

## **CABINET**

<b>DATE</b>	8th September 2022
<b>REPORT OF</b>	Councillor Stephen Harness – Portfolio Holder for Finance, Resources & Assets
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director Place, Environment, Economy & Resources
<b>SUBJECT</b>	Covid Additional Relief Fund (CARF)
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	Not included on the Forward Plan therefore, to be considered under the General Exception provisions of the Constitution.

### **CONTRIBUTION TO OUR AIMS**

The recommendations in this report support the achievement of the Council's aims for a stronger economy as set out in the Council Plan, by supporting local businesses through the provision of additional business rates relief.

### **EXECUTIVE SUMMARY**

The Government have created a Covid-19 Additional Relief Fund to support those businesses affected by the pandemic and not eligible for existing business rate support. The Council will receive £4.5m from the £1.5bn national fund to pass through to eligible businesses in the form of additional rate relief. This report sets out the process which will ensure relief is distributed and targeted to the businesses intended by Government.

### **RECOMMENDATIONS**

It is recommended that Cabinet approves the introduction of the Covid-19 Additional Relief Fund discretionary scheme and delegates authority to the Executive Director Place, Environment, Economy & Resources, in consultation with the Portfolio Holder for Finance, Resources and Assets, to so implement.

### **REASONS FOR DECISION**

Approval is sought to distribute relief to eligible businesses, considering which businesses are eligible and at what financial level (appendix 1 refers). Two different approaches to distribute the relief have been considered;

- to design and implement an application-based process or
- to employ local knowledge and utilise the Office for National Statistics (ONS) data which measure gross value added (GVA) and the special category codes held by the Valuation Office Agency (VOA) to identify the most impacted businesses and apply relief direct to Business Rates accounts.

The latter approach is recommended. Distributing the relief directly to businesses without the need for an application process will allow the Council to support ratepayers identified as most in need of support in the most efficient way.

## **1. BACKGROUND AND ISSUES**

- 1.1 The Government have created the fund to support businesses affected by the pandemic which are not eligible for existing Business Rates support.
- 1.2 The relief will be paid to businesses outside the retail, hospitality and leisure sectors (who have benefited from other reliefs) as a more equitable and proportionate method than businesses appealing against their property valuation.
- 1.3 The Council is expected to distribute relief using existing discretionary relief powers under section 47 of the Local Government Finance Act 1988.
- 1.4 The guidance sets out key criteria and Councils must; not award relief to ratepayers eligible for other certain reliefs, not award to unoccupied properties (unless temporarily closed due to Covid) and direct support to ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to the impact.
- 1.5 The guidance is clear that the Council is unable to grant relief to itself or other precepting authorities (e.g., town and parish councils).
- 1.6 The relief is available to reduce chargeable amounts for 2021/22 during 2022/23 so will be distributed via refunds.
- 1.7 Using GVA as a measure, relief will be paid to approximately 770 businesses as follows.

Tier	GVA Reduction	Relief (%)
1	>30%	22.5%
2	15% to 30%	20.0%
3	5% to 14%	17.5%

## **2. RISKS AND OPPORTUNITIES**

- 2.1 The allocation of the CARF relief will be wherever possible in compliance with Government Guidelines, and in line with the locally designed scheme. It will be necessary to gather data and monitor progress regularly to provide data to the Department for Levelling Up, Housing and Communities. The data local authorities will need to have available will be gathered in a format that can be shared with central government, in order to complete effective post award assurance on relief awards as necessary.

## **3. OTHER OPTIONS CONSIDERED**

- 3.1. Design and implement an application-based process inviting businesses to put a case forward as to why they should be considered for discretionary relief.

## **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1. There are potential positive and negative reputational implications for the Council resulting from the decision. An action plan will be agreed with the Council's communications service, covering the following issues –

- Communication with affected businesses.
- Updated information relating to the process for the relief on the council's website.

