

LEADER OF THE COUNCIL

23 SEPTEMBER 2022

**REPORT OF THE PORTFOLIO HOLDERS FOR HOUSING AND CORPORATE FINANCE
AND GOVERNANCE**

BUSINESS RATES – COVID 19 ADDITIONAL RELIEF SCHEME 2021/22

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present for approval a discretionary business rates relief scheme for 2021/22.

EXECUTIVE SUMMARY

- As part of continuing to support businesses recover from the COVID 19 pandemic, the Government announced a COVID 19 Additional Relief Fund Scheme (CARF).
- As a discretionary scheme individual local billing authorities have to adopt a local scheme under section 47 of the LGFA 1988 to enable rate relief to be awarded to eligible businesses.
- In terms of the design of the scheme, the proposals set out within this report are based on 'lifting' criteria from earlier Government Business Support Schemes where possible. This approach reflects the primary aim of those schemes being to support businesses adversely impacted by the pandemic, which has been highlighted as a key consideration to be applied to the CARF scheme by the Government.
- The proposed COVID 19 Additional Relief Fund Scheme Policy is attached, which reflects the points highlighted above along with the aim of ensuring that all of the money provided by the Government is awarded to local businesses.

RECOMMENDATION(S)

It is recommended that a Local COVID 19 Additional Relief Fund Scheme 2021/22 as set out in the attached is adopted.

REASON(S) FOR THE RECOMMENDATION(S)

To implement a discretionary business rate relief scheme via a locally adopted scheme in accordance with associated Government guidance.

ALTERNATIVE OPTIONS CONSIDERED

The various options considered in designing a local scheme is set out further on in this report.

PART 2 – IMPLICATIONS OF THE DECISION

| DELIVERING PRIORITIES | | | |
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| The proposed scheme is aimed at supporting existing local businesses. | | | |
| OUTCOME OF CONSULTATION AND ENGAGEMENT | | | |
| N/A | | | |
| LEGAL REQUIREMENTS (including legislation & constitutional powers) | | | |
| Is the recommendation a Key Decision (see the criteria stated here) | Yes | If Yes, indicate which by which criteria it is a Key Decision | <input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget |
| | | And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date) | The decision set out in the report will be accompanied by the process set out in the Constitution to seek an exemption from publishing in the forward plan and call-in process, given the urgency to have a scheme in place by the end of September 2022. |
| <p>S47 of LG Finance Act 1988 enables LA to grant discretionary business rate reliefs. Any associated decision must be made within 6 months of the year the relief relates to. In respect of the CARF scheme this date is 30 September 2022.</p> <p>S47 of the LG Finance Act 1988 also states that when making a decision, the Local Authority must have regard to advice from the Secretary of State. In this case, the advice is set out in the CARF guidance issued by the Department for Business, Energy & Industrial Strategy.</p> <p>As the business rate reliefs are a temporary measure, the government is not changing the legislation relating to the reliefs available to properties. Instead, the Government is asking local authorities to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. Therefore, it will be for individual local billing authorities to adopt a local scheme and determine the eligibility criteria having regard to the associated guidance, to grant relief under section 47.</p> <p>In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.</p> | | | |
| <input type="checkbox"/> | The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below: | | |
| The Monitoring Officer has confirmed that they have no additional comments over and above the points already set out within this report. | | | |
| FINANCE AND OTHER RESOURCE IMPLICATIONS | | | |
| The Government have provided the Council with a grant of £1,836,136, against which to | | | |

consider a local business rates relief scheme.

As has been the case with previous business support schemes, there are a number of challenges with designing a scheme that aims to ensure that all of the money is paid out to businesses within the district, whilst accommodating the costs within the overall Government funding provided.

With the above in mind, it is proposed to keep the scheme as simple as possible, whilst recognising the impact from COVID 19 on the various sectors of the local economy, but also avoiding an application process. An application type approach would likely compound the issue of designing a scheme within a fixed overall cost, as the demand is not clear from the outset and could lead to the scheme being under or oversubscribed.

The above is further compounded by National Subsidy Control measures where some organisations may have exceeded their 'allowance' nationally and therefore would not be eligible for relief. This has been taken into account in terms of the design of the scheme with a focus on smaller / medium businesses who are more likely to be unaffected by this requirement. However, to comply with the relevant guidance, any business who receives support under the proposed scheme will receive a letter stating that by 'accepting' the award of business rate relief they are confirming that they have not exceeded any Subsidy Control thresholds.

Via all of the various business grant support schemes that have been implemented over the past two years, the accuracy of the business rates database has improved and therefore provides a strong and largely 'fixed' position to design a local relief scheme against.

The proposed scheme provides for business rate relief of 44% to eligible businesses, with the ability to increase this percentage if businesses are not able to accept the support being offered. This approach aims to ensure that the full budget set out above is passed onto local businesses.

Those businesses eligible for support will receive a revised bill along with the letter referred to above.

