



## The Bellwin scheme

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The Bellwin scheme provides emergency financial assistance to local authorities. Such assistance is usually provided in response to an emergency caused by the weather, but relief may also be available in other circumstances. In recent years, the scheme has been activated in respect of the explosion at the Buncefield fuel depot, extensive flooding in Yorkshire, the Midlands, Cumbria and the North West, and for costs associated with the riots in the summer of 2011.

Bellwin funding is designed to recompense authorities for the costs of emergency measures undertaken to safeguard life or property, or to prevent further suffering and inconvenience locally, during exceptional circumstances. There are strict rules on the types of expenditure that are eligible for reimbursement.

This note describes how the scheme works and lists the occasions when Bellwin funding has been used. It also summarises the conclusions of Sir Michael Pitt on funding arrangements following severe flooding. Scotland and Wales have their own emergency financial assistance schemes and these are covered in the final section.

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# **1 The scheme in outline**

## **1.1 Background**

The Bellwin scheme provides emergency financial assistance to local authorities. It takes its name from a former Department of the Environment Minister, Lord Bellwin, who introduced the scheme in 1983. Assistance under the scheme is usually given as the result of an emergency caused by the weather, but relief may also be available in other circumstances, for example, the outbreak of foot and mouth disease in 2001 and the explosion at Buncefield fuel terminal in December 2005. Bellwin relief is provided under section 155(4) of the *Local Government and Housing Act 1989*.

A Bellwin scheme may be activated, at the discretion of the Secretary of State, 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.

The scheme is only intended to cover uninsurable risk, and there is no automatic entitlement to financial assistance: Ministers are empowered to decide whether or not to activate the scheme after considering the circumstances of each individual case. However, annual guidance produced by the Department for Communities and Local Government (DCLG), which administers the scheme, gives an indication of the type of incident that is likely to lead to the Department activating Bellwin relief.<sup>1</sup>

Bellwin has traditionally been seen as a response to incidents in which bad weather has caused threats to life and property beyond all previous local experience, and where an undue financial burden would otherwise fall on the local authority. Although the law does not rule out other types of incident, DCLG guidance says the Department expects that Bellwin will continue to apply predominantly as a response to bad weather incidents. The guidance also states that the DCLG 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.

## **1.2 Eligible authorities**

All principal local authorities may apply for funding under the scheme. This includes district and county councils (including unitary councils, London borough councils and the Greater London Authority). It also includes police authorities, combined fire authorities and national park authorities. The full list is set out in section 155 of the *Local Government and Housing Act 1989* and is reproduced in the DCLG guidance.

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<sup>1</sup> DCLG, *Bellwin Scheme of Emergency Financial Assistance to Local Authorities: Guidance Notes for Claims*, 2012-13, available at <http://www.communities.gov.uk/publications/localgovernment/bellwin201213guidance>

### **1.3 Amount of relief paid to authorities**

Authorities are expected to have budgeted for a certain amount of emergency expenditure, so relief is paid only when such expenditure goes beyond what the Government thinks it is reasonable to expect them to have budgeted for. Under the terms of the current scheme, local authorities meet costs up to 0.2% of their budget, and 15% of marginal costs beyond this level (the 15% contribution is intended to ensure that the local authority has a financial incentive to restrain additional costs). Roughly speaking, the amount of relief payable is calculated as follows:

1. Before being eligible for grant an individual authority is required to have spent 0.2% of its annual budget on works that have been reported to the DCLG as eligible for grant. This amount is the authority's 'threshold' and applies to the whole financial year, not to each incident.
2. Bellwin relief, when activated, funds 85% of emergency expenditure above this threshold. For a limited period following the widespread flooding of Autumn 2000, this figure was raised to 100%. The same concession has been made in response to the floods of June 2007, November 2009 and June and July 2012.

However, the guidance also notes that when the connection between any expenditure and the immediate action taken in response to an incident is not obvious, the authority must provide enough information to DCLG to allow them to make a decision.

## **2 What expenditure does the scheme cover?**

### **2.1 Eligible expenditure**

The DCLG guidance gives details of the type of expenditure that would be eligible and that which would not. In order to be eligible for reimbursement

- by a local authority in England 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;
- as a result of the incident(s) specified in the scheme which involved the destruction of or danger to life or property.

The guidance gives examples of the types of expenditure likely to qualify, which includes:-

- 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
  - given the existence of wider capital budgets, why additional (as opposed to simply reprofiled) 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.
- 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.

## 2.2 Ineligible expenditure

The guidance makes clear 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 reimbursement. It continues:

Expenditure that is not **additional** to what the authority would normally expect to incur will not be eligible, for example 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.

