

Discretionary Business Rates Relief

Report of the Finance & Resources Portfolio Holder

Recommended:

That the COVID Additional Relief Fund discretionary business rates relief scheme, as shown in the Annex to the report, be added to the Council's Discretionary Rate Relief Policy.

SUMMARY:

- This report considers the options available to the Council for the introduction of a new discretionary business rates relief, targeted at business who have not previously received rates reliefs throughout the pandemic.
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1 Introduction

- 1.1 The government has recently released guidance to local authorities for a new discretionary business rates relief – the COVID Additional Relief Fund (CARF).
- 1.2 This report considers the options available to the Council for distributing the relief and recommends that a local policy for CARF is added to the Council's Discretionary Rate Relief Policy.

2 Background

- 2.1 In December 2021, government released guidance for a new discretionary business rates relief. It is targeted at businesses that have been adversely affected by the pandemic and have not been eligible for the retail, hospitality & leisure discount or nursery discount.
- 2.2 Despite the guidance being released in December, the relief applies only to the 2021/22 financial year. The timing of the guidance, along with the time threshold for dealing with Omicron Hospitality & Leisure / Additional Restrictions Grants means that, like most Councils across the country, our scheme will be applied retrospectively. All decisions to award relief and the application of the relief itself must be made by 30 September 2022.
- 2.3 The Council's allocation for this relief is £3.612M. Unlike reliefs that have previously been introduced, this is a cash limited sum. Any relief that is awarded over this amount will not be funded by government. In that respect, it is similar to the Additional Restrictions Grant, though this is specifically to provide business rates relief and not provide cash funding to businesses.

3 Corporate Objectives and Priorities

- 3.1 The delivery of the CARF business rates relief scheme will help the Council to achieve its objectives of growing the potential of town centres and growing the potential of people by supporting local employers who have been adversely affected by the pandemic.

4 Options

- 4.1 Without any evidence to understand exactly how potentially eligible local businesses have been affected by the pandemic and the extent to which they have been able to adapt, determining eligibility criteria and possible thresholds for the amount of relief is incredibly difficult. The options that follow take this into account.
- 4.2 There are two separate elements that need to be considered in establishing a local CARF scheme. These are a) the characteristics that make a business eligible for support, and b) the amount of support to be provided.
- 4.3 These are both discrete considerations and are shown separately in the following options and options appraisal.
- 4.4 There is an option of not introducing a local CARF scheme. However, as the funding is provided by government and its distribution will help support local businesses that have been affected by the pandemic, it is not recommended.

5 Options – Eligibility for Relief

- 5.1 Option 1 – Open the scheme to any business affected by the pandemic.
- 5.2 Option 2 – Provide relief for premises on which employment activities take place (Recommended).
- 5.3 Option 3 – Target specific types of business.

6 Option Appraisal – Eligibility for Relief

Option 1 - Open the scheme to any business affected by the pandemic

- 6.1 There are very few mandatory exclusions from the CARF scheme. They are:
- Businesses eligible for the retail, hospitality and leisure discount or nursery discount schemes may not apply.
 - Unoccupied premises are ineligible (other than temporary closure due to government advice on COVID-19).
 - Precepting authorities, including town and parish Councils may not apply.
- 6.2 This option would allow any business that can evidence that it has been negatively affected by the pandemic to claim relief.
- 6.3 This has the greatest reach but could also result in reliefs being given to, for example, communications masts or advertising boards where there is no direct local employment.
- 6.4 This option is not recommended.

Option 2 - Provide relief for premises on which employment activities take place (Recommended)

- 6.5 This would enable all businesses that employ staff from the application site to receive support.
- 6.6 This provides more focus on people-based industry but does not attempt to eliminate any particular sectors from support.
- 6.7 This is the recommended option.

Option 3 – Target specific types of business

- 6.8 Many types of business, such as medical or professional services are routinely excluded from business rates reliefs.
- 6.9 It is impossible to know the extent of disruption caused by the pandemic across all sectors and therefore relief may not reach local businesses that are in need of support. This option is not recommended.

7 Options – Amount of Relief to be Awarded

- 7.1 Option 1 – A fixed relief, equivalent to the amount available under the retail, hospitality and leisure scheme.
- 7.2 Option 2 – A fixed amount based on published economic impacts by type of business.
- 7.3 Option 3 – A proportional amount based on applications received and rateable value of property (Recommended).

8 Options Appraisal – Amount of Relief to be Awarded

Option 1 – A fixed relief, equivalent to the amount available under the retail, hospitality and leisure scheme

- 8.1 This would amount to 100% relief for April to Jun, followed by 66% relief for Jul to March, or more simply an average of 75% across the year.
- 8.2 This is administratively simple to apply but does not take any account of potential demand for relief. The Council could find that the funding is fully utilised before support is given to all otherwise eligible businesses or be left with unallocated funding.
- 8.3 For this reason, this option is not recommended.

Option 2 – A fixed amount based on published economic impacts by type of business

- 8.4 Annex A to the guidance notes sets out the methodology used to determine LA funding for this scheme by reviewing the 'Gross Value Added' as a proxy for economic impacts of the pandemic.
- 8.5 This would appear to be a more scientific measure of the amount of support that may be needed, but again does not address the potential demand issue.

8.6 For this reason, this option is not recommended.

Option 3 – A proportional amount based on applications received and rateable value of property (Recommended)

8.7 This option would not have a published award amount, but instead would allow for an application window during which all potentially eligible businesses could apply.

8.8 The amount of relief awarded would be on a pro rata basis, based on rateable value of successful applications.

8.9 This provides the best option for allocating all of the available funding without the risk of over-allocation.

8.10 To prevent a small number of business with large properties receiving a disproportionate amount of relief, it is recommended that the deemed maximum RV for any property is £100,000. This means that businesses with larger properties could still apply, but their relief will be capped at that of a property with an RV of £100,000.

8.11 Businesses with multiple properties would be able to apply for each site.

8.12 This is the recommended option.

9 Options - Risk Management

9.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

10 Resource Implications

10.1 The recommended option distributes the available funding to eligible businesses that keeps the allocation within the overall funding level provided by the government (£3.612M). There are therefore no direct financial implications arising from this report.

10.2 It is possible that the Council will benefit indirectly from increased overall recovery of business rates, where the relief is applied to businesses that were in business rates arrears for the 2021/22 financial year.

11 Legal Implications

11.1 CARF relief will be granted using the discretionary relief powers contained within Section 47 of the Local Government Finance Act 1988.

12 Equality Issues

12.1 No equality matters have been identified in the preparation of this report.

13 Conclusion and reasons for recommendation

- 13.1 The government has allocated £3.612M to the Council to help to reduce the business rates liability of businesses impacted by the pandemic that have not had previous support from their business rates liability.
- 13.2 There is limited information available to fully understand the level of demand that there may be for this relief and the amount of funding business need.
- 13.3 The recommended scheme is summarised as:
- Available to any business affected by the pandemic that employs full time staff from the premises from its site
 - An application window followed by pro rata award of full allocation, based on RV of property.
 - A deemed maximum rateable value of £100,000 per property for the purposes of determining relief
 - Relief to be applied as a credit on accounts with refunds only issued by exception.

Background Papers (Local Government Act 1972 Section 100D)

Guidance notes to local authorities for the COVID Additional Relief Fund - <https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	N/A
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