

Item No. 11.	Classification: Open	Date: 14 June 2022	Meeting Name: Cabinet
Report title:		Non-domestic Rates – COVID -19 Additional Relief Fund	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Finance, Democracy and Digital	

FOREWORD- COUNCILLOR STEPHANIE CRYAN CABINET MEMBER FOR FINANCE, DEMOCRACY AND DIGITAL

Since the beginning of the COVID pandemic, the council has provided support to local businesses through the work of its Local Economy team with the creation of a discretionary grant scheme for businesses, the distribution of Government and Council grants, and reductions to business rate bills.

Financial support to local businesses worth almost a quarter of a billion pounds has been distributed. That support has benefited thousands of local businesses, helping them through the pandemic, and helping to continue to trade and stay afloat. These businesses will make a vital contribution to the recovery of the local economy as restrictions are lifted. The council continues to offer support to local businesses through our business resilience support service.

Most of the financial support provided by the council went to businesses required to close or limit trading due to public health measures during the pandemic. However, we also know that many other businesses that were not forced to close did have to change the way they operated, or were adversely affected by the wider social and economic impacts of the pandemic. The Government has provided the council with new funding to provide additional business rate relief for these businesses.

As a former cabinet member for jobs, business and skills, I'm acutely aware of the importance of small businesses to the future of our local economy and our commitment to growing a good economy and keeping more wealth within our communities. These businesses hold out the greatest promise of long-term growth and of creating the good jobs we will need in the future. We have made a commitment to ensure that the council and other big institutions in Southwark buy more goods and services from local businesses, cooperatives, social enterprises and charities, including Black, Asian, minority ethnic and women led businesses. Our small businesses are at the heart of our economy,

This is why we will use the funding to provide additional relief equivalent to a 100% reduction in business rate bills in 2021/22 for all eligible small businesses. This relief will be provided automatically and eligible businesses will not need to apply, helping avoid any risk that eligible small businesses that pay business rates could miss out.

RECOMMENDATIONS

1. That cabinet approves the COVID – 19 Additional Relief Fund (CARF) policy set out within Appendix 1 as per the government’s requirement to support those businesses affected by the pandemic but that were ineligible for existing support.
2. That cabinet delegates to the strategic director for finance and governance with the responsibility to make future amendments to the application of the COVID-19 Additional Relief Fund (CARF) policy following further review and consultation with the cabinet member for finance, democracy and digital.

BACKGROUND INFORMATION

3. This report outlines Southwark’s implementation of the government’s COVID – 19 Additional Relief Fund (CARF) funding and is effective from 1 April 2021.
4. On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion, although full guidance was not published until December 2021. The fund is available to support those businesses affected by the pandemic but that are ineligible for existing COVID-19 support.
5. The support will be provided as a one-off relief on business rates accounts for the financial year 2021/22.

KEY ISSUES FOR CONSIDERATION

Policy implications

6. The primary principle of CARF is to support businesses that were affected by the COVID-19 pandemic but did not qualify for any of the existing COVID-19 business support schemes.
7. The government is not changing the legislation relating to the business rates reliefs available to properties. Instead, the government will reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988.
8. There is no centrally prescribed scheme but the government has provided eligibility guidance. It is therefore for individual billing authorities to adopt a

local scheme and determine in each individual case whether, having regard to this guidance and their own local scheme, to grant relief under section 47.

9. Government guidance states local authorities must:
- Not award relief to businesses 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),
 - Direct their support towards businesses who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact; and
 - Not grant relief to themselves, or a functional body, within the meaning of the Greater London Authority Act 1999 (such as Transport for London, Metropolitan Police, London Fire and Emergency Planning Authority etc).

The Southwark Scheme

10. Small businesses are both the foundation and the motor of Southwark's local economy. They are the largest number of businesses and the fastest growing. Small business growth, especially in the business-to-business sector, had been fastest in the north of the borough which forms part of the London CAZ (Central Activities Zone) before the pandemic. That sector has the greatest growth potential and contains the greatest promise to create the good jobs that the borough will need in the future. Regeneration, public transport improvements, and other factors have also driven growth in the number of such small businesses on the periphery of the CAZ - in Peckham, Rotherhithe, and Bermondsey for example.
11. These businesses were not mandated to close and nor were they directly affected by social distancing measures but many changed the way they operated and were affected by the wider social and economic impacts of the pandemic. Unlike businesses in the hospitality, retail, and leisure sectors, they were not eligible for financial support through COVID-19 business grants.

