

**Report for: Cabinet**

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<b>Date of Meeting:</b>	23 June 2022
<b>Subject:</b>	Discretionary COVID19 Additional Relief Fund (CARF) scheme for Business Rates for period 1/4/21 to 31/3/2022 only
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert - Director of Finance, Resources Directorate
<b>Portfolio Holder:</b>	Councillor David Ashton – Portfolio Holder for Finance & Human Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 - CARF Policy Appendix 2 – EqIA Appendix 3 – Government Guidance

## **Section 1 – Summary and Recommendations**

To introduce the COVID19 Additional Relief Fund (CARF) for the financial year 2021/22.

The Government announced plans to provide an additional business rates support package, worth £1.5 billion, to support businesses in England affected by COVID-19 but not eligible for existing support linked to business rates. Harrow Council has received £3,172,759 in funding

This relief is specifically for traders who were not eligible to apply for business rates grants / specific reliefs in 2020/21 & 2021/22, and where the description of the premises sits within defined valuation office category (or SIC) codes.

The value of relief will be a minimum of 10% of the 2021/22 business rates bill, after other reliefs are applied. Depending on modelling yet to be carried, the minimum award may be increased (up to a maximum of 50%) once we understand the potential number of eligible businesses and the average annual business rates charge, which will allow us to award the maximum support possible and ensure the overall cost is contained within the grant funds allocated.

Government guidance has been issued and sets out the detailed criteria that local authorities should use to determine funding relief for eligible properties. Harrow now wishes to exercise its discretion and adopt the attached policy, which has been modelled on the guidance issued, so it can support businesses in its area.

### **Recommendations:**

Cabinet is requested to:

1. Agree to adopt, for the year 2021/22, the attached discretionary “CARF Relief scheme” for business rate payers who meet the proposed eligibility criteria.
2. To agree that the Director of Finance may exercise discretion under s47 of the Local Government Finance Act 1988, (as amended) (hereinafter “LGFA”) and in consultation with the Portfolio Holder for Finance & Performance, in order to operate the approved scheme and determine the percentage level of support once modelling is carried out.

### **Reason (for recommendations):**

To ensure Harrow Council’s eligible business ratepayers receive the maximum amount of centrally funded relief that can be claimed and to ensure the Council supports the local economy.

## **Section 2 – Report**

### **1.1 Introductory paragraph**

- 1.2 The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 received royal assent which provided the legislation for the introduction of Covid-19 Additional Relief Fund (CARF).
- 1.3 The Department for Levelling Up, Housing and Communities (DLUHC) issued guidance for the scheme on the 15<sup>th</sup> December 2021. Local authority allocations of funding have since been announced with Harrow having been allocated £3,172,759 in funding to operate this scheme.
- 1.4 As this is a temporary relief fund for 2021/22, the Government did not change legislation relating to Business Rates relief available to properties. Instead, the Government will, in line with the eligibility criteria, reimburse Local Authorities where relief is granted using discretionary powers under Section 47 of the Local Government Finance Act 1998.
- 1.5 Although the Government have set some national criteria, it recognises that economic need will vary across the country, so wants Local Authorities to exercise their local knowledge and discretion to design a discretionary scheme to operate in its area. Officers are now proposing the attached scheme set out in the policy document.
- 1.6 This policy contains the provisions for the Harrow CARF scheme for compliance with statutory provisions and Government guidance. Subject to these requirements, however, each application shall be considered on its own merits with reference to the CARF policy and Government Guidance.

## **2 Scope and eligibility**

- 2.1 The Government guidance gives the Council discretion over the relief scheme, and Harrow Council decisions regarding the scheme will be final.

To be eligible to apply for relief under this main scheme, a Business Ratepayer must meet the conditions as set out within the proposed policy attached to this report. In broad terms, they should be a ratepayer liable and occupying a hereditament for Business Rates in the Harrow Council area during the period 1st April 2021 to 31st March 2022 (for a period of one day or more) where the hereditaments are rated and exist in the rating list under the specific sector classifications as defined by the Valuation Office Agency.

Most businesses in Harrow will therefore meet the criteria but Harrow will not award relief if the following applies;

- a. 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),
- b. 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. not award relief to a hereditament where the business paid no business rates due to the fact that it received 100% Small Business Rate Relief.
- d. local authorities must direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

As a very large number of businesses in Harrow have already received the above reliefs or pay no business rates due to receiving 100% reliefs, it is anticipated that around 1400 businesses may be eligible with approximately 400 potentially meeting point (d) above.

Once the scheme is approved, officers intend to open an application process on-line. It is planned to issue communications via social media, Harrow's website and the Business community contacts to ensure wide awareness of the scheme.

## 2.2 Cost of Scheme

The government will reimburse Harrow Council for any relief awarded via this initiative. Awards will be fully compensated via s31 grant and there will be no cost to the Council.

## 2.3 **Recommendation**

For the reasons articulated above in this report, it is recommended that Cabinet approves the exercising of discretion under s47, and approves the CARF scheme proposed, allowing the appropriate relief to be awarded for eligible commercial premises. This will reduce the rates liability for specific traders and will ensure support is granted to the local economy.

The proposed scheme will operate for the financial year 2021/22. Therefore awards will be made retrospectively in respect of the period 1/4/21 to 31/03/2022 only.

## 2.4 **Legal Implications**

The Council, as a billing authority, is empowered to award discretionary rate relief under s47 of The Local Government Finance Act 1988, as amended by s69 of the Localism Act 2011. The latter widened the scope of s47 to enable billing authorities to award discretionary relief to any

ratepayer. Harrow Council will deliver the scheme through the use of its existing discretionary relief powers.

