



Delegated Decision Report

Decision Maker and Portfolio area:	Cllr A Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon
Date of Decision:	19th August 2022
Subject:	COVID-19 Additional Relief Scheme (CARF)- Phase Two
Report Author:	Adam Parsey
Ward(s) Affected:	All

Reason for the decision:

This report follows a report of 23rd June 2022 where the COVID-19 Additional Relief Fund (CARF) scheme Phase 1 allocation was approved. This report requests approval from Cabinet Member for Finance and Low Carbon for the proposed methodology for the allocation of the remaining unspent CARF grant to maximise the grant funding in full.

Summary:

On 15th December 2021 the Government provided guidance to Local Authorities in relation to a new temporary Business Rates Discretionary Relief Scheme, the COVID-19 Additional Relief Fund (CARF).

Oldham's allocation of the fund is £4,203,655. The scheme has been established to support those businesses impacted by the COVID-19 pandemic and unable to adequately adapt to that impact. It is only available to reduce liability for Business Rates for the 2021/22 financial year and for those businesses who have not already received support via other Business Rate relief schemes. This proposal therefore excludes businesses in the Retail, Leisure and Hospitality sectors and those who have received Nursery Discount.

Local Authorities are required to devise a local discretionary scheme to administer this relief using existing powers under Section 47 of the Local Government Finance Act 1988. The Government will re-imburse Local Authorities through Section 31 grants for expenditure properly incurred up to the funding allocation of £4.204m.

The basis of the funding allocation for the relief was delegated via a Cabinet report, to the Director of Finance in consultation with the Deputy Leader and Cabinet Member for Finance and Low Carbon on 24th January 2022.

The Council opened a window for the receipt of applications for CARF support between 28th January 2022 and 28th February 2022. Due to the low number of eligible applications, this application period was then extended to 31st March 2022. The low number of applications from eligible businesses was consistent with other Local Authorities both locally and nationally.

By 31st March 2022, the Council had received 103 applications for CARF, 80 of these applications were considered ineligible leaving 23 remaining to be considered for CARF. Each application was considered on a case by case basis to determine eligibility.

The 80 applications were rejected, and the businesses advised they could request a review of the decision up to the 1st August 2022. The remaining 23 applications were awarded resulting in £804,235.21 being distributed in accordance with the report approved on 23rd June 2022.

This left £3,399,419.79 to be allocated in accordance with the options outlined below

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1: To ensure the benefit of the CARF scheme is maximised, it is proposed the Council undertake a further exercise to automatically award relief to businesses likely to be eligible for support. The relevant criteria are outlined in Appendix A and follows Government Guidance.

Under this option, the proposed methodology would be to award relief on the basis of the Business Rates payable for the 2021/22 financial

year. The distributions would be calculated as follows:

- 20% CARF Relief of the net liability between 1st April 2022 and 31st March 2023.

This would result in a distribution of £3,298,716.41 leaving £100,703.38 to fund potential appeals and represents 20% of the net payable rates for the 2021/22 financial for each eligible business.

Option 2: To award relief on the basis of the Business Rates payable for the 2021/22 financial year. The distributions would be calculated as follows:

- 50% CARF Relief up to 30th June 2021
- 10% CARF Relief from 1st July 2021 to 31st March 2022

This would result in a distribution of £3,294,197.62 leaving £105,222.17 to fund potential appeals and represents 19.97% of the net payable rates for the 2021/22 financial for each eligible business

Recommendation(s):

It is recommended that the Council adopts the preferred methodology outlined in Option 1 above and in Sections 3.2 (1) and 4 of the detailed report for Phase 2 allocations.

Implications:

*What are the **financial** implications?*

The preferred option distributes grant income of £4,203,655 already paid over to the Council. There are no budgetary implications as any unspent monies would need to be returned to Central Government (Chris Kelsall)

What are the **procurement** implications?

Not applicable

*What are the **legal** implications?*

Legal issues are addressed in the body of the report (Colin Brittain)

*What are the **Human Resources** implications?*

Not applicable

*What are the **Children and Young People** Implications?*

Not applicable

Equality and Diversity Impact Assessment attached or not required because (please give reason) Not applicable

What are the **property** implications? Not applicable

Risks:

Co-operative agenda

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

List of Background Papers under Section 100D of the Local Government Act 1972:

Title	Available from
Covid Additional Relief Fund (CARF) – Central Government Guidance to local authorities	https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance

Please list any appendices:-

Appendix number or letter	Description
Appendix A	Proposed Phase Two Criteria

Report Author Sign-off:	
Adam Parsey	Exchequer Client Manager (Revenues)
Date:	17 August 2023

1 Background

- 1.1 On 25 March 2021, the Government announced a new COVID -19 Additional Relief Fund (CARF) of £1.5 billion nationally. This fund, which is a Business Rates discretionary relief fund, is available to support those businesses affected by the pandemic and unable to adequately adapt to that impact but are ineligible for existing support linked to Business Rates including recipients of 100% Small Business Rate Relief, Expanded Retail Discount, the Nursery Discount and the Airport and Ground Operations Support Scheme (AGOSS).
- 1.2 A change to primary legislation, the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021, was required to remove the legal right of businesses to appeal their rateable values to the Valuation Office Agency on the grounds of a Material Change of Circumstances due to the impact of COVID-19. Following this change to the law, which came into force on 15 December 2021, the guidance for the COVID-19 Additional Relief Fund and confirmation of funding allocations were released to Local Authorities.
- 1.3 The £1.5 billion has been allocated to Local Authorities based on the estimated rateable value in each Local Authority that falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per business sector. The funding allocation for Oldham Council is £4,203,655 and the funding can only be allocated in respect of the 2021/22 financial year. The relief will only be considered for businesses that had a Business Rates liability in that year.
- 1.4 Awards made under the CARF scheme are granted under the discretionary powers available to the Local Authority under Section 47 of the Local Government Finance Act 1988. The Government will reimburse Local Authorities for eligible payments made up the funding allocation limit of £4,203,655 via section 31 grants.
- 1.5 On 24th January 2022, Cabinet agreed to a criterion for the CARF scheme and to allow an application window to be opened between the 28th January 2022 and 28th February 2022.

