

Report to: **Executive**
Date: **13 October 2022**
Title: **COVID-19 Additional Relief Fund (CARF)**
Portfolio Area: **Economy – Cllr Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Geni Hotchkiss** Role: **Head of Revenues and Benefits**

Contact: **geni.hotchkiss@swdevon.gov.uk**

Recommendations:

That the Executive:

1. Note the contents of the report.

1. Executive summary

- 1.1 On 25 March 2021, the Government announced a COVID-19 Additional Relief Fund to support those businesses affected by the pandemic who were ineligible for existing support linked to business rates. The CARF scheme is a business rates relief scheme and the Council was required to establish its own scheme whilst incorporating the Government guidance published on 15 December 2021.
- 1.2 The Council's allocation from the COVID-19 Additional Relief Fund (CARF) of £1.5 billion is £1,684,710. The deadline for awarding rate relief to business ratepayers' accounts was 30 September 2022.

- 1.3 A report was brought to Council on 10 February 2022 and approval was given to delegate the approval of a scheme to administer the COVID-19 Additional Relief Fund (CARF) Scheme to the Section 151 Officer, in consultation with the Council Leader, the Deputy Leader and the Lead Executive Member for Communities (the three Members of the Council's rate relief panel), Council minute reference CM64/21.
- 1.4 A COVID-19 Additional Relief Fund (CARF) Scheme was presented to the Rate Relief Panel alongside a list of businesses considered eligible for support.

2. The COVID-19 Additional Relief Fund (CARF) Scheme

- 2.1 On 25 March 2021, the Government announced a COVID-19 Additional Relief Fund (CARF) to support those businesses affected by the pandemic who were ineligible for existing support linked to business rates. Full Government guidance on the operation of the scheme was published on 15 December 2021.
- 2.2 Councils were responsible for developing and implementing a scheme based on local need, however the Government guidance stated that Councils were unable to award relief to ratepayers who were entitled to Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount of the Airport and Ground Operations Support Scheme.
- 2.3 Some businesses had lodged an appeal against their rateable value with the Valuation Office Agency due to COVID-19, i.e. a material change in circumstances, and the Government decided not to allow these appeals (nationally) instead bringing forward the CARF scheme to be administered locally.
- 2.4 The Council's allocation of £1,684,710 was based upon the estimated rateable value in each local rating list which falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per business sector.
- 2.5 In formulating the policy, certain businesses were excluded from the relief. This included those who had received other types of relief such as small business rate relief and mandatory charitable relief. Businesses occupying hereditaments with a rateable value of £1million and above and large companies with multiple outlets were also excluded. This meant that targeted support could be given to other ratepayers who had received no or limited support during the pandemic.

- 2.6 Rate relief has primarily been given to businesses in the manufacturing, wholesale and supply chain sectors who did not receive any other support linked to business rates. It was considered that all office businesses and public car parks would have been adversely impacted by the pandemic and they have also been awarded relief. No relief has been awarded to any Local Authority as, in line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant rate relief to themselves and certain precepting authorities (e.g. a parish or county council).
- 2.7 Officers modelled the data, and in common with a number of other local authorities, a recommendation was made to award the relief on a straight line basis of 26% of the 2021/22 business rates liability, based on rateable value. Eligible businesses were awarded rate relief of just over a quarter of their 2021/22 business rates bill.

3. Post Decision Implementation

- 3.1 The Council has awarded business rate relief under the CARF scheme totalling £1.61 million to 509 business properties by the deadline of 30 September 2022.
- 3.2 Business ratepayers benefitting from the relief will receive a new business rates bill with a covering letter explaining the terms of the award of the rate relief. As the rate relief must be applied to the 2021/22 business rates liability, most businesses will find that their account for 2021/22 has gone into credit. This will be transferred to the 2022/23 financial year thus reducing the amount of business rates payable. Should a ratepayer request that any credit be refunded, a refund will be raised.
- 3.3 As the rate relief is likely to amount to a subsidy, the Council needs to ensure compliance with the UK's domestic and international subsidy control obligations. We will ask business ratepayers, on a self-assessment basis, to inform the Council if they are in breach of any subsidy allowances.

4. Proposed Way Forward

- 4.1 The COVID-19 Additional Relief Fund Scheme (CARF) has been administered in accordance with the Government guidance and the Council's policy and the scheme is now closed. Officers will continue to submit returns on the progress of the scheme through DELTA, the Government's online data collection system used by the Department for Levelling Up, Housing and Communities.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Government will reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be 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. The relief is available to reduce business rates bills in respect of the 2021/22 financial year only.
Financial implications to include reference to value for money	Y	The Council's allocation is £1,684,710 from the COVID-19 Additional Relief Fund (CARF). The approval of the policy for the scheme (a rate relief policy) was delegated to the Council's Rate Relief Panel. An amount of £1.61 million has been awarded to 509 business properties by the deadline of 30 September 2022.
Risk	Y	There would have been reputational risk to the Council if the rate relief had not been awarded by the deadline of 30 September 2022.
Supporting Corporate Strategy	Y	Supporting the Council's Quality Council Services.
Climate Change - Carbon / Biodiversity Impact	N	None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	None	None directly arising from this report.
Safeguarding	None	None directly arising from this report.
Community Safety, Crime and Disorder	None	None directly arising from this report.
Health, Safety and Wellbeing	None	None directly arising from this report.
Other implications	None	None directly arising from this report.

Supporting Information
None