

**Report to:** West Yorkshire and York Investment Committee

**Date:** 5 March 2020

**Subject:** **Grant support for flood affected businesses**

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

## 1. Purpose of this report

- 1.1 To update the Investment Committee on the impact of Storm Ciara on businesses, the associated flooding and the response by partners.
- 1.2 To seek approval for the Business Growth Programme (BGP) to be allocated an additional £3 million of over-programming from the Local Growth Deal to fund grants to flood affected businesses.

## 2. Information

### Support for businesses

- 2.1 It is estimated that following Storm Ciara on 9 February 2020, up to 800 businesses have been flooded across Calderdale, with parts of Wakefield (Horbury, 30-40 firms) and Bradford (Shipley, Bingley Keighley and Haworth – 80-90 firms) districts also severely impacted. Work is ongoing by the district partners to determine the nature of the businesses affected in terms of size and sector, and to develop a package of appropriate support.

- 2.2 As with Storm Eva in 2015, it is proposed to support businesses that have been flooded with two funding schemes: - an Emergency Response Fund and a Business Recovery Fund.
- 2.3 It is proposed that an additional £3 million of Local Growth Deal funding is assigned to the BGP to fund both the Emergency Response Fund and the Business Recovery Fund. Initially, £1.25 million will be allocated to the Emergency Response Fund and £1.75 million to the Business Recovery Fund, although it is proposed that there is flexibility in terms of moving amounts between the two schemes based on need and demand.
- 2.4 The additional funding will be funded through over-programming of the Growth Deal. The Combined Authority agreed that borrowing of up to £90 million could be used to support new projects, identified under the call for projects in 2018 and existing projects, with the capacity to spend. The purpose of over-programming the Growth Deal is to ensure full spend of the grant available and mitigate other areas of the programme which may underspend.
- 2.5 LEP Board approved the creation of the two funds at its meeting on 25 February 2020.

#### Emergency Response Fund

- 2.6 The provisional allocation is £1.25 million and it will be used to provide grants of up to £2,500 for flooded businesses to support the cost of immediate emergency actions to resume / continue trading. This can include: - clean-up and repair costs, the replacement of white goods and other small items of equipment/kit, and the replacement of essential stock.
- 2.7 The grants will be delivered and monitored by the relevant partner councils, with regular reporting to the Combined Authority.

#### Business Recovery Fund

- 2.8 The provisional allocation is £1.75 million which will be used to provide grants of up to £50,000 (with 50% match-funding required from the applicants) for flooded businesses to replace damaged equipment and machinery, and to renovate and/or refurbish premises. The funding will be used for capital costs not covered by insurance, including where the applicant has not been able to secure flood insurance.
- 2.9 The grants will be delivered and monitored directly by the Combined Authority, but in close partnership with the partner councils. The SME Growth Managers in the affected districts will provide additional wraparound support for the applicants.
- 2.10 Flexibility between the two funds will be required in order to meet changing need and demand within districts, particularly if further serious flooding occurs.

## Combined Authority Investment in Flood Risk Management

- 2.11 Since the Boxing Day floods of 2015, the Combined Authority has invested £20 million from the Leeds City Region Growth Deal, alongside over £170 million of partner match funding for the City Region. This investment has supported schemes in Leeds City Centre, Skipton and Mytholmroyd to safeguard up to 1,385 businesses and at least 11,100 jobs from the risk of flooding. The Leeds and Skipton schemes completed in 2017 and 2018 respectively, and the works in Mytholmroyd are now due to complete during summer 2020.
- 2.12 The Combined Authority is also investing a further £2.6 million in the Wyke Beck Flood Alleviation Scheme in East Leeds, £3.9 million in phase two of the Leeds Flood Alleviation Scheme and £1.7 million in natural flood management schemes in the Colne, Calder and Upper Aire catchment areas. A further £1.9 million was approved by the Investment Committee (5 February) to help start a £27.2 million scheme in Hebden Bridge being led by the Environment Agency which will reduce the risk of flooding from a 20% risk to a 2% risk in any given year.

### **3. Financial Implications**

- 3.1 It is proposed that the new schemes are funded through an additional £3 million of over-programming from the Local Growth Fund to the Business Growth Programme taking the full approval up to £37 million.

### **4. Legal Implications**

- 4.1. It has not been possible to provide the statutory 28 days' notice of the key decision being considered due to the exceptional circumstances and the fact that it was not possible to pre-empt that this decision would be required. However, in accordance with the Combined Authority's Access to Information Annex to the Procedure Standing Orders part 1 section 7C – General Exception, the Chair of the Overview and Scrutiny Committee has been notified, notification has been published on the Authority's website and 5 clear days has elapsed following the day of publication of the notice. Accordingly, as set out in the rules of General Exception, the decision may now be made.
- 4.2 The current Service Legal Agreements that exist between the Combined Authority and the partner councils related to funding for the SME Growth Managers during 2019/20 will be amended to incorporate allocations on the Emergency Response Fund. These were originally signed by the Combined Authority Managing Director and senior officers at the respective partner councils.

### **5. Staffing Implications**

- 5.1 The schemes will be managed through existing staffing resource at the Combined Authority and in the partner councils.

## **6. External Consultees**

6.1 No external consultations have been undertaken.

## **7. Recommendations**

7.1 It is recommended that the Investment Committee:

- i. Approve an additional £3 million to be allocated to the Business Growth Programme from over-programming of the Local Growth Deal in order to fund the new schemes taking the full approval to the scheme to £37 million.
- ii. Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the previous Business Growth Programme (Growth Deal 3 Allocation) Decision Point 5 approval. This will be subject to the scheme remaining within the tolerances outlined in that report.

## **8. Background Documents**

None.

## **9. Appendices**

None.