Eligibility

12. In recognition of the importance of small business sector to the future of the local economy and consistent with the aims of the Southwark Economic Strategy, the council will use funding available through CARF to provide all small businesses eligible for support with relief equivalent to 100% of business rates due for 2021/22.
13. Small businesses are defined as occupying a property with a rateable value of £50,999 and under.
14. Businesses that qualify for an award are those that:
 - Occupy a premises with a rateable value under £51,000
 - Were in occupation from the 1 April 2021 to 31 March 2022;
 - Had a business rates charge; and
 - Have not received relief from any previous scheme in 2021 (e.g. Extended Retail Relief, Nursery Relief).
15. In addition businesses will not qualify if:
 - They are a betting shop or financial service (e.g. banks, cash points, payday lenders);
 - They are a car park, parking space or advertising space;
 - There is a zero balance after the application of any discount/ relief; or
 - They are not within the rating system.
16. In some cases it may not be materially clear whether a business is eligible, so decisions on the award of relief to these businesses will be at the council's discretion.
17. Businesses that have already received grant payments that equal the maximum permitted subsidy allowances will not be eligible to receive funding.
18. Businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.

How relief is calculated and awarded

19. CARF reliefs will be applied against the net liability after all other mandatory reliefs and other discretionary reliefs have been awarded. The amount of relief will be equal to the remaining net liability.
20. Subject to grant subsidy allowance limits, businesses will be entitled to receive relief for each eligible hereditament, so some businesses may receive more than one relief where they occupy multiple premises.

21. Relief awards will be applied automatically to accounts without the need for businesses to complete an application form.

Additional discretionary support

22. Additional discretionary support will be made available for businesses that under the main scheme do not automatically qualify for CARF awards if there is remaining funding available after all CARF relief awards under the main scheme are applied to qualifying business.
23. The remaining budget will be used to provide relief to those medium and larger businesses which occupy premises with a rateable value of up to £100,000 that have been affected by the COVID-19 pandemic and have not received any other relief.
24. Businesses that may receive support are those businesses with a rateable value of £51,000 and over but would otherwise meet the qualifying criteria for an automatic award, or small businesses that were not in occupation for the full 2021 financial year. However, this list is not exhaustive and cases will be assessed on their individual merits with consideration for any remaining budget, the level of impact COVID-19 had on the business and whether they are smaller local businesses providing economic stimulus to the borough.
25. If additional discretionary support can be provided businesses will need to complete an online application form to be considered for an award to evidence that they have been adversely affected by the COVID-19 pandemic and confirm that the business has not exceeded grant subsidy allowances.

Grant subsidy allowance and appeals

26. The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period which end on the 31 December 2020. Providing discretionary relief is likely to amount to a subsidy. Any relief provided under CARF will need to comply with the UK's domestic and international subsidy obligations.
27. Subsidy allowances for this scheme are set by Government through the Small Amounts of Financial Assistance Allowance, the COVID-19 Additional Relief Fund Allowance and the COVID-19 Additional Relief Fund Further Allowance.
28. Award notifications will be issued upon award of CARF relief for each qualifying property, and will state that by accepting the relief the business confirms they are eligible and does not exceed grant subsidy allowance limits.

29. Businesses have the right to make an appeal if an application is refused. The appeal can be made in writing or online and must contain evidence to support the reasons for the appeal.

Community, equalities (including socio-economic) and health impacts

30. A public authority must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The CARF policy provides equality of access to grant payments, due to clear criteria for the award and consideration of all awards in the same timescales.
31. The CARF scheme provides economic support to local and small businesses that provide services to residents, helping provide economic stimulus to local communities.
32. Research has shown that the financial impact of the COVID-19 pandemic was disproportionately felt by Black, Asian and minority ethnic residents and widened health inequalities. During the COVID-19 pandemic BAME businesses experienced more difficulty accessing government support.
33. The council is able to pre identify all businesses that qualify for CARF support under the main scheme and discretionary support. By ensuring reliefs are automatically awarded without the need to apply removes barriers and ensures BAME businesses are not disadvantaged and will get the relief they are eligible for.

