



Llywodraeth Cymru
Welsh Government

GUIDANCE

Emergency financial assistance scheme for local authorities in Wales (EFAs)

Guidance on when and how we can make emergency financial help available to public bodies.

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Contents

Background and general information

Qualifying expenditure

Non-qualifying expenditure

Grant rates and thresholds

Notification of an incident

Claims

Financial assistance for recovery from emergencies

Background and general information

1. These guidance notes set out the terms under which the Welsh Government would usually make available financial assistance to local authorities pursuant to a scheme established under section 155 of the Local Government and Housing Act 1989 (the Emergency Financial Assistance Scheme, formerly known as the “Bellwin” Scheme).
2. The Emergency Financial Assistance Scheme is a discretionary scheme, which may be activated to give special financial assistance to local authorities that would otherwise be faced with an undue financial burden of providing relief and carrying out immediate work due to large scale emergencies.
3. There is no automatic entitlement to financial assistance: local authorities have statutory functions to deal with emergencies and are required to plan accordingly. Any incident for which assistance is sought must involve

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conditions which are exceptional by local standards and damage to the local authority infrastructure or communities must be exceptional in relation to normal experience. The minister responsible will decide whether or not to activate a scheme after carefully considering the circumstances.

4. 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.
5. Emergency Financial Assistance will predominantly relate to the immediate aftermath of an incident, ie. the response phase.
6. Support for recovery from exceptional emergencies may be provided in addition to EFAS and further guidance can be found in paragraphs 20-25.
7. The scheme, set up under section 155 of the Local Government and Housing Act 1989, is available to all county and county borough councils, fire and rescue authorities and police and crime commissioners. However, it is most likely that emergencies will be dealt with by the unitary authority whose area is affected and the police or fire services will provide assistance to that authority. Under these circumstances it has been the practice for each fire and rescue authority or police authority/police and crime commissioner to recoup additional costs from the unitary authority it assisted, rather than apply for separate activation of a scheme. For the sake of financial and administrative efficiency, we would encourage continuation of this practice.

Qualifying expenditure

8. A scheme would normally provide that expenditure qualifying for grant is expenditure which is incurred:
 - as a result of one or more local authorities incurring expenditure on, or in connection with, the taking of immediate action (whether by carrying out works or otherwise) to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants
 - as a result of the incident(s) specified in the scheme
 - on works completed before a specified deadline (usually within a period of 2 months from the incident but the Welsh Government will be prepared to consider departures from this rule where this is justified by the nature and scale of the incident and falls within the Welsh

Government's statutory discretion); and which is:

- not in respect of costs which are insured or would be normally insurable
- net of any receipts (eg. from the sale of trees felled by a storm covered by the scheme)
- not of a capital nature or capitalised.

9. The Welsh Government recognises that insurance policies include some excesses and, as such, an authority may include sums in respect of insurance excesses as eligible expenditure. When a scheme is activated, grant will normally be paid for losses incurred by the authority at the following rates:

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

10. The following are examples of expenditure likely to qualify under a scheme, provided the criteria in paragraph 8 are met. This list is indicative only and consideration would be given to the individual circumstances of each incident which occurs.

- emergency works required to safeguard dangerous structures including making them secure (where not insurable)
- evacuating people from dangerous structures, and temporarily rehousing them
- supplying food, other stores, and key services to affected communities
- maintaining key communications, in particular clearing roads
- in relation to non-administrative purposes, setting up temporary premises, including costs of removal, increased costs due to rent, rates, taxes, lighting, heating, cleaning and insurance
- hire of additional vehicles, plant and machinery, and incidental expenses
- removal of 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
- initial repairs to highways, pavements and footpaths, where a tree or an

- 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 (subsequent permanent repair would not qualify)
- where repair is insufficient, the removal and replacement of street lighting, street signs, bus shelters and other street furniture, fences, railings and uninsured outbuildings damaged by the incident, where in its damaged state it presents a danger to public safety or security
 - initial land drainage works to clear debris and unblock water courses 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)
 - other work to clear debris causing obstruction or damage to highways, pavements and footpaths
 - additional temporary employees or contractors, to work on the emergency or replace permanent employees diverted from normal work
 - special overtime for employees, either during the emergency or afterwards to catch up on work from which they were diverted by the incident.
 - costs of temporary mortuaries.

