

Flood Recovery Framework: Storm Henk Activation

FAQs relating to the Department for Business and Trade (DBT's) Business Recovery Grant (BRG)

Q: Who is eligible to apply?

A: Small-to-medium sized businesses in qualifying areas with affected business premises could be eligible for a grant award of £2,500 from the BRG scheme.

Q: Is £2,500 enough to support impacted businesses?

A: This support is intended to support businesses in the immediate aftermath of flooding to get back on their feet and is not being delivered in isolation. Households and businesses significantly affected by recent flooding could also be eligible for 100% council tax and business rates relief for at least three months via schemes delivered by DLUHC.

Q. What is the BRG scheme eligibility criteria?

A. The scheme will offer funding of £2,500 per eligible businesses premises within qualifying flooded areas to help support recovery in the immediate aftermath of Storm Henk

Eligible business premises (namely premises from which a small or medium sized business ("SME") actively trades – do not include warehouses or sheds unless the business actively trades from the warehouse or shed) within flooded areas are:

- premises which are directly impacted by the weather event – for instance there was flood damage to the premises; or
- premises which are indirectly impacted by the weather event – for instance the business premises has had no/highly restricted access to the premises, to equipment and/or stock as a result of flooding, restricted access for customers, suppliers and/or staff; and directly suffered a loss of trade as a result.

The qualifying period is **2-12 January 2024** for those SME businesses premises severely negatively impacted by Storm Henk.

Q. Is the scheme open to all business?

A. The scheme is open to SME business premises located in England, in Local Authority areas which meet the scheme criteria.

A SME is defined as businesses which:

- (i) have fewer than 250 employees; and
- (ii) have a turnover of less than €50m or a balance sheet total less than €43m.

This covers retail, hospitality, leisure, manufacturing, social enterprises and local charities etc.

It does not cover warehouses, lock-ups or storage sheds unless the SME business actively trades from the warehouse, lock-up or shed.

Q. Is the scheme open to empty premises or non-trading businesses?

A. The SME business must have been trading to be eligible for support under this scheme. Empty/vacant business properties will not be eligible for support.

Q. What does trading mean?

A. A business is trading if it is engaged in business activity. This should be interpreted as carrying on a trade or profession or buying and selling goods or services to generate turnover. Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking-off notice are not eligible.

Q. Is the scheme open to Businesses that were trading before being impacted by Storm Henk and satisfy all eligibility criteria but have taken a decision (regardless of reason) to permanently not re-open at the impacted property?

A. The business must be trading from the impacted premises **pre and post** flooding to be eligible for support under this scheme. Only if businesses can show that they are actively trading, and Local Authorities judge based on the evidence presented that the criteria for BRG awards is satisfied, can an application can be approved.

Where a business has decided to cease trading or have ceased trading having been impacted by flooding, they are not eligible to receive grant support under this scheme.

Q If a BRG/£2,500 is awarded do applicants automatically qualify for business rates relief?

A. Where eligibility criteria are fully satisfied an application can be submitted for relevant scheme support. Local Authorities must satisfy themselves of eligibility per scheme in full and retain records in support. Auto qualification must not be assumed.

Q. What support is available for large businesses impacted by Storm Henk?

A. There is no specific grant support package available to large businesses impacted by Storm Henk. The BRG scheme is open to SME business premises located in England, in eligible Local Authority areas which meet the scheme criteria. The applicant/grant recipient must be an actively trading SME business.

Q. Will council owned business properties get the business grant, including those operated by private companies?

A. The scheme is open to SME business premises located in England, in Local Authority areas which meet the scheme criteria. The applicant/grant recipient must be an actively trading SME business.

Q. How should a franchise be treated - are they part of the bigger group and not an SME?

A. The scheme is open to SME business premises located in England, in Local Authority areas which meet the scheme criteria.

An SME is defined as businesses which:

- (i) have fewer than 250 employees; and
- (ii) have a turnover of less than €50m or a balance sheet total less than €43m.