## **5. FINANCIAL CONSIDERATIONS**

- 5.1. The Council has been allocated £4.5m to provide discretionary relief to eligible businesses. The proposed discretionary relief scheme set out in this report contains a proposal to distribute the majority of the allocation to 770 business properties that have been identified in most need of support, having been impacted by the pandemic but not eligible for other Covid-19 relief schemes.
- 5.2. The amount of relief awarded may need to be recalculated in the event of a change of circumstances. This is most likely to arise if a business is successful in appealing its rateable value for a reason other than Covid-19, reducing their business rates liability and therefore potentially having implications for the amount of discretionary relief they might be eligible for. A change of circumstances could arise during the year in question or during a later year.
- 5.3. The Council is required to obtain assurances from relief recipients that they can accept CARF under State Aid rules. Some businesses may not be able to accept relief which will free up additional relief which can then be redistributed by tweaking the above allocation percentages.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

- 6.1. None.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

- 7.1. All financial decisions taken by the Council impact upon the environment. For this reason, the Council must take climate change and environmental issues into account in the establishment of its financial plans.

## **8. CONSULTATION WITH SCRUTINY**

- 8.1. None.

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The Council has been awarded a total of £4.5M to distribute relief to eligible businesses and is able to do this via its existing powers under section 47 of the Local Government Finance Act 1988. The relief to be awarded will support the financial sustainability of local businesses and contribute towards the Council's strategic objectives in relation to stronger economy. The decision to employ local knowledge and utilise the Office for National Statistics (ONS) data will ensure the relief is targeted in the most appropriate way.

## **10. LEGAL IMPLICATIONS**

- 10.1. The Government has advised that the relief will be granted under section 47 of the Local Government Finance Act 1988.

- 10.2 As section 47 is a discretionary provision, local authorities are required to set up their own local schemes, in line with the Government Guidance.
- 10.3 It is good practice to regularly review and monitor progress of any such scheme.
- 10.4 It is entirely appropriate Cabinet is asked to consider the scheme and recommendation as outlined within the report.

## **11. HUMAN RESOURCES IMPLICATIONS**

- 11.1 There are no direct HR implications contained within the report

## **12. WARD IMPLICATIONS**

- 12.1. Information relates to all wards.

## **13. BACKGROUND PAPERS**

- 13.1. Covid-19 Additional Relief Fund (CARF): Local Authority Guidance.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1041468/CARF\\_LA\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041468/CARF_LA_Guidance.pdf)
- 13.2. Additionally, there is an appendix (1) to this report which contains the GVA impact referred to at 1.7 of this report.

## **14. CONTACT OFFICER(S)**

- 14.1. Richard Catlyn – Local Taxation & Benefits Shared Service Manager -  
07730014137

**COUNCILLOR STEPHEN HARNESS – PORTFOLIO HOLDER FOR FINANCE,  
RESOURCES & ASSETS**

GVA Impact from CARF Guidelines

<b>SIC Code</b>	<b>Definition</b>	<b>Average GVA Reduction</b>	<b>%</b>
A	Agriculture, Forestry and Fishing -13%	-13%	17.5%
B	Mining and Quarrying -8%	-8%	17.5%
C	Manufacturing -9%	-9%	17.5%
D	Energy -1%	-1%	0.0%
E	Water and Waste Management 0%	0%	0.0%
F	Construction -14%	-14%	17.5%
G	Wholesale and Retail -8%	-8%	17.5%
I	Hospitality -55%	-55%	22.5%
J	Information and Communication -6%	-6%	17.5%
K	Financial Services -2%	-2%	0.0%
L	Real Estate Activities -2%	-2%	0.0%
M	Professional Services -7%	-7%	17.5%
N	Administrative Services -21%	-21%	20.0%
O	Public administration 1%	1%	0.0%
P	Education -20%	-20%	20.0%
Q	Health -10%	-10%	17.5%
R	Arts, Entertainment and Recreation -34%	-34%	22.5%
S	Other Services -32%	-32%	22.5%
X	J-N: Information, Communication, Financial Intermediation, Real Estate and Business Services -6%	-6%	17.5%
Y	Transport -32%	-32%	22.5%
Z	Storage and Distribution -1%	-1%	0.0%