

ANALYSIS OF RESPONSES

REVIEW OF THE BELLWIN SCHEME – A CONSULTATION PAPER

INTRODUCTION

1. The Bellwin Scheme (Scheme) was established under section 155 (2) of the Local Government and Housing Act 1989. It is a discretionary scheme which exists to give special financial assistance to local authorities who 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.

2. Local authorities have a statutory duty to incorporate the Civil Contingency and Emergency Planning functions within their Risk Management Strategies. It is therefore assumed that councils will make budget provision, from within the overall level of resources they have available, to deal with contingencies and emergencies.

3. Ministers agreed to review the future operation and scope of the Scheme, with a view to making it more streamlined, accessible and transparent. Given the wider context of the statutory duty on councils to incorporate Civil Contingency and Emergency Planning functions, Ministers decided not to amend the current policy objective of the Scheme, to provide financial assistance towards councils' immediate, uninsurable, revenue costs in dealing with unforeseen and exceptional emergencies.

4. The consultation paper was issued to the 32 councils on 2 September 2005. The paper was also available on the Executive's website and open to other interested parties. Councils were asked to take account of and reflect in their responses any views that might be expressed to them by their community planning partners and their local communities. The consultation period ended on 9 December 2005. The website link to the consultation paper may be found at: <http://www.scotland.gov.uk/Publications/2005/09/0193312/33131>.

5. The Executive would like to thank all those who responded to the consultation. The responses received have been used in helping to inform the decision making process for the proposed changes to the Scheme.

6. A list of the 23 formal respondents is provided at Annex A, in addition members of the Executive's Local Government Finance division visited 11 councils during the consultation period.

7. Copies of individual responses (except those marked confidential) can be seen/are available from the Scottish Executive's Library at Saughton House, Broomhouse Drive, Edinburgh EH11 3XD (telephone 0131 244 4565).

SUMMARY OF RESPONSES

8. In order to start the consultation process, the Executive identified possible areas that could be considered for revision, and invited comments on the operation of the current arrangements and any proposals for change. The areas identified by the Executive were the

triggering arrangements, the documentation required to support a claim, the calculation of the threshold and the grant percentage payable.

The respondents made the following suggestions and identified areas for change to the current operation of the Scheme:

9. **Triggering the Scheme**

Question 1 – Are the current arrangements for confirming that the Scheme has been triggered for a specific incident clear and unambiguous? If not, how could they be improved?

- arrangements for triggering (activating) the Scheme are unclear.
- the local authority to trigger the Scheme, rather than Ministers.
- unsure whether the Scheme is triggered for an incident or whether it is triggered for the local authority affected by the incident.
- clearer guidance required as to what might qualify as an emergency for the purposes of the Scheme. There should be consistency across current legislation with regard to the definition of an emergency.
- need for clarity about the time scales during the triggering/claims process.

10. **Supporting documentation for claims**

Question 2 – Is the current Guidance clear on the amount and detail of supporting documentation required?

Question 3 – Are the current requirements too burdensome?

Question 4 – Should the requirements be streamlined, and if so, how?

- unclear about the requirements of supporting documentation required by (a) Executive, at interim claim stage, and (b) the auditor appointed by the Accounts Commission of Scotland, at final claim stage.
- there seems to be an unnecessary duplication of supporting documentation which currently seems to suggest that this is checked/verified by both the Executive and the auditor appointed by the Accounts Commission of Scotland.

11. **Thresholds**

Question 5 – Is the current calculation of the total and the distribution of the thresholds across local authorities fair? If not, how could it be improved?

Question 6 – Should factors other than budgetary requirement (estimated Service Expenditure share) be included within the calculation of the distribution of thresholds?

- the threshold calculation methodology is unclear and out of date.
- threshold levels are high; in the current economic climate it is unrealistic to assume that councils budget for such a high level of unallocated contingency that may be required in truly exceptional circumstances.
- the current threshold, which has been updated since 1993 using RPI (based originally on 0.2% of budget), is much lower than 0.2% of current budget information. Would suggest therefore, that the current methodology for the calculation of the threshold is continued.
- unclear as to how the threshold applies, whether this is to a financial year or to each incident falling within a financial year.
- suggestion that the threshold (a) is set at the same figure for each council, (b) be removed or (c) be substantially reduced.
- suggestion that specific factors be taken into account in assessing the threshold i.e. population numbers, total area, property values, past history of incidents, length of

coastline, length of road network, flood risk areas. Note was made that this might make the threshold calculation overly complex and in any case these factors are currently factored into the budget information, used to calculate the threshold.