Climate change implications

34. As set out in the council's Climate Change Strategy, climate change and inequalities are linked. The climate emergency is a social justice issue and the council's climate change policy aims to reduce inequality and promote a low carbon economy.
35. Social justice and a just transition require us to tackle climate change in a way that reduces inequality and creates opportunities for people in the borough. The CARF scheme aids this by supporting local business to help sustain, create jobs and stimulate economic recovery.

Resource implications

36. The administration of grant payments will be absorbed within the existing Exchequer Services provision. The situation will be closely monitored and regularly reviewed to allow the policy to be flexible and adaptable to changes in demand.

Legal implications

37. The government is not changing the legislation relating to the business rates reliefs available to properties. Instead, the government will reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988.
38. Local authorities must ensure the safe administration of CARF relief and that appropriate measures are put in place to mitigate against the risk of fraud and payment error.

Financial implications

39. The cost of CARF is met by government, paid via a Section 31 grant.
40. The government has allocated the council £18,562,689 which has been calculated based upon the estimated rateable value of the borough which falls within the scope of the fund, weighted for Gross Value Added (GVA) impacts of COVID-19 per sector.
41. The council will be asked to provide outturn data on the actual total cost of providing the relief via the NNDR3 forms for 2021/22. The loss of income resulting from the relief for each billing authority and major precepting authority will be reconciled against the on-account payments made over the course of the year and any difference will be paid or recovered.
42. The Department for Levelling Up, Housing and Communities will undertake a regular DELTA collection exercise. This will be used to monitor implementation progress. Billing authorities have been asked to ensure that they are able to monitor and report the take-up of the scheme at Parliamentary constituency level and local authority level, and by the Special Category code of the hereditaments.
43. The Government has commenced a New Burdens assessment and will make payment once this has concluded.

Consultation

44. There is no legal requirement for public consultation of the establishment of the council's CARF policy. The policy gives effect to government initiatives to support and issue business rates relief to businesses in Southwark that have been affected by the COVID-19 pandemic but have

not been eligible for any other support packages. The cost of the grant payments will be reimbursed by government and consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

45. The COVID – 19 Additional Relief Fund (CARF) scheme provides support for businesses due to the impact COVID-19. It is administered by local authorities. The scheme's eligibility criteria and the levels of payment set out are specified in national guidance and this report sets out the particulars of the scheme.
46. The decision is appropriately identified as a key decision under the council's constitution, which also provides for a decision of this nature to be taken by cabinet.
47. Cabinet are advised to give due consideration to the council's equality duties as addressed in the community impact statement in paragraphs 30 and 31. Cabinet are reminded of the public sector equality duty contained in the Equality Act 2010.

Strategic Director of Finance and Governance (F&G22/002)

48. The Strategic Director for Finance and Governance notes that this report seeks approval of the COVID – 19 Additional Relief Fund (CARF) policy and delegates responsibility to him, to make future amendments to the application of the policy.
49. The CARF policy is in accordance with Government eligibility guidance allowing allow councils to determine their own schemes. The council will provide all small businesses eligible for support with relief equivalent to 100% of business rates due for 2021/22. If there is any remaining budget, additional discretionary support will be made available to provide relief to those medium and larger businesses that have been affected by the COVID-19 pandemic and have not received any other relief
50. The full cost of the CARF policy will be funded by Government grant. It is noted that new burdens funding is to be assessed to cover costs incurred administering the scheme.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
COVID-19 Additional Relief Fund (CARF): local authority guidance	Link (please copy and paste into browser): https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance	

APPENDICES

No.	Title
Appendix 1	COVID-9 Additional Relief Fund (CARF) policy

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Finance, Democracy and Digital	
Lead Officer	Dominic Cain, Director of Exchequer	
Report Author	Eugene Nixon, Head of Strategy and Compliance, Exchequer	
Version	Final	
Dated	1 June 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		1 June 2022