



Chief Executive,

Storm Henk Flood Recovery Framework eligible Local Authorities

17 January 2024

by email

Flood Recovery Framework Schemes Operational Guidance – Business Recovery Grant.

Storm Henk – 02-12 January 2024

Dear Chief Executive

All Local Authorities who are determined by Government to be eligible to receive support under the Flood Recovery Framework (FRF) will be provided with funding by the Department for Business and Trade (DBT) through Section 31 of the Local Government Finance Act to deliver a Business Recovery Grant (BRG) scheme within their local area. This scheme is part of a wider UK Government response to the severe flooding events that have occurred as a result of Storm Henk.

All Local Authorities that receive this funding are required to satisfy DBT that the funds have been issued in a compliant manner in line with the HMT Guidance document [Managing Public Money](#), with grant payments made only to eligible trading SME businesses within the correct timeframe, and with any award identified as ineligible post-payment subject to recovery action. This letter clarifies the responsibilities of all Local Authorities delivering the BRG scheme.

The BRG scheme provides a one-off grant payment of £2,500 to eligible businesses, payment is linked to an individual premises occupied by that business where those premises have been adversely impacted by Storm Henk. Under this scheme, only one payment can be made per eligible premises, regardless of the number of businesses trading from those premises. It is possible however that a business could receive more than one grant payment if it is linked to multiple separate premises that satisfy the eligibility requirements as set out below.

Local Authorities are required to set up and deliver an application process within their local area – that process must check a business applying for support against the following key eligibility criteria. A business must satisfy all the following conditions to be eligible to receive grant support:

1. The business must be a Small and Medium Sized Enterprise (SME) at the point of grant award – the criteria that must be satisfied for a business to be a SME are defined by the UK Government in the [SME Action Plan](#) as follows:
 - (i) have fewer than 250 employees; and

(ii) have a turnover of less than €50m or a balance sheet total less than €43m

A Local Authority must obtain a self-declaration from the business as part of the application process confirming that it satisfies the definition of a SME. Appropriate checks must be completed separately by the Local Authority on that declaration prior to the award of grant.

2. The business must have been trading at and/or from the premises at the point that the premises was impacted by Storm Henk. For the purposes of this grant scheme, 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 strike-off notice are not eligible under these conditions.

A Local Authority should determine if a business is trading and must retain appropriate evidence to support a decision that the business was trading from the premises impacted by Storm Henk.

3. The business must have been either:

- Directly impacted by Storm Henk – for instance the business suffered flood damage to the premises, or
- Indirectly impacted by Storm Henk – for instance access to the business premises is severely restricted as a result of flooding, including restricted access for customers, suppliers or staff.

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 provide evidence of a specific loss of trade or income figure.

A Local Authority should rely on local knowledge to assess whether a business has been impacted by Storm Henk but must keep a record of the basis for its decision that the business was impacted.

4. The application as it relates to the business premises must be in line with the table below:

Storm Babet	Storm Henk
No previous BRG application approved.	Application can be approved for direct or indirect impact , assuming all eligibility criteria met, and the Council retains appropriate evidence.
Previous BRG application approved for direct impact.	Application can be approved for direct impact only as long as: <ul style="list-style-type: none"> - the applicant business provides evidence that it had already put the premises back to rights / restocked and was trading from the premises again at the point it was directly impacted by Storm Henk; and - all eligibility criteria met, and the Council retains appropriate evidence to support future assurance checks. No BRG payment can be awarded for indirect impact.
Previous BRG application approved for indirect impact	Application can be approved for direct impact only as long as all eligibility criteria met, and the Council retains appropriate evidence to support future assurance checks. No BRG payment can be awarded for indirect impact

A Local Authority must not provide a BRG payment for Storm Henk to a business that does not satisfy the above.

A Local Authority must obtain a self-declaration from the business as part of the application process confirming whether it has received a BRG payment for the premises for which it is claiming under Storm Henk within the previous 6-months, and the Local Authority must complete its own checks on previous BRG payments made to ensure compliance. If previous BRG schemes have been delivered by a different authority in an area, the Local Authority must work with that authority to confirm eligibility against this criterion.

5. The business must be able to receive the BRG payment in line with UK Subsidy Control rules.

A Local Authority must obtain a self-declaration from the business as part of the application process confirming it is content that it can receive this £2,500 BRG payment within its available subsidy control thresholds – a link to the [Subsidy Control Statutory Guidance](#) must be provided to the business as part of the application process.

A Local Authority is not required to complete separate checks on this self-declaration unless it is aware of any previous public subsidy the business has received which could impact on its ability to accept the BRG payment.

DBT reserves the right to undertake a review of awards on a randomly sampled basis to support scheme assurance and audit scrutiny requirements.

Local Authorities will shortly be issued with an application form template, eligibility pre-payment checklist guide and FAQ document to support assessment of eligibility.

Local Authorities must provide all businesses that receive a BRG payment an award letter which confirms the payment was “Funded by the UK Government” and includes clauses to confirm that any grant payment subsequently identified as being awarded incorrectly will be subject to recovery action. DBT will provide Local Authorities with appropriate template clauses for inclusion in the award letter.

Local Authorities are required to share data on individual BRG applications (both approved and rejected) with DBT if requested and must ensure that, as part of the application process, it confirms that data will be shared with DBT for the purpose of monitoring and evaluation of the BRG scheme, and that data will also be shared to support assurance and fraud prevention. DBT has published a Privacy Notice that explains data sharing on this scheme, and applicants must be directed to this and advised to read before applying.

All Local Authorities are required to undertake recovery on any BRG payment identified as being made incorrectly (an “irregular payment”) – this includes any payments made in error by the Local Authority (such as duplicate payments), grant awards that are found to be non-compliant post award (for example if the Council identifies that detail in the application was incorrect) or where fraud is suspected (for the purpose of this scheme fraud is considered to be where there is a deliberate intention to obtain funds by misrepresentation).

For clarity, a Local Authority cannot choose to not recover or write off any irregular payment, it must attempt to recover all irregular grant payments. A Local Authority must also recover any BRG payment a business has received but voluntarily asks to repay.

All recovered funds must be returned in full to DBT, or any irregular payment which cannot be recovered must be referred to DBT for action. DBT will issue Guidance on how a Local Authority handles irregular grant payments.

The Local Authority must retain all supporting evidence to demonstrate eligibility of a business to receive a BRG payment for a minimum of 7-years from the date of application – this detail may be requested

by DBT to support future audit or assurance activity on the scheme. DBT will issue Guidance on any future assurance requirements.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'A Pedrotti', is centered on the page. The signature is fluid and cursive.

Tony Pedrotti OBE

Director, Grant Delivery Directorate