Most **capital** expenditure will not be eligible for Bellwin grant. **Insurable** expenditure is ruled out. Where external insurance has not been taken, authorities will need to ensure that their reserves are adequate.

The guidance gives the following examples of expenditure that would not normally qualify for reimbursement:-

- 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).

### **3 Claiming**

#### **3.1 Deadlines for claims**

Local authorities have one month from the end of the date of an eligible incident in which to report the incident to DCLG. Within two months of the incident, the authority is expected to have completed all works in respect of which it intends to claim grant. Within three months of the incident, or such later date as the Department specifies, the local authority must submit a claim form. Further information is provided in the guidance notes. However, these deadlines may be extended in exceptional circumstances; for example, following the storms and floods of Autumn 2000, the deadline for completion of works was extended to six months, and the same extension was allowed in relation to the floods of June 2007.

#### **3.2 Payment of claims**

DCLG aims to pay valid claims within 15 working days of receipt, and where interim claims are allowed, it will make an interim payment of 80% of eligible costs.

### **4 Scotland and Wales**

#### **4.1 Scotland**

The Scottish Executive published a consultation paper in 2005 which reviewed the Bellwin scheme in Scotland.<sup>2</sup> Following the review, the Executive made the following changes:

- Threshold levels to be based on current year's budget data;
- Grant payments to be increased from 85% of eligible expenditure to 100%;
- Level of supporting documentation required at interim claim stage to be reduced;
- Guidance notes and claim forms to be revised and clarified.<sup>3</sup>

Summary information on the Scottish Government's Bellwin scheme can be found on their website.<sup>4</sup>

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<sup>2</sup> Scottish Executive, *The Bellwin Scheme for Emergency Financial Assistance to Local Authorities*, <http://www.scotland.gov.uk/Topics/Government/local-government/17999/Bellwin>

<sup>3</sup> Scottish Executive Finance Circular 4/2006, *Review of the Bellwin Scheme*, 19 July 2006, <http://www.scotland.gov.uk/Resource/Doc/1070/0034025.pdf>

<sup>4</sup> <http://www.scotland.gov.uk/Topics/Government/local-government/17999/Bellwin>

## 4.2 Wales

The Welsh Assembly Government published a consultation paper on the Bellwin scheme in Wales in August 2006.<sup>5</sup> The paper noted that, over the previous six years, a total of £9.4 million had been paid to local authorities in Wales arising from three specific Bellwin schemes. The scheme was deemed to be still fit for purpose following the consultation exercise. However, the Minister for Finance, Local Government and Public Services decided to make the following changes:-

- Name of scheme to be changed to “Emergency Financial Assistance Scheme”;
- 85% of costs which are above the threshold but below 10 times the threshold to be reimbursed (as now). However, if eligible expenditure exceeds 10 times the threshold, this will be reimbursed at a rate of 100%;
- Guidance to councils to be enhanced and clarified.<sup>6</sup>

Guidance and other information on the Emergency Financial Assistance Scheme can be found on the Welsh Assembly Government’s website.<sup>7</sup>

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<sup>5</sup> Welsh Assembly Government, *A review of the Bellwin Scheme*, August 2006

<sup>6</sup> Welsh Assembly Government, *Changes to the Emergency Financial Assistance Scheme*,  
<http://www.new.wales.gov.uk/topics/localgovernment/finandfunding/emergency/changes?cr=6&lang=en>

<sup>7</sup> <http://wales.gov.uk/topics/localgovernment/finandfunding/emergency/publications/efas0910/?cr=6&lang=en>



## Appendix: Grants of Bellwin relief

Information relating to grants made before 2002 is available in the report of the [Bellwin review group](#), and from 2001-02 to 2008-09 on the DCLG website. Some examples of occasions where ministers have been satisfied that financial assistance under the Bellwin scheme was justified in relation to a particular incident(s) follow.

The following incidents involved **storm and flood damage**:-

- South Cambridgeshire District Council experienced exceptional flooding and consequential damage in the district on the weekend of 20–21 October 2001.<sup>8</sup>
- Runnymede Borough Council experienced exceptional flooding and consequential damage on the weekend of 1–10 January 2003.<sup>9</sup>
- Scarborough Borough Council experienced exceptional flooding and consequential damage on the weekend of 1 and 2 and 10 and 11 August 2002.<sup>10</sup>
- North Cornwall District Council experienced exceptional flooding and consequential damage on 16 August 2004.<sup>11</sup>
- Torbay Council and Teignbridge district council experienced exceptional storm and flood damage on 27 October 2004.<sup>12</sup>
- Carlisle and large areas of Cumbria experienced exceptional storm and flood damage between 7 and 12 January 2005.<sup>13</sup>
- Large areas of North Yorkshire experienced exceptional storm and flood damage on 19 June 2005.<sup>14</sup>