A business that is part of a larger group will need to include staff headcount/turnover/balance sheet data from that group too. Typically, franchise arrangements fall into this category and will not be eligible for BRG support.

Q. Are farms eligible for BRG support?

A. Where a farm business is a SME and operates an ancillary SME business which is severely impacted by flooding e.g. farm produce shop, ice cream parlour, tea shop etc, LAs can award BRG where the applicant satisfies the scheme eligibility criteria in full.

Only one BRG award may be made per ancillary SME business premises and where ancillary businesses share a premises, only one award may be made per premises.

BRG funding should not be awarded for flooded farmland/fields/damaged crops nor for loss of livestock nor flooded buildings that house livestock e.g. barns, milking parlours or any other premises from which trading does not take place.

In respect of flooded farmland, applicants should be referred to RPA – Farming Recovery Fund which offers up to £25,000 for eligible activity.

LAs must keep a clear record of BRG awards made to farmers and this data should be available in a format that can be shared with RPA, as in determining quantum of award this may reduce any grant offer made by RPA to ensure duplication of funding is minimised. Successful BRG recipients should be so advised.

Q. What can the grant be used for?

A. The scheme aims to support SMEs in the immediate aftermath of flooding, to help them return quickly to business as usual. The grant aim is to make a contribution to get the business up and running again as quickly as possible. When distributing grants, it will be for local authorities to determine local eligibility, in line with the Framework and scheme operational guidance and checklist.

Applicants are not required to provide receipts in support of expenditure.

Q. Can a SME business have more than one grant payment under the BRG scheme?

A. It is possible that a business could receive more than one grant payment if it is linked to multiple separate premises/properties that satisfy the eligibility requirements and the business meets Subsidy Control threshold compliance.

Q. Can a business apply under more than one scheme within the Flooding Recovery Framework?

A. BRG support does not operate in isolation. Where eligibility criteria are fully satisfied an application can be submitted for relevant scheme support. Businesses significantly affected by recent flooding could also be eligible for business rates relief via schemes delivered by DLUHC and via DEFRA schemes.

Q. Can more than one grant award be paid for the same premises?

A. Only one BRG award per storm activation period may be made per business premises and where businesses share a premises e.g. office space, hairdressers renting a chair, etc only one award may be made per premises.

Q. What checks does a Local Authority have to undertake?

A. Pre-payment checks must be completed to determine eligibility of the business and application. A checklist template has been developed to assist local authorities. The local

authority must be satisfied the business is a SME, trading, & the relevant business premises has been significantly directly or indirectly negatively impacted by Storm Henk.

Q. In what circumstances might an application be rejected?

A. An application must be rejected for support if the scheme eligibility criteria are not satisfied in full. A key consideration is that funding must not be used to reward poor business practice, e.g., if a business has made no efforts to seek appropriate insurance cover.

A Local Authority must determine from the business that appropriate flooding insurance cover is in place or that the business has actively made attempts to insure the business premises against flood damage on at least one occasion in the period since 1st January 2023. Where this is not proven to the satisfaction of the Local Authority, the grant application must be rejected.

Consideration here includes:

- Attempt was made but costs were deemed by the business to be prohibitive.
- Renewal cover lapsed/expired during the Storm Henk period (02-12 January 2024)

In cases where a SME has made no attempt to secure insurance cover or the reasons for not taking out insurance are not considered reasonable; a grant award must **not** be made.

Q. Some businesses have understandably not sought insurance since January 2023 given previous refusal or no known flood risk/history so understandably did not seek specific flood insurance.

What is the reasonableness test for business insurance cover?

A. Flood damage cover is a standard part of commercial business insurance as confirmed by the ABI - its website states "standard commercial insurance policies – the type the vast majority of businesses purchase – provide cover against a wide range of day to day risks including damage caused by fire, flood, theft".

A Local Authority must determine from the business that appropriate cover is in place or that the business has actively made attempts to insure the business premises against flood damage on at least one occasion in the period since 1st January 2023.

