

# **Cherwell District Council**

## **Portfolio Holder for Finance**

### **Non Domestic Rates Covid Additional Relief Fund Policy**

**24 August 2022**

#### **Report of the Assistant Director of Finance**

This report is public

#### **Purpose of report**

To update the Portfolio Holder on the options for spending the discretionary fund allocations for Covid Additional Relief Fund (CARF) payment and to recommend the attached proposed policy.

#### **1.0 Recommendations**

The Portfolio Holder is recommended:

- 1.1 To approve the proposed policy for the Covid Additional Relief Fund (CARF) at appendix 1.
- 1.2 Delegate authority to the Assistant Director of Finance (S151) to agree the final percentage of the award and/or maximum Rateable Value threshold using the latest information for businesses eligible to receive the award and the reliefs they are entitled to in order to ensure use of the fund is maximised

#### **2.0 Introduction**

- 2.1 The Government has announced a new Covid Additional Relief Fund known as CARF to help businesses with their Business Rates bills for the financial year 2021-22. The total fund available is worth £1.5 billion. Cherwell District Council's share is £3,988,386.
- 2.2 This Bill allows Local Authorities to design a new COVID-19 Additional Relief Fund (CARF) Discretionary scheme to reduce Business Rate chargeable amounts in respect 2021-22 subject to Government guidance provided.
- 2.3 Any award will be made under Section 47 Local Government Finance Act 1988 therefore billing authorities are required to adopt a local scheme and determine in each individual case whether, having regard to the guidance and their own local scheme, to grant relief under Section 47. The relief is available to reduce Business Rates chargeable amounts in respect of 2021/22.

- 2.4 Relief is unavailable 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),
- 2.5 Relief is unavailable to a hereditament for the 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.
- 2.6 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.
- 2.7 CARF should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where billing authorities have provided relief using their wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.
- 2.8 Former categories of discretionary relief prior to the Localism Act should be applied first in the sequence of discretionary reliefs and, therefore, before any relief provided under the COVID-19 Additional Relief Fund (CARF).
- 2.9 The Council can use its discretionary powers to offer further discounts outside of this scheme. However, where an authority applies a locally funded relief, this must be applied after CARF
- 2.10 Central Government will fully reimburse local authorities for discretionary relief awards which comply with the guidance up to the maximum level of the allocation Cherwell District Council has received.
- 2.11 The CARF scheme is subject to the subsidies chapter within the UK-EU Trade and Cooperation Agreement (TCA). However, for CARF there is an exemption for subsidies under the value of approximately £2,243,000 per economic actor (broadly speaking, for example, a holding company and its subsidiaries). This allowance comprises 325,000 special drawing rights (at current exchange rates about £343,000) for Small Amounts of Financial Assistance and a further £1,900,000 for Covid-19 related subsidy.

Therefore, for businesses to be awarded CARF they must not have claimed over the period 2019/20 to 2021/22 more than £2,243,000 from schemes which fell within the small amounts of financial assistance or Covid-19 related allowances. Covid-19 business grants received from local government should count towards this limit. Further details of subsidy control can be found on GOV.UK

- 2.12 This scheme is recommended as it will ensure the majority of the funds are dispersed quickly to those small and medium businesses whilst also maximising the allocations.

- 2.13 This scheme would mean 99.1% of the funding would automatically be allocated to businesses without the need for an application.

### **3.0 Report Details**

- 3.1 The government guidance recognises that billing authorities will need to adopt a local scheme and determine in each case whether, having regard to the government guidance, to grant relief under Section 47 of the Local Government Finance Act. The relief is available to reduce chargeable amounts in respect of 2021/22. Cherwell has been allocated £3,988,386.
- 3.2 During 2021/22 Cherwell had in excess of 6,300 accounts. This included businesses in receipt of or eligible for expanded retail discount or nursery discount which automatically disqualifies the business from the CARF scheme. It also included businesses who had no liability to pay Business Rates in 2021/22 due to other reliefs and exemptions already awarded. Financial modelling has led to the following options being proposed.

### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Option 5 (Model 5 below) is the preferred approach. Option 5 focuses the relief on businesses classed as “small and medium” and so focuses the resource on the smallest businesses which will have seen significant struggles.
- 4.2 It is recommended that due to movement in rateable values and businesses receiving other reliefs that delegated power to review the % of the award or maximum RV threshold is held by section 151 to ensure maximised spending of the fund.

### **5.0 Consultation**

The Council has consulted with a number of Oxfordshire local authorities whilst models were being reviewed. See below.

### **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and models 1 to 4 were rejected for the reasons as set out below and model 5 is the recommended option to take forward.