An explosion occurred at the **Buncefield** fuel depot near Hemel Hempstead on 11 December 2005 which resulted in a large fire which burned for several days. Many local businesses, residents and employees were affected. Ministers confirmed that emergency financial assistance under the Bellwin scheme would be available if the relevant local authorities and police and fire authorities had eligible costs above their thresholds.<sup>15</sup> Hertfordshire County Council and Dacorum Borough Council both sought assistance under the scheme. The Government agreed a number of extensions to the normal spending period because of ongoing restrictions on access to certain areas of the site.<sup>16</sup>

In **June and July 2007, widespread flooding** occurred in part of England as a result of record rainfall. Sir Michael Pitt noted in his report that the focus in June had been on South Yorkshire and Hull while in July it shifted to Gloucestershire, Worcestershire and the Thames Valley. However, many other areas were affected.<sup>17</sup> The Prime Minister announced on 7 July

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<sup>8</sup> HC Deb 20-21 October 2002 c83WS

<sup>9</sup> HC Deb 3 June 2003 c4WS

<sup>10</sup> HC Deb 3 June 2003 c4WS

<sup>11</sup> HC Deb 12 October 2004 c11WS

<sup>12</sup> HC Deb 1 March 2005 c78WS

<sup>13</sup> HC Deb 25 May 2005 cc16-17WS

<sup>14</sup> HC Deb 10 October 2005 c7WS

<sup>15</sup> HC Deb 19 December 2005 c2553W

<sup>16</sup> See, for example, DCLG, "Ruth Kelly visits Buncefield oil terminal, *News release*, 18 July 2006.

<sup>17</sup> *Op cit*, executive summary, page ix

a funding package for local authorities which included special Bellwin arrangements in respect of this emergency. These were:

- tripling the period for which local authorities were eligible to claim – from 2 months to 6 months – meaning that they could claim for more costs incurred;
- increasing the proportion of costs local authorities could claim to 100% (instead of the normal 85%) once they had spent the usual threshold (0.2% of their revenue budget).<sup>18</sup>

Information on Bellwin payments made in connection with the 2007 floods can be found in a series of DCLG press releases from July 2007 onwards.<sup>19</sup> A parliamentary answer from John Healey in February 2009 gave the following summary information:

Local authorities claimed a total of £24,074,196 under the Bellwin scheme for the 2007 summer floods. £5,278,917 was excluded as it was not eligible expenditure under the scheme. A total of £18,795,279 was therefore paid out under the Bellwin scheme by the Department.<sup>20</sup>

Heavy rainfall has led to further floods in:

- **January 2008** - Bellwin arrangements were again established for qualifying authorities in South Yorkshire, Nottinghamshire, Lincolnshire and Oxfordshire;<sup>21</sup>
- **September 2008** - Northumberland, Shropshire and elsewhere. Bellwin payments were made to qualifying authorities;<sup>22</sup>
- **November 2009** – Cumbria, the North West as well as Southern Scotland. Following severe flooding in Cockermouth, Workington and elsewhere within the region, DCLG ministers announced that the Bellwin scheme would allow for recovery of 100% rather than 85% of costs.<sup>23</sup>
- **June and July 2012** - extensive flooding in many parts of the country led to the Government announcing that the Bellwin scheme would be activated and that exceptionally councils would be able to claim 100% of their costs.<sup>24</sup>

In addition, in **August 2011 rioting** in some English cities led to the Government activating the Bellwin Scheme, alongside other funding sources.

A Parliamentary Question was answered on 27 June 2013 giving details of the amounts of successful and unsuccessful claims under the scheme from 2007-08 to 2012-13.<sup>25</sup>

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<sup>18</sup> DCLG, “Prime Minister pledges financial support for flood victims”, *News release* 2007/0125, 7 July 2007.

<sup>19</sup> See <http://www.communities.gov.uk/corporate/newsroom/news/?viewPrevious=true>

<sup>20</sup> HC Deb 23 February 2009 c101W

<sup>21</sup> See HC Deb 9 June 2008 c4WS

<sup>22</sup> See DCLG, “Healey extends flood funding support for two authorities”, *News release*, 17 December 2008.

<sup>23</sup> See DCLG, “Local government minister Rosie Winterton pays tribute to flood recovery efforts during visit to Cumbria”, *News release*, 23 November 2009.

<sup>24</sup> See DCLG News release, “[Councils to get 100 per cent help to clear up after floods](#)”, 10 July 2012

<sup>25</sup> See [HC Deb 27 Jun 2013 C335W](#)