

Committee Name and Date of Committee Meeting

Cabinet – 14 February 2022

Report Title

COVID-19 Additional Relief Fund

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. However, Government only released guidance on how the relief could be utilised on 15 December 2021. In this guidance Government confirmed that the Fund was to be made available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates, such as through Governments Extended Retail Relief scheme. The Council's allocation is £4,851,486 and is available to provide businesses with business rates relief for the financial year 2021/22. It is a discretionary fund and so the Council must design a scheme that utilises the grant fund to provide discretionary business rates relief.

The Council's proposed scheme will provide business rate relief of 50% of the business rates bill up to a maximum of £6k of relief. Where a business meets the eligibility criteria that the Council proposes within this report, the business will have its business rates bill re-issued, taking account of the rates relief awarded. The Council scheme will open for applications from the 1 March 2022 through to the 30 April 2022, allowing businesses to come forward and register their interest. If there is a residual balance remaining once all successful applications have been reviewed and their initial award calculated, it will be distributed across all successful applicants to maximise the use of this grant, retaining the funding within Rotherham. To enable this, either the £6k cap or 50% of business rates level will be increased, whichever produces the best fit with the Councils available funding.

Recommendations

1. Approve the Councils proposed use of the COVID-19 Additional Relief Fund (CARF).
2. That the authority to make any final further payments to ensure that the Fund is fully utilised is delegated to the Strategic Director – Finance and Customer Services, in consultation with the Cabinet Member for Corporate Services, Community Safety & Finance and the Leader of the Council.

List of Appendices Included

Appendix 1 Equalities Impact Assessment

Appendix 2 Carbon Impact Assessment

Background Papers

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

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No

COVID-19 Additional Relief Fund

1. Background

- 1.1 On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. However, Government only released guidance on how the relief could be utilised on 15 December 2021. In this guidance Government confirmed that the fund was to be made available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates, such as through Governments Extended Retail Relief scheme.
- 1.2 The Council's allocation is £4,851,486 and is available to provide businesses with business rates relief for the financial year 2021/22. It is a discretionary fund and so the Council must design a scheme that utilises the grant fund to provide discretionary business rates relief.

2. Key Issues

- 2.1 Whilst the operation of the grant fund is discretionary, Government guidance sets out some specific criteria that the Council's scheme must operate within. The Council will be responsible for designing its own scheme for discretionary relief. However, in developing and implementing the scheme the Council must:
- 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),
 - 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
 - direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 2.2 The Council is able to determine the amount of relief that each business is eligible to receive and the business sectors it supports. However, as per the criteria above the Governments guidance prevents the Council from providing further business rates relief to businesses who have already received relief from the Extended Retail Discount. Once the businesses that cannot access the relief have been removed, the Council is left with businesses with a total rates bill of £42m. However, the business categorisation nationally set up for National Non-Domestic Rates NNDR (business rates), which are set by the Valuation Office, are not informative enough to be able to create business sectors for any meaningful analysis that can be used to determine who the Council supports.
- 2.3 An assessment has been carried out of the business sectors that make up this £42m, with the aim of removing business types that the Council would not propose to support, rather than trying to target businesses for support. Following this review the sectors listed in paragraph 2.5 below have been

stripped out as the Council would not look to support them with business rates relief. The businesses remaining have business rates bills totalling £35m. In the remaining list of business sectors there are 1,154 different businesses, however, not all of these businesses have a business rates bill in excess of £6k and as such their award would be less than £6k, reducing their bill to zero.

2.4 Having stripped back the volume of businesses eligible for support from the Council, the Council is then able to set out its scheme criteria that allows the maximum level of grant to be used, to support as many businesses impacted by Covid-19 as possible. In setting the level of business rates relief the Council provides, it must also guard against the risk of over allocating any award to businesses as any allocations above the level of grant available will have to be funded from the Council's own resources.

