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flood risk adaptation for small businesses

How many small businesses flood and what this costs.

As many as 1-in-5 non-domestic UK properties is at risk of flooding from waterways, the sea or surface water (Fielding, 2015); many of these belong to small businesses. In the 2007 UK floods, over 7,000 businesses were flooded (Pitt, 2008) and the Association of British Insurers received 25,000 buildings-related claims from businesses (EA, 2009). In two of the counties worst affected, Yorkshire & Humberside, about a third of Chartered Management Institute members reported that they were "significantly affected" (Woodman, 2008).

Floods affect businesses in a range of ways. In areas affected by the 2009 UK floods in Cumbria, 5% experienced damage to premises, 10% lost electricity, gas and/or telecommunications, 10% was temporarily unable to trade and 1% was forced to take on temporary business premises (half of these still not having returned to their original locations six months later) – BMG Research (2011) . Only 5% of Cumbria's businesses had floodwater in their premises, but indirect impacts affected 60%: flood-related travel difficulties prevented customers reaching 27% of businesses, staff had difficulty getting to 25%, deliveries were delayed to 24% and 14% experienced delays getting deliveries to customers.

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Small businesses are thought to be more vulnerable to floods than larger ones (Clemo, 2008). On average, small businesses lose over 50 working days when they are flooded and take six to nine weeks to get back in business (Crichton, 2006; Kreibich 2007). And most are underinsured: at least 2/3 don't have cover for business interruption or loss of earnings and for most, less than 50% of the total cost of flooding is covered by insurance (Crichton, 2006; Clemo, 2008; BMG Research, 2011; Zhang et al, 2009). The mean cost of flooding to small businesses is about £15,000 (Crichton, 2006), but this is far higher for those that move to temporary premises or suffer structural damage to buildings (BMG Research, 2011). Most are unable to draw on business reserves to fund recovery and are obliged to fall back on private resources (BMG Research, 2011).

Indirect impacts can be particularly high for small businesses because they tend to have more localised sale and supply networks (Webb et al, 2002), have all or most of their property in the flooded area, and sometimes lose their entire customer base for the duration of the disruption (Smith, 1996). In fact, in one study 1 in 20 flood-affected small businesses reported losing up to 20% of annual turnover and 1 in 4 report losing 10% (Bhattacharya-Mis et al, 2015). Half to three-quarters of all small businesses fear for their survival after floods (Kreibich, 2007).

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