- suggest that the threshold be linked to the level of risk of an emergency occurring in a particular area; local authorities will have different risks and areas of vulnerability.
- system for calculation of the threshold should be reasonably simple and transparent.
- respondents conclude that using budget information is relatively straightforward and simple to apply, although this would not take into account the differing risks each council may face.

12. **Grant percentage**

Question 7 – Should the grant percentage (currently 85%) amended, possibly in conjunction with revisions to the thresholds?

- overwhelming consensus that grant funding should be at 100%, justified on the grounds that this is unplanned expenditure and would fall on council tax.
- councils are required to fund a level of emergency response up to the threshold level, therefore grant funding should be increased.

13. **Other**

Question 8 – Do you have any other comments regarding the current operation, terms and conditions of the Bellwin Scheme?

- concern for the need for audit certification at final claim, placing an additional cost to the council and the public purse.
- suggestion that the Guidance Notes for Claims and Claim Form be simplified and updated to reflect current legislation.
- in addition to the Guidance Notes for Claims, a high level summary sheet should be drafted explaining the overall criteria and operation of the Scheme.
- suggestion that grant percentage payable at interim claim and final claim, should change from that currently in place (currently 90% paid at interim, with the balance being paid at final).
- the element of insurance excesses are out of date and should reflect updated information. Respondents consider that the insurance excesses should be increased to reflect actual excess levels.
- suggest that insurable costs, which would not currently be considered eligible, might in future be considered eligible if they are not insured due to the economic cost to the council.
- capital costs still being sought, basing this on the fact that the replacement of infrastructure assets throws capital budget programmes and in-turn their revenue affordability into disarray, causing delays or deletions to councils' existing capital programmes.
- consequential costs should be eligible, e.g. disruption to other planned works, increases in insurance premiums following claims.
- costs of improvements carried out at the time of reinstatement (during the immediate period after the incident) should be included, if by doing so, future susceptibility could be significantly reduced.
- a few respondents suggested that a training event might prove useful, giving further information of the Scheme and the claims process.
- the Claim Form should be streamlined by dropping the requirement to classify costs into different categories.

- request that the two month time line, from the date of incident, for which costs are eligible, should be extended.
- the Guidance Notes for Claims needs to be updated to reflect changes regarding Direct Labour/Service Organisations.

PROPOSED CHANGES TO THE BELLWIN SCHEME

Based on the responses, the Executive proposes the following changes to the Scheme:

14. Triggering the Scheme

- Supporting guidance to be updated clarifying: (a) the triggering arrangements (Ministers to continue to decide whether the Scheme is triggered and will make such an announcement, following the incident or following representations from councils), (b) what would qualify as an emergency for the purposes of the Scheme and (c) the time scales during each stage of a claim.

15. Supporting documentation for claims

- amend current requirements; with only high level summary documentation required by the Executive to support an interim claim, confirming that the claim meets the overall criteria of the Scheme. The practice whereby the Director of Finance signs the interim claim to continue.
- specific and detailed supporting documentation will be required to support the local authority's final claim, certified by the auditor appointed by the Accounts Commission for Scotland.

16. Thresholds

- thresholds will be re-calculated on an annual basis using the current year's budget data taken from the annual Provisional Outturn Budget Estimates (POBE), which the Executive receives as part of normal statistical monitoring. The current year's budget data will be used to calculate the current year's threshold. The threshold level will be calculated on 0.2% of the budget data.
- it is intended that the new thresholds will be implemented in full from 1 October 2006 but councils will be invited to comment on this revised proposal.
- clearer guidance noting that the threshold applies to the financial year rather than each incident within the financial year.

17. Grant Percentage

- in conjunction with the revised calculation of thresholds, the payment of grant will be increased from 85% to 100%.

