receipt.

FLOWCHART SHOWING THE PROCESS AND TIMESCALES IN MAKING A CLAIM UNDER THE BELLWIN SCHEME

