

Report of	Record of	Date
Director (Customer and Digital) (Introduced by Executive Member (Resources))	Executive Member Decision	17 June 2022

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Covid-19 Additional Relief Fund

Purpose of the Report

- To gain approval of the design of the discretionary COVID-19 Additional Relief scheme to proactively award relief to eligible businesses.

Recommendations

- The discretionary scheme proposals outlined specifically at points 17 to 28 within this report are approved.

Reasons for recommendations

- A targeted approach to awarding relief will safeguard that business ratepayers affected by the pandemic, who are ineligible for existing support linked to business rates in 2021/22, receive support.
- Awarding relief proactively will ensure maximum distribution of the council's grant funding.

Other options considered and rejected

- To invite applications for relief from business ratepayers.
- This option was dismissed following feedback that local authorities who invited ratepayers to apply for relief are struggling to distribute their funding to businesses due to a lack of applications received, despite opening multiple application windows.

Corporate priorities

- The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all	A strong local economy
Clean, safe and healthy communities	An ambitious council that does more to

	meet the needs of residents and the local area
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Background:

8. Many ratepayers who were ineligible for COVID-19 business rates relief schemes have been appealing to the Valuation Office Agency for reductions in their rateable values, claiming that the pandemic represented a ‘material change of circumstance.’
9. On 25 March 2021, the government announced a new COVID-19 Additional Relief Fund (CARF) to support business ratepayers affected by the pandemic but who are ineligible for existing support linked to business rates in 2021/22.
10. This targeted support replaces the legal right to challenge a rateable value based on a material change of circumstance due to the pandemic.
11. Guidance on the administration of the scheme was published on 15 December 2021, including the criteria local authorities must consider when determining eligibility for this funding:
 - a. do 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),

Essentially, this means that shops, restaurants, cafes, drinking establishments, cinemas, live music and leisure venues, hotels, guest and boarding premises and self-catering accommodation are excluded from CARF.

- b. do 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
 - c. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
12. The funding allocation for this scheme is based on the estimated rateable value in each authority rating list which falls within the scope of the fund. The following grant allocation has been confirmed:

Chorley Council	£1,584,588
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13. Central government will fully reimburse local authorities for discretionary relief awards for the financial year 2021/22 only, which comply with guidance up to the maximum level of their allocations.
14. As these support measures are temporary for the financial year 2021/22, the Government is not changing legislation relating to business rate relief. Instead billing authorities will need to adopt a local scheme to determine when to grant CARF using their discretionary powers under section 47 of the Local Government Finance Act 1988.

15. Any discretionary relief in relation to the previous financial year must be awarded to eligible ratepayers by 30 September 2022.
16. When changes to the council's discretionary rate relief scheme are required the decision-maker is the Executive Member (Resources).

Proposed scheme

17. In line with guidance the support under this scheme will be directed to business ratepayers affected by the pandemic who were excluded from previous COVID-19 rate relief.
18. The council's business rates system, does not hold adequate information about business categories to enable targeting of specific economic sectors. However, it is possible to exclude those businesses the council may not wish to support, along with those prohibited by the government.
19. In addition to the criteria set out by the government, it is proposed that that the ratepayer:
 - a. must not have been awarded 100% Small Business Rate Relief or Rural Rate Relief in 2021/2022
 - b. must not be in administration, insolvent or been struck off the Companies House register
 - c. must not have exceeded the permitted subsidy allowance
20. It is also proposed that the following should not be supported through this scheme because they were not adversely impacted by the pandemic:
 - a. advertising rights
 - b. ATMs
 - c. car parks and parking spaces
 - d. communication stations
 - e. electricity generating plants
 - f. electronic delivery lockers
 - g. financial services including banks and building societies
 - h. housing associations
 - i. independent distribution networks
 - j. Independent gas transporters
 - k. land used for storage
 - l. letting agents and estate agents
 - m. medical services including dentists, doctors, hospitals, and vets
 - n. providers of funerals and related services
 - o. schools& colleges
 - p. solicitors
 - q. telephone masts
 - r. temples and other places of worship
 - s. waste recycling plants and waste transfer stations
21. After exclusions, the types of business premises **that will be supported** include:

- a. Day nursery & premises (which are ineligible for Nursery Discount)
- b. Factory & premises
- c. Garage & premises (which are ineligible for Extended Retail Discount)
- d. Hall & premises
- e. Office & premises
- f. Shop & premises (which are ineligible for Extended Retail Discount)
- g. Store & premises
- h. Warehouse & premises
- i. Workshop & premises

22. A full list of businesses eligible for CARF under these proposals is shown at Appendix A. Feedback from local authorities who invited ratepayers to apply for relief is that they are struggling to distribute their funding allocation due to a lack of applications received, despite opening multiple application windows.

23. The scheme guidance does not specify that it is mandatory to have an application process. **It is therefore recommended that relief is proactively awarded to eligible businesses.**

24. To mitigate the risk of relief being awarded to ineligible businesses a letter will be sent to qualifying ratepayers setting out the eligibility criteria, the amount of relief awarded and the option to opt out of receiving relief if the business:

- a. is not eligible
- b. does not wish to receive the relief

25. Based on initial modelling it is proposed that eligible ratepayers are awarded relief equating to the following set percentage of their 2021/22 net business rates liability.

Chorley Council	19.8%
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26. This approach will achieve maximum distribution of the council's grant funding with a residual amount to be kept in reserve for ad-hoc requests for relief due to the impact of

	Grant allocation	Amount of CARF awarded	Number of eligible businesses	Balance of grant allocation
Chorley Council	£1,584,588	£1,570,060	534	£14,527

the pandemic:

27. If awarding CARF puts the 2021/22 account into credit, any overpayment would be moved to offset any other outstanding business rates liability for the ratepayer, or their 2022/23 business rates bill.

Climate change and air quality

28. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

29. There are no equality implications arising from this report.

Risk

30. To mitigate the risk of relief being awarded to ineligible businesses a letter will be sent to qualifying ratepayers setting out the eligibility criteria, the amount of relief awarded and the option to opt out of receiving relief if the business:
- c. is not eligible
 - d. does not wish to receive the relief

Comments of the Statutory Finance Officer

31. Funding of £1,584,588 has been provided by Government to facilitate payment of the CARF discretionary rate relief. Modelling undertaken by the Revenues Team has indicated an allocation of all but £14,527 of the funding, leaving these monies as a contingency to the scheme for any unexpected, eligible requests.

Comments of the Monitoring Officer

32. As these are discretionary grants, members need only be satisfied that the qualification criteria are reasonable. The main body sets out the rationale for the decision.

Background documents

33. There are no background papers to this report.

Appendices

34. Appendix A - CARF eligible businesses

Report Author:	Email:	Telephone:	Date:
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Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 2 of the report in accordance with my delegated power to make executive decisions.



Councillor Peter Wilson
Executive Member for Resources Dated 17.06.22

This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.