The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:

The S151 Officer is the co-author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

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| A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services; | N/A |
| B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and | |
| C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and | |

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| performance to improve the way it manages and delivers its services. | |
| MILESTONES AND DELIVERY | |
| As highlighted above, a COVID 19 Additional Relief Scheme must be approved by the end of September 2022, following which letters and revised bills will be issued to all eligible businesses. | |
| ASSOCIATED RISKS AND MITIGATION | |
| The primary risks relate to accommodating the costs of the scheme within the funding made available by the Government along with ensuring that it is fully maximised and awarded to local business. | |
| The design of the proposed scheme seeks to address these risks with further comments set out elsewhere in this report. | |
| EQUALITY IMPLICATIONS | |
| The approach taken in designing the local scheme is based on ‘lifting’ previous eligibility criteria from earlier Government Business Grant Schemes. | |
| SOCIAL VALUE CONSIDERATIONS | |
| The approach taken in designing the local scheme is based on translating previous eligibility criteria from earlier Government Business Grant Schemes, with support aimed at those businesses who have been adversely impacted from the pandemic rather than any other / wider criteria. | |
| IMPLICATIONS FOR THE COUNCIL’S AIM TO BE NET ZERO BY 2030 | |
| The approach taken in designing the local scheme is based on translating previous eligibility criteria from earlier Government Business Grant Schemes, with support aimed at those businesses who have been adversely impacted from the pandemic rather than any other / wider criteria. | |
| OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS | |
| Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below. | |
| Crime and Disorder | Please see comments above |
| Health Inequalities | |
| Area or Ward affected | |

PART 3 – SUPPORTING INFORMATION

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| BACKGROUND |
| <p>Earlier in the year, the Government announced a new COVID 19 Additional Relief Fund Scheme with a summary of the key points set out in the guidance as follows:</p> <ul style="list-style-type: none"> • It is designed to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates; • funding has been provided to local authorities based upon the estimated rateable value |

in each local authority rating list which falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per sector;

- the Government will fully reimburse local authorities for discretionary relief awards which comply with this guidance up to the maximum level of the funding allocations. (£1,836,136 for TDC as set out earlier);
- the relief is available to reduce chargeable amounts in respect of 2021/22. (as the scheme is being implemented in 2022/23 the relief will in effect be a credit on the business ratepayers account that can either be 'applied' to reduce their liability in 2022/23 or be requested to be returned as a refund);
- in developing and implementing their schemes local authorities must:
 1. not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS);
 2. not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief); and
 3. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact;
- it will be for local authorities to determine the level of relief for individual hereditaments;
- the relief should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where billing authorities have provided relief using their wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants;
- it is recognised that depending upon how local authorities choose to award CARF, the amount of relief awarded may need to be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year; and
- when making an award for CARF, local authorities should ensure in the conditions of the award that the relief is subject to the property's continuing eligibility.

As highlighted earlier, it is proposed to keep the local relief scheme as simple as possible whilst recognising the impact from COVID 19 on the various sectors of the local economy.

As highlighted above, the funding made available to the Council has been based on the average GVA reductions across the various economic sectors. Although this provides a 'technical' approach to providing funding to Local Authorities, many sectors who would have experienced larger GVA reductions would have already been eligible for relief under mandatory schemes and are therefore excluded under the proposed local scheme. It is also important to highlight that the Council does not hold the GVA information used by the Government to distribute at property level, so it is not possible to simply 'passport' the funding

to local businesses using the same method.

Notwithstanding the above, as set out earlier, one of the Government's key criteria is that support should be aimed at businesses that have been adversely impacted by the pandemic. With this in mind, the proposed relief scheme is based on 'lifting' criteria from earlier Government support / grant schemes that were broadly aimed at supporting those impacted by the pandemic rather than introducing a whole new set of local criteria.

The proposed COVID 19 Additional Relief Scheme is therefore based on the following steps taking as a starting point the complete database of business properties in the district (3,962 properties) and then excluding:

- All those businesses highlighted within the Government guidance (e.g. ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS) – 783 Properties;
- businesses from the following sectors
 1. Solicitors and Finance – 43 Properties
 2. Multi-Nationals – 57 Properties
 3. Government / Public Bodies / Schools – 126 Properties (reflects restrictions highlighted within the legal section earlier in this report)
 4. Betting Shops – 9 Properties
 5. Car Parks – 20 Properties
 6. Utilities – 21 Properties
 7. Show Homes – 7 Properties
- Businesses already in receipt of 100% Small Business Rate Relief – 2,427 Properties
- Properties with a Rateable Value above £200k – 3 Properties

Taking the above into account, 466 properties would remain eligible for support under the proposed rates relief scheme, with an aggregate rate's liability of £4,511,999. Those businesses who do not receive 100% small business rate relief would be eligible for additional support under the proposed scheme.

In recognition of the significant number of smaller businesses operating within the district, it is further proposed to apply a 'cash cap' of £25,000 to the total of relief that would be granted to any one business.

After the application of the proposed 'cash cap', the total level of relief awarded to those properties identified as eligible under the proposed criteria above would be 44%. This level of relief would therefore be automatically applied to the rate accounts of eligible businesses to reduce their liability in 2021/22.

The associated policy that reflects the various points highlighted above is attached.

As highlighted earlier in this report, if a business declines to accept the relief awarded, such as in instances where they may have exceeded the Subsidy Control thresholds, then the attached policy enables the Council to recalculate the 44% level of relief set out above, to

ensure that the full funding made available by the Government is awarded to local business and not 'returned' to the Government.

PREVIOUS RELEVANT DECISIONS

A mandatory business rates relief scheme was agreed by the Portfolio Holder for Corporate Finance and Governance in March 2022. The proposed scheme set out in this report is designed to complement this existing scheme via the provision of relief to a range of businesses who were not eligible for relief under this earlier scheme.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

COVID-19 Additional Relief Fund (CARF): Local Authority Guidance

APPENDICES

Attached - Tendring District Council's Proposed COVID-19 Additional Relief Fund 2021/22 Policy

REPORT CONTACT OFFICER(S)

| | |
|------------------------|---|
| Name | Richard Barrett |
| Job Title | Assistant Director Finance and IT |
| Email/Telephone | rbarrett@tendringdc.gov.uk 686521 |