18. Other

- audit certification by an auditor appointed by the Accounts Commission for Scotland should continue. Where claims are submitted which fall below the threshold limit (and therefore no funding payable under the Scheme), no audit certification will be required, however once the threshold is breached all claims including the current claim would require audit certification.

- simplified high level guidance, accompanied by more detailed information to be drafted, taking into account current legislation and the time lines involved to progress a claim under the Scheme.
- the Claim Form to be simplified.
- no change recommended to the current procedure of 90% payment on interim claim, with the balance being paid at final claim.
- in conjunction with the recommendation to amend the threshold level and increase the grant percentage payment to 100%, the element of insurance excesses to be increased to £250 per property for housing, £500 per property for general/educational buildings and £1,250 per property for industrial buildings. It is noted that the Scheme in Scotland was expanded in 1997 to include an element for insurance excesses, rather than to reflect actual excess levels.
- no recommendation to extend eligible costs to those of a capital nature. The consultation exercise was not to extend the scope of the Scheme beyond the current remit of: revenue costs, uninsurable costs and costs incurred in the immediate aftermath of incidents.
- no training event proposed, this might be something to consider in the future. During (and following) an emergency event, officials within the Executive will be happy to provide necessary assistance and support in dealing with the emergency and progressing a claim under the Scheme.

POST CONSULTATION

19. Following the change in the methodology in the calculation of the threshold levels (as described in paragraph 16), a further consultation, to 31 August 2006, will take place. This will allow councils time to comment on the proposal to introduce the new thresholds from 1 October 2006. The Executive will then advise councils how the revised threshold levels will be introduced from 1 October 2006.

20. The revised Guidance Notes for Claims, including the Claim Form and high level summary encompassing the results of the consultation will shortly be available on the Executive's website, introduced with immediate effect. The implementation of the revised thresholds, the increase of grant funding to 100% and the increase in the element of insurance excesses will come into effect from 1 October 2006.

21. The Executive will continue to assist and provide support to councils which experience emergency incidents.

19 July 2006
Local Government Finance

List of respondents (all councils)

Aberdeen City* – Town House, Broad Street, Aberdeen AB10 1AH
Aberdeenshire* – Gordon House, Blackhall Road, Inverurie AB51 3WA
Angus – The Cross, Forfar DD8 1BX
Argyll and Bute – Kilmory, Lochgilphead, Argyll PA31 8RT
Clackmannanshire – Greenfiled, Alloa, Clackmannanshire FK10 2AD
Dundee City – 28 Crichton Street, Dundee DD1 3RF
East Ayrshire – London Road, Kilmarnock KA3 7BU
East Lothian* – John Muir House, Haddington, East Lothian EH41 3HA
City of Edinburgh – Wellington Court, 10 Waterloo Place, Edinburgh EH1 3EG
Comhairle nan Eilean Siar – Sandwick Road, Stornoway, Isle of Lewis HS1 2BW
Falkirk – Municipal Buildings, West Bridge Street, Falkirk FK1 5RS
Fife* – Forth House, Abbotshall Road, Kirkcaldy KY1 1RU
Glasgow City – City Chambers, George Square, Glasgow G2 1DU
Highland* – Glenurquhart Road, Inverness IV3 5NX
Moray – Council Offices, High Street, Elgin IV30 1BX
Orkney Islands – Schools Place, Kirkwall, Orkney KW15 1NY
Perth and Kinross* – 2 High Street, Perth PH1 5PH
Renfrewshire – Council Headquarters, South Building, Cotton Street, Paisley PA1 1JB
Scottish Borders* – Council Headquarters, Newtown St Boswells, Melrose TD6 0SA
Shetland Islands – Montfield, 28 Burgh Road, Lerwick ZE1 0TY
South Lanarkshire – Council Offices, 4th Floor, Almada Street, Hamilton ML3 0AB
West Dunbartonshire* – Council Offices, Garshake Road, Dumbarton G82 3PU
West Lothian – West Lothian House, Almondvale Boulevard, Livingston EH54 6QG

* responses treated as “confidential”

Visits made by Executive officials during the consultation period

Argyll and Bute Council
Clackmannanshire Council
Dumfries and Galloway Council
East Lothian Council
Falkirk Council
Fife Council
Highland Council
Moray Council
Perth and Kinross Council
Scottish Borders
Stirling Council