Where this is not proven to the satisfaction of the Local Authority, the grant application must be rejected.

Q. We are finding some businesses have proof of flood insurance rejections but at the time they moved into the premises - this has been up to 5 years ago. In terms of them having to have attempted insurance cover every year, what would you have expected to have changed from an insurance point of view? Currently they are not eligible as the insurance rejection is not within the timescales specified.

A: Normal business practice is an annual cover for insurance which DBT guidance requirements reflect. Without evidence of an attempt regrettably a grant award cannot be made.

Q. The requirement for a business to prove it has tried to get flood insurance since January 2023 is a long way removed from business reality on the ground. Businesses that flooded before have given up trying, and some are not covered due to no apparent risk so made a business decision not to add to their base policy.

A: A key requirement of the Flooding Recovery Framework is that funding must not be used to reward poor business practice, e.g., if a business has made no efforts to seek appropriate flooding insurance. Normal business practice is an annual cover for insurance which DBT guidance requirements reflect. Without evidence of an attempt regrettably a grant award cannot be made.

Q: Where do we stand where insurance is included in the rent - so the business does not have insurance in their name, it is in the name of the property owner?

A: If insurance is part of the rent for the business premises, and a LA has confirmation evidence such as a copy of the tenancy agreement with the appropriate clauses to show cover for flooding, then this is acceptable. It is for the LA to be satisfied that the policy cover which is included in the rent covers flooding to address the eligibility criteria.

Q. Are landlords operating from residential property as a de facto business HQ eligible?

A. If operating as a fully constituted SME business whose premises are directly or indirectly impacted by the weather event, a business is eligible to apply for support if they directly suffered a loss of trade as a result. Individuals not operating in a formal business capacity are not eligible for support.

Q. Are businesses operating from a residential property which has been flooded eligible?

A. A trading SME business whose premises are directly or indirectly significantly impacted by the weather event which resulted in a loss of trade is eligible to apply for support.

Q. Are SME businesses required to provide receipts to support expenditure?

A. No. Receipts are not required either to confirm loss incurred as a result of Storm Henk or to demonstrate how any BRG awarded was spent. A Local Authority must obtain a self-declaration from the business as part of the application process that confirms the business (i) was significantly impacted by Storm Henk, (ii) how it was impacted, and (iii) that the business has suffered a loss of trade as a result. There is no requirement for the grant recipient to evidence a minimum loss of trade or income, but they must clearly have been significantly negatively affected. A Local Authority must use its local knowledge to assess whether a business has been negatively impacted by Storm Henk and must keep a record of the basis for its decision that the business was so impacted. The presumption is that additional expenses incurred as a result of flooding not covered by insurance and/or insurance excess costs will exceed a £2,500 award.

Q What does indirectly impacted mean?

A To be eligible for grant support where premises are indirectly impacted by the weather event, there must be clear evidence of no or highly restricted access to the premises over an extended period (no or highly restricted access for a single day is not considered eligible), to equipment and/or stock as a result of flooding, restricted access for customers, suppliers and/or staff; and the SME must show it directly suffered a loss of trade as a result.

The Local Authority must retain appropriate evidence to demonstrate how the premises was indirectly impacted as part of the application and award process.

Q What does No/highly restricted access mean?

A All categories referred to must qualify as no/highly restricted access to satisfy eligibility for grant support.

- Suppliers or staff could not reach the business premises meaning that the business premises could not open/function.
- Customers must have been unable to gain access to the business premises. Restricted customer numbers due to inclement weather is not sufficient to demonstrate indirect impact, there must be evidence that customers could not physically access the SME business premises resulting in the business having to close at that premises.
- Disruption in the area in and of itself is not sufficient. Where access is restricted such as due to a road closure being in force, only where there is **no practicable alternative access route** should consideration be given to award of grant support.

A weather warning in force in the vicinity does not demonstrate no/highly restricted access to business premises.

Cancellation of events due to weather warnings is not covered by this scheme. Business inconvenience or booking cancellation suffered as a result of the weather event does not qualify under this scheme unless the criterion of no/highly restricted access is met.