Non-qualifying expenditure

11. The following are examples of expenditure which would usually not qualify under an Emergency Financial Assistance Scheme:
- any costs which are insured or would be normally insurable whether by the authority or any other party (eg. household or business insurance policies) The definition of what is normally insurable for the purpose of schemes set up under section 155 shall be derived by reference to the Zurich Municipal's SELECT Policy for costs exceeding £100,000. Authorities should in particular note that:
 - a. the shoring-up or dismantling of damaged buildings is an insurable cost
 - b. 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 an

Emergency Financial Assistance 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

- c. damage caused by terrorism remains an insurable cost.
- loss of income (eg. from facilities or businesses closed as a result of an emergency), as this falls outside the scope of section 155 of the Local Government and Housing Act 1989
- 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
- any expenditure which is of a capital nature or capitalised
- any element of betterment, eg. repairs to buildings to a significantly higher standard than their condition on the day before the incident
- any amounts in respect of specific works on coastal protection or flood defence which had already been allocated within the 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)
- or any expenditure on coast protection or flood defence which will be compensated by the Welsh Government by means of specific grant
- longer term works of repair and restoration, such as tree planting and repair or refurbishment of damaged but not dangerous structures
- payment to householders or others under section 138 of the Local Government Act 1972, in respect of non-insurable items such as garden fences and trees and shrubs, unless action has been taken immediately because they presented a danger to the community (such costs may be recoverable from those on whose behalf they were incurred).

Grant rates and thresholds

12. Authorities are expected to make reasonable provision in their budgets to deal with contingencies. Therefore if an Emergency Financial Assistance Scheme is activated, the authority/authorities affected will be expected to

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meet (or to have already met during an earlier notified emergency event) all eligible expenditure up to the level of its threshold. Thresholds are calculated at 0.2% of authority's annual budget requirement and apply to the whole financial year, not to each incident within the financial year.

13. It should be noted that costs which are the responsibility of one local authority cannot be claimed by another, just to take advantage of the lower threshold.
14. For qualifying expenditure above the threshold, grant would normally be paid at the rate of 85% of qualifying expenditure. For significant incidents where the eligible expenditure exceeds 10 times the threshold, 100% of the qualifying expenditure above this will be reimbursed.

Notification of an incident

Reporting an incident

15. The local authority must notify the Welsh Government in writing of the emergency incident within one month from the start of the event occurring. It is recommended this is done even if the expenditure is unlikely to exceed the threshold. This is because if another incident occurred within the same financial year taking the total spend for the year above the threshold, the earlier spend cannot be taken into account unless the incident was reported at the time. Within one month of notifying the Welsh Government of the event, the authority must provide full details of the expenditure incurred and information about the scale of the incident and remedial actions taken.

Activation of a scheme

16. If the information provided by the authority is considered sufficient, ministers will decide whether to invoke an Emergency Financial Assistance Scheme. However it may be necessary for us to request additional information about the incident and the costs arising before a decision is made. In cases where a scheme is opened, the Welsh Government will announce activation and issue guidance on how the scheme will operate.

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Completion of eligible works

17. The local authority must ensure that all works are complete within 2 months of the incident; however the Welsh Government may consider departures from this rule depending on the nature and scale of the incident.

Submission of claim

18. A claim form for use in making initial and final claims will be sent to the relevant authorities if a scheme is activated. Full details will be provided at the time for the completion and return of the form, including any deadlines for each stage of the claim. The application form will be required within 6 months of the date of the incident occurring, after which time if no application has been submitted the claim will be deemed lapsed.

Claims

19. Authorities may find it useful to bear in mind the following general points which will apply to claims:
 - claims must be signed by the Chief Finance Officer of the authority to the effect that it complied in all respects with the terms of the scheme in question
 - records in support of any claim should be kept in such a fashion that they will be 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 ensuring it has been satisfactorily completed
 - details of qualifying costs under other schemes in the same financial year will be provided where relevant when any scheme is issued
 - claim forms must be certified at the final stage by the appointed auditor
 - claims should be completed in duplicate, with a copy being supplied simultaneously to the Welsh Government and the auditor by a deadline

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which will be specified under any scheme; in the event that a claim is not submitted to the auditor by this date, the authority will be asked to submit an early estimate of the likely size of the final claim

- the figures included in the final claim form should be related to actual expenditure and should be precise.

Financial assistance for recovery from emergencies

20. The Welsh Government may consider providing financial assistance to local authorities, in addition to the Emergency Financial Assistance Scheme (EFAS), to help meet recovery costs incurred in the event of a large scale emergency.
21. Any such assistance would be discretionary and may be activated by the Welsh Government to help meet recovery costs related to an emergency which has a major impact on communities, schools, roads, housing, environment etc in urban and rural areas. There is no automatic entitlement to financial assistance in such instances; ministers will decide whether or not to provide funding for recovery after carefully considering the circumstances of a particular incident.
22. Any recovery funding made available will be limited to helping with costs which are over and above the costs normally incurred by local authorities and outside those met by alternative funding schemes such as EFAS.
23. Whilst a major emergency event may well lead to consideration of both EFAS and financial assistance for recovery, the 2 schemes would operate separately and activation of an EFAS scheme would not automatically result in assistance for recovery.
24. Any recovery funding could provide financial assistance for both capital and/or revenue expenditure.
25. Payments could be made via a grant under section 31(2) of the Local Government Act 2003. Under section 31(4) conditions by which payment is made can be determined by the Welsh Government and this may include, in particular, provision as to how the grant is to be used and the circumstances in which whole or part of the grant must be repaid.

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