<b>Table 1: Example Models</b>
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	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
<b>Criteria</b>	35% of rates liability with £50K monetary cap & max RV cap of £100k	9% off all eligible accounts in 2021/22. No cap on RV or award	11% of rates liability. No cap on RV or award	Same as model 1 with RV cap of £50,999. All accounts in 2021/22 - 50% award	Same as model 4 with RV cap of £50,999. All accounts in 2021/22 - 56% award with 50K monetary cap
<b>Total £ awarded</b>	£ 3,622,707.15	£ 3,541,536.40	£ 3,685,739.52	£ 3,527,467.50	£ 3,950,763.60
<b>Percentage of Cherwell's funding allocation</b>	90.8%	88.8%	92.4%	88.4%	99.1%

<b>Model 1: Similar to Oxford City</b>	Excludes all ATMs, Advertising boards, Energy Suppliers & Networking, Telecommunications mast, schools - independent and maintained, government and justice, betting and gambling, fire, police, solar panels, banks and liable on 1.4.2021 and still liable and must be occupying for more than 60 days. Maximum Rateable Value = £100,000
<b>Model 2: Similar to West Oxon</b>	Excludes car parks, schools and colleges and army barracks then standard percentage across the board. All businesses, no cap on amount of award. This includes open and closed accounts. Caveat: will have to check Companies House pre-award
<b>Model 3:</b>	Excludes all ATMs, Advertising boards, Energy Suppliers & Networking, Telecommunications mast, schools - independent and maintained, government and justice, betting and gambling, fire, police, solar panels, banks and liable on 1.4.2021 and still liable and must be occupying for more than 60 days. No Max RV or cap on award
<b>Model 4:</b>	Excludes all ATMs, Advertising boards, Energy Suppliers & Networking, Telecommunications mast, schools - independent and maintained, government and justice, betting and gambling, fire, police, solar panels, banks and liable during 2021/22 and must be occupying for more than 60 days. Maximum Rateable Value = £50,999
<b>Model 5:</b>	Excludes all ATMs, Advertising boards, Energy Suppliers & Networking, Telecommunications mast, schools - independent and maintained, government and justice, betting and gambling, fire, police, solar panels, banks and liable during 2021/22 and must be occupying for more than 60 days. Maximum Rateable Value = £50,999

6.2 By awarding relief to businesses in properties with a rateable value of £51,000 or higher risks the relief being rejected due to the business exceeding subsidy levels.

- 6.3 Awarding a lower value percentage to all businesses will adversely impact those businesses determined as most in need.
- 6.4 By capping the rateable value at £50,999 this would assist small and medium businesses within Cherwell. Option 4 would leave a discretionary fund available, however if insufficient applications received then the funds would be returned to central government.

## **7.0 Implications**

### **Financial and Resource Implications – Mandatory paragraph**

- 7.1 Funding of £3,988,386 has been received and financial modelling has been undertaken to ensure maximisation of the fund to disperse to those most in need.

Comments checked by:

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### **Legal Implications – Mandatory paragraph**

- 7.2 There are no legal issues associated with this report.

Comments checked by:

Helen Lolas, Team Leader, Legal Services, 07801400941, Helen.Lolas@cherwell-dc.gov.uk

### **Risk Implications - Mandatory paragraph**

- 7.3 Option 5 will see the majority of the funds awarded to businesses so the risk of funds being returned to government is minimal. Any other arising risks will be handled as part of the service operational risk and escalated to the Leadership Risk Register as and when required.

Comments checked by:

Celia Prado-Teeling, Interim Assistant Director – Customer Focus, 07580 031776,  
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### **Equalities and Inclusion Implications**

- 7.4 The proposal ensures that the Non Domestic Rates Covid Additional Relief Fund Policy is consistent with our commitment to Equalities, inclusion and diversity as stated in our equalities and inclusion framework

Comments checked by:

Celia Prado-Teeling, Interim Assistant Director – Customer Focus, 07580 031776,  
[Celia.Prado-Teeling@Cherwell-DC.gov.uk](mailto:Celia.Prado-Teeling@Cherwell-DC.gov.uk)

## **Sustainability Implications**

7.5 There are no sustainability issues associated with this report

Comments checked by:

## **8.0 Decision Information**

**Key Decision** N/A as not an Executive report

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

All

### **Lead Councillor**

Councillor Adam Nell, Portfolio Holder for Finance.

## **Document Information**

### **Appendix number and title**

- Appendix 1 - Support for Covid Additional Relief Fund (CARF) 2022/23 Policy

### **Background papers**

None

### **Report Author and contact details**

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