Business inconvenience suffered as a result of the weather event does not qualify as no/highly restricted access and therefore is not covered by this scheme.

The expectation is that the impact would be experienced over an extended period of time to qualify for support e.g., not for a single day.

Local Authorities must keep a record of the basis for any decision to award a grant which explains why the business premise satisfies each eligibility criteria, including how it was either directly or indirectly impacted by Storm Henk – (See checklist supplied regarding record-keeping requirement).

Q. Are site inspections a pre-payment requirement?

A. Local Authorities must be satisfied that the applicant satisfies the criteria in full before making an award of grant.

At the discretion of the Local Authority a site inspection visit may be undertaken to clarify the position and support the decision-making process.

Q. Will the scheme be extended to cover future storm impact on business premises?

A. Government support available due to the activation of the Flood Recovery Framework in October 2023 currently only applies to Storm Babet (19-25 Oct) and following activation on 6th January 2024 applies to Storm Henk (02-12 January 2024). However, we will keep the situation under review should there be additional flooding over the coming winter.

Q. Where a business has multiple trading units in different properties in the same business park, are they eligible to claim for each unit?

A. Yes, but it needs to be clear how each individual property meets the criteria.

Q. Where businesses are using premises as workshops (incl. storage of critical materials, manufacturing, etc.), which are essential to trading, but the business and trading runs from a somewhere else, do they count as business premises and are they eligible?

A. The funding is limited to business premises where there is active trading. Only if businesses can show that they are actively trading and Local Authorities judge based on the evidence presented that the criteria for BRG awards is satisfied can an application can be approved. Local Authorities must retain evidence to support their decision-making.

Q. Can Sports Clubs claim?

A. Applications from trading SMEs which meet the scheme criteria in full may apply for BRG support.

Q. Are registered home-based micro-businesses (fewer than 10 employees) included?

A. Micro-businesses may be supported where they satisfy the SME definition and scheme criteria in full. To be eligible their “business premises” from which they were trading before and during 02-12 January 2024 must have been directly or indirectly impacted and they must have suffered a loss of trade as a result. Local Authorities must satisfy themselves that those trading from home meet the criteria for BRG awards and must retain evidence to support their decision-making.

Q. If the business trades from a residential premises and the business and their personal home/residence have both been affected - can they claim under both grants?

A. Applications may be considered for more than one scheme under the Flooding Framework where the eligibility criteria for each scheme are met in full.

Q. Are flooded non-domestic properties such as local schools eligible? What if they are Local Authority schools?

A. The applicant/grant recipient for BRG support must be a trading SME whose business premises have been directly or indirectly impacted resulting in a loss of trade.

Q. Are church halls and local community centres eligible under the scheme?

A. The applicant/grant recipient for BRG support must be a trading SME whose business premises have been directly or indirectly impacted resulting in a loss of trade, so would not typically include non-domestic properties such as these.

Q. Are B&Bs covered?

A. The applicant must be a trading SME to qualify. For B&Bs evidence of business rate payment is required to qualify for BRG support. Where the property is the applicant’s personal residence, it is acceptable to provide evidence of payment of business rates alongside residential domestic rates.

Local Authorities need to satisfy themselves that the scheme criteria have been met in full when considering any application.

Air BnB premises or premises operated in a similar manner to Air BnB, premises operating the “Rent a Room Scheme” or equivalent lodging arrangements, premises which are a second home rented out for part of the year and landlords’ flooded rental properties are not eligible for scheme support.

Q Can a holiday let apply for this grant?

A No - The applicant must be a trading SME to qualify and to be eligible must satisfy the scheme requirements in full.

Evidence of business rate payment from the local council is required to qualify for BRG support.

Air BnB premises or premises operated in a similar manner to Air BnB, premises operating the "Rent a Room Scheme" or equivalent lodging arrangements, premises which are a second home rented out for part of the year and landlords' flooded rental properties are not eligible for scheme support.