2.5 Businesses applying for the Councils scheme must have been in occupation on the 31 December 2021. The Council scheme will be open to all businesses who do not fall within the following sectors:

- Public sector organisations
- Banks
- Utilities
- Advertising Units
- Petrol Stations
- Sports Facilities / Grounds

In addition, applicants must meet Governments base criteria:

- 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),
- 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
- Applicants must have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

2.6 To ensure that businesses are given fair opportunity to apply for support, the Councils scheme will open up for applications on the 1 March 2022 and remain open until the 30 April 2022. The scheme will provide business rates relief of 50% of the business rates bill up to a maximum of £6k of relief. Where a business meets the eligibility criteria that the Council proposes within this report, the business will have its business rates bill re-issued, taking account of the rates relief awarded, 50% of the business rates bill up to a maximum of £6k of relief.

2.7 If there is a residual balance remaining once all successful applications have been reviewed and their initial award calculated, it will be distributed across all successful applicants to maximise the use of this grant, retaining the funding within Rotherham. To enable this, either the £6k cap or 50% of business rates

level will be increased, whichever produces the best fit with the Councils available funding.

- 2.8 It is therefore anticipated that the Councils scheme will be fully implemented by the end of June 2022, allowing time to calculate the business rates awards and process them to the point of re-billing businesses. The Council has until 30 September 2022 to utilise this funding otherwise it will have to be returned to Government. Eligibility for relief on any property which is retrospectively brought into rating for 2021/22, after the scheme closing date of 30 April 2022 but before 30 September 2022, will be considered on a case by case basis.

3. Options considered and recommended proposal

- 3.1 The Council did consider other methodologies for awarding the business rates relief, such as awarding a larger fixed percentage reduction in business rates and the possibility of specifically targeting businesses. However, this presents the Council with two significant risks, the risk of overspend if the level of claimants outstrips the availability of resource, leading to a cost pressure for the Council, in addition, targeting specific businesses may lead to the Council missing out on some business areas that are impacted and require some support.

- 3.2 The Councils proposed approach, allows businesses that have been impacted by the pandemic to come forward and register interest in this discretionary business rates relief scheme, stating their case for support. As an open scheme its naturally less restrictive and with the specific window for claimants to come forward, the Council can manage the award to ensure it falls within the grant available. The support provided has been calculated so that it maximises the fund, however, the Council cannot guarantee all businesses will come forward for support, as some may not which will leave a residual balance. The Council will therefore be able to maximise the grant, to provide support the most businesses possible.

4. Consultation on proposal

- 4.1 The Council has consulted with UK Councils, as part of a CIPFA working group, to try to ensure that the Councils approach to this scheme is similar to schemes that will be delivered via other local authorities.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Cabinet approval is required to deliver the proposed discretionary scheme. Should Cabinet approve the scheme, the Council will look to launch the application process on the 1 March 2022.

6. Financial and Procurement Advice and Implications

- 6.1 The Council's allocation is £4,851,486 and is available to provide businesses with business rates relief for the financial year 2021/22. It is a discretionary fund and so the Council must design a scheme that utilises the grant fund to provide discretionary business rates relief.

6.2 If the Council awards the relief it will reduce the level of business rates that need to be collected in relation to this financial year, that will likely lead to an increase in the collection rates for business rates. The use of the grant is net nil to the Council, bills will be reduced but the Council will be compensated for that through the application of the grant. The operation of this discretionary scheme, presents a financial risk if the number of applicants that come forward for relief, outstrip the availability of the grant, that risk is mitigated by providing a lower initial offer to businesses that can then be topped up.

6.3 There are no direct procurement implications arising from the report.

7. **Legal Advice and Implications**

7.1 The proposed scheme is consistent with the Government guidance in respect of the funding provided. Further, the scheme is consistent with relevant public law principles, in particular it is lawful, fair and rational.

8. **Human Resources Advice and Implications**

8.1 No direct implications.

9. **Implications for Children and Young People and Vulnerable Adults**

9.1 The report includes reference to the cost pressures on both Children's and Adult Social care budget.

10. **Equalities and Human Rights Advice and Implications**

10.1 No direct implications.

11 **Implications for CO2 Emissions and Climate Change**

11.1 No direct implications.

12. **Implications for Partners**

12.1 No direct implications.

13. **Accountable Officers**

Graham Saxton, Assistant Director – Financial Services
Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	28/01/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	27/01/22
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	27/01/22

Report Author: Rob Mahon, Head of Corporate Finance

This report is published on the Council's [website](#).