2 Phase One – Applications

- 2.1 The Council opened an application window for CARF between 28th January 2022, and 28th February 2022. Due to the low number of eligible applications this window was extended to 31st March 2022. The low number of eligible applications was consistent with other Local Authorities both locally and nationally.
- 2.1 By 31st March, the Council had received 103 applications for CARF, 80 of these applications were considered ineligible leaving 23 remaining to be considered for CARF support.
- 2.2 The remaining 23 applications provided satisfactory evidence that each business has suffered a reduction in both turnover and profit & loss compared to pre-pandemic accounts.

2.3 The methodology adopted to award CARF relief was as follows.

Rateable Value of Occupied Hereditament	Award Level
Rateable Value Under £250,0000	100% of the net payable business rates in 2021/22
Rateable Value Over £250,0000	50% of the net payable business rates in 2021/22

2.3 The total distributed was £804,235.21. This left £3,399,419.79 remaining.

2.4 The Council received two appeals from rejected applications. One from an organisation that did not have a rates liability in 2021/22 due to other reliefs and the second from a business who owned advertising boarding's in the borough. Both have been rejected.

3 Proposed Phase Two approach

3.1 To ensure the benefit of the CARF scheme is maximised, it is proposed the Council undertake an exercise to automatically award relief to businesses likely to be eligible for support. Businesses will be asked to opt out of the scheme should they not meet the criteria.

3.2 The proposed criteria for eligibility are outlined at Appendix A. Officers have undertaken a review of all liable business ratepayers and worked up two options:

- 1) **Option 1:** the proposed methodology would be to award relief on the basis of the Business Rates payable for the 2021/22 financial year with the distributions calculated as 20% CARF Relief of the net liability between 1st April 2022 and 31st March 2023.

This would result in a distribution of £3,298,716.41 leaving £100,703.38 to fund potential appeals. It represents 20% of the net payable rates for the 2021/22 financial for each eligible business.

- 2) **Option 2:** the proposed methodology would be to award relief on the basis of Business Rates payable for the 2021/22 financial year with the distributions calculated as:
 - 50% CARF Relief up to 30th June 2021
 - 10% CARF Relief from 1st July 2021 to 31st March 2022

This approach, splitting the support so that it gives greater benefit to the first quarter ending 30th June 2021 aligns with that introduced by the Government for other business support schemes such as the Expanded Retail Discount. This was the proposal recommended in the previous report and the weightings proposed are:

This would result in a distribution of £3,294,197.62 leaving £105,222.17 to fund potential appeals and represents 19.97% of the net payable rates for the 2021/22 financial for each eligible business.

4 Preferred Option for Phase 2

- 4.1 On balance, it is recommended that the approach outlined in option 1 is adopted. Both methods offer almost identical levels of relief to individual businesses¹ but this option is more straightforward and therefore easier to understand.
- 4.2 This would leave enough remaining funds available for any businesses who may enquire about CARF and subsequently be found eligible. A percentage-based approach would also enable the Council to provide proportionate and consistent support across the business rates base. Whilst there may be an argument that some smaller businesses may have been proportionally more affected than larger ones, it is pertinent to note that in such cases an application might be expected to have resulted in an application for relief.
- 4.3 Both option 1 and 2 would provide a consistent percentage-based approach, however it is expected that rounding up the percentage award to 20% would be simpler for Officers to understand and administer and would promote transparency for businesses who meet the criteria to predict any potential award. Option 1 would also distribute a further £4,518.79 of funding but leaving £100,703.88 for any potential further requests.

5 Risks

- 5.1 Awards made under the CARF scheme are granted under the discretionary powers available to the Local Authority under Section 47 of the Local Government Finance Act 1988. However, Subsection 7, states that a decision is invalid if made more than six months after the end of the financial year in which the day falls. This means all funding must be allocated before 30th September 2022.
- 5.2 The Council is likely to receive enquiries from rating agents to attempt to access any unallocated CARF funding remaining. This means the approach regarding the allocation of unspent funds for phase two of the scheme needs to be transparent and robust.

6 Recommendation

- 6.1 It is recommended that the Council adopts the preferred methodology outlined in Option 1 above and in Section 2.2 (1) and 3 of the detailed report for Phase 2 allocations.

¹ Relief is increased by 0.14% in every case

In consultation with

CLlr A Jabbar MBE, Deputy Leader & Cabinet Member for Finance and Low Carbon

A handwritten signature in black ink, appearing to read 'A. Jabbar'. The signature is stylized with a large, circular initial 'A' and a horizontal line extending to the right.

Date: 19/8/22

Anne Ryans, Director of Finance

A handwritten signature in black ink, appearing to read 'A. T. Ryans'. The signature is written in a cursive style with a horizontal line underlining the name.

Date: 19/8/22