The proposed scheme will utilise this flexibility to grant CARF relief and for determining the amounts given for the stated specific year, so Harrow Council can support local ratepayers who meet the Council's eligibility criteria.

Whilst the Council has the power to award discretionary rate relief to businesses as it thinks fit, the Council can only exercise its discretion if it is reasonable to do so having regard to the interests of local council tax payers and having elected to do so via a specific scheme or policy.

Cabinet must also note that in making discretionary payments, the local authority will be expected to ensure it is compliant with its obligations under the Permitted Subsidy Allowances (formerly known as State Aid).

As the scheme is solely for the financial year commencing 1<sup>st</sup> April 2021 and ending 31<sup>st</sup> March 2022, applications for the relief must be determined by 30<sup>th</sup> September 2022 in order to be eligible for backdating to 1<sup>st</sup> April 2021.

## **2.5 Financial Implications**

Regarding the cost of the scheme itself, there are no financial implications as the full cost of the awards will be paid back to the local authority via s31 grant.

## **2.6 Performance Issues**

Ensuring all eligible traders are awarded the reliefs they are entitled to will support collection rates and reduce collection administration.

## **2.7 Environmental Impact**

There are no direct environmental impacts anticipated from the recommendations contained within this report.

## **2.8 Risk Management Implications**

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No** but part of overall budget risks

The relevant risks contained in the register are attached/summarised below. **n/a**

Whilst Officers have estimated the financial costs and numbers eligible as accurately as possible within the data available, the following key risks should be taken into account when agreeing the recommendations in this report:

<b>Risk Identified</b>	<b>Mitigations</b>	<b>Rag Status</b>
Awards are not paid within required deadline (30/09/22)	Mitigations are that we will mailshot all qualifying businesses and do some local advertising so businesses are aware of the scheme. Procedures will ensure payments are made in a timely manner and before the Sept deadline.	
Insufficient awareness of the scheme results in low take up	Mitigated by awareness campaign and targeting of potential eligible traders by mailshot being carried out.	
Harrow does not get recompensed for awards granted	Mitigated by policy following issued guidance and appropriate governance being put in place to ensure recipient traders meet eligibility criteria	
Harrow cannot afford scheme / Harrow awards exceeds grant allocated	As this is a Central Government initiative and Government is compensating LA's via s31 grant for any loss in rates retention monies as a direct result of awards of this relief, there is no or minimal risk to Harrow. However should the awards exceed the grant then Harrow would be responsible for the excess. As such modelling is being carried out to set the percentage award at a level that maximises awards to local businesses whilst expenditure will not exceed the grant allocated.	
Ineligible business rate payers apply and are paid the grant fraudulently or in error	Mitigated by the application process having built in checks to ensure ineligible businesses do not get paid.	
Policy does not comply with government guidance	Mitigated by policy following Government guidance and subsequently issued FAQ's which provide operating framework.	
Modelling is not robust leading to inappropriate level of support being provided	There is a small risk that too little or too much support may be provided as modelling can never be 100% accurate. Internal modelling will be reviewed and checks and balances added to ensure robustness.	
Obligations attached to Permitted Subsidy Allowances are not met	This relies solely on self declaration by Businesses as only they know what other permitted subsidies / allowances they have claimed in the year. There is therefore a real risk of fraud and businesses claiming what they should not but this cannot be further mitigated against.	

## 2.9 Equalities implications

A predictive Equalities Impact Assessment has been undertaken in relation to the policy and is attached.

When making this decision, Cabinet should have due regard to the Public Sector Equality Duty. Section 149 of the Equalities Act 2010 created the Public Sector Equality Duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

2.10 The EqIA (Appendix 2) shows that potential recipients of relief would be around 1400 traders, spread across the borough. Occupiers of properties who have already received certain discounts for the same period will not benefit from the proposed scheme, and neither will traders who have already received business support grants from the local authority. This may mean that the proposal has an adverse impact on these traders.

Overall there were no adverse impacts found on protected groups should Harrow implement this policy; rather all impacts are potentially positive and would benefit qualifying traders in the current economic climate due to the potential reduction it would have on the amount of Business Rates qualifying ratepayers would have to pay.

### **Corporate Priorities**

This report supports the local economy by adopting Government guidance and allowing Harrow to exercise s47 discretion to deliver targeted financial support to eligible local traders.

### **Environmental Implications**

There are no direct environmental impacts anticipated from the recommendations contained within this report.

### **Data Protection Implications**

There are no direct data protection impacts anticipated from the recommendations contained within this report.

### **Procurement Implications**

There are no procurement impacts anticipated from the recommendations contained within this report.

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer: Dawn Calvert**

Signed off by the Chief Financial Officer

**Date: 13 June 2022**

### **Statutory Officer: Baljeet Virdee**

Signed on behalf of the Monitoring Officer

**Date: 13 June 2022**

### **Chief Officer: Charlie Stewart**

Signed off by the Corporate Director

**Date: 13 June 2022**

**Head of Procurement: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 13 June 2022**

**Head of Internal Audit: Susan Dixon**

Signed by the Head of Internal Audit

**Date: 6 June 2022**

## **Mandatory Checks**

*Ward Councillors notified: NO, as it impacts on all Wards*

*EqlA carried out: Yes*

*EqlA cleared by: **xx***

## **Section 4 - Contact Details and Background Papers**

**Contact:** Fern Silverio (Head of Service – Collections & Housing Benefits), Tel: 020-8736-6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

### **Background Papers:**

- [COVID-19 Additional Relief Fund \(CARF\) Local Authority Guidance](#)

## **Call-in waived by the Chair of Overview and Scrutiny Committee**

**NO**