

CABINET MEMBER SIGNING

Thursday, 28th July, 2022, 10.00 am

Members: Councillor Peray Ahmet – Leader of the Council

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

3. AMENDMENT TO S47 DISCRETIONARY RATES POLICY TO ADMINISTER COVID ADDITIONAL RELIEF FUND (PAGES 1 - 10)

Ayshe Simsek, Democratic Services and Scrutiny Manager

Tel – 020 8489 3541

Email: ayshe.simsek@haringey.gov.uk

Fiona Alderman

Head of Legal & Governance (Monitoring Officer)

George Meehan House, 294 High Road, Wood Green, N22 8JZ

Tuesday, 19 July 2022

This page is intentionally left blank

Report for: Cabinet Member Signing – 28 July 2022

Title: Amendment to s47 Discretionary Rates Policy to administer Covid Additional Relief Fund

Report authorised by: Jon Warlow, Director of Finance

Lead Officer: David Graaff, Head of Service Delivery,
David.graaff@haringey.gov.uk

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1 On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. On 15th December 2021 the Government issued guidance on how the fund would be allocated and administered. Haringey's maximum allocation of this CARF is £3,869,472.
- 1.2 The £1.5 billion has been allocated to local authorities based upon the estimated rateable value in each local authority rating list which falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per sector.
- 1.3 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.
- 1.4 It will be for individual billing authorities 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 chargeable amounts in respect of 2021/22.
- 1.5 On 24th January 2022 an Urgent Decision was taken to agree the following recommendations:
 - 1.5.1. To approve the Covid Additional Relief Fund (CARF) Discretionary Rate Relief scheme set out in Appendix 1 of the report.
 - 1.5.2. To delegate authority to the Director of Housing, Regeneration and Planning, after consultation with the Cabinet Member for House Building, Place-Making, and Development to amend the levels of relief awarded as set out in Appendix 1 to review the levels of the award of relief once take-up levels of the relief are known so as to maximise the distribution of the Covid Additional Relief

Fund (CARF) funding without overspending the Government's funding for this scheme.

1.5.3. Agrees that awards of this additional discretionary rate relief are subject to the availability of Government funding for Covid Additional Relief Fund (CARF) and that the scheme is available for the financial year 2021/22 only.

- 1.6 There is no requirement in the Guidance for Local Authorities to require a claim to be made by ratepayers and the Council proposes to award the relief to qualifying businesses without requiring them to claim. By accepting the relief, those ratepayers will be confirming their entitlement as set out in paragraph 6.3 of this report and the Subsidy Control section of the Guidance.
- 1.7 Since the scheme was agreed there have been very few applications for the relief (approximately forty) and there is no delegated authority to change the claim mechanism.

2. Cabinet Member Introduction

- 2.1. This addition to the Discretionary Rate Relief policy will allow the Council to maximise the distribution to local businesses of funding allocated to Haringey in accordance with the COVID-19 Additional Relief Fund (CARF): Local Authority Guidance issued on 15th December and subsequently.

3. Recommendations

- 3.1. The Cabinet Member is recommended:
- 3.1.1. To approve the Covid Additional Relief Fund Discretionary Rate Relief scheme set out in Appendix A.
- 3.1.2. To delegate authority to the Director of Culture Strategy and Engagement, after consultation with the Cabinet Member for Economic Development, Jobs, and Community Cohesion, to amend the scheme to maximise the distribution of the Covid Additional Relief Fund funding without overspending the Government's funding.
- 3.1.3. To agree that awards of this additional discretionary rate relief are subject to the availability of Government funding for Covid Additional Relief Fund and that the scheme is available for the financial year 2021/22 only.

4. Reasons for decision

- 4.1 The Government has provided funding to support a discretionary rate relief scheme under section 47 of the Local Government Finance Act to award rate relief to businesses as set out in COVID-19 Additional Relief Fund (CARF): Local Authority Guidance issued on 15th December and subsequently.
- 4.2 Cabinet approval is required to update the Discretionary Discount Scheme using the Council's powers under section 47 of the Local Government Finance Act 1988 as amended.

5. Alternative options considered

- 5.1 The alternative option considered was not to develop discretionary scheme, which would result in £3.8m of hardship funding not being made available to Haringey Businesses in need of support.

6. Background information

- 6.1 The Government is not changing the legislation relating to the business rates reliefs available to properties. Instead, the Government will, in line with the eligibility criteria set out in the guidance, reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. Individual billing authorities must adopt a local scheme and determine in each individual case whether to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22.
- 6.2 Central government will fully reimburse local authorities for discretionary relief awards which comply with the guidance up to the maximum level of the allocations.
- 6.3 Haringey is responsible for designing the discretionary relief schemes that is to operate in its areas. However, to receive funding for the relief the scheme must comply with the Governments requirements to:
- 6.3.1. 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),
- 6.3.2. 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
- 6.3.3. direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 6.4 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.
- 6.5 The scheme set out in Appendix A has been designed to ensure the Council complies with the requirements of such a scheme as set out in the guidance document entitled 'COVID-19 Additional Relief Fund (CARF): local authority guidance'.
- 6.6 In order to manage funding allocation, it is anticipated that there may be more than one round of allocations. The initial round will be based on the reduction in GVA but multiplied by 1.34 as set out in the table below so as not to exceed the £3.8m funding provided. This methodology maintains the proportional loss set out in the guidance and maximizes the distribution of the relief. Should there be

unallocated funding following the first round, the council will consider making a further distribution of relief based on average GVA loss.

| No. of cases | Sector | Total debit for sector | Reduction in GVA | Maximum Relief | Award totals |
|--------------|---|------------------------|------------------|----------------|--------------|
| 2 | Hospitality | £69,209 | 55% | 74% | £51,007 |
| 7 | Arts Entertainment and Rec | £48,082 | 34% | 46% | £21,906 |
| 2 | Other Services | £13,872 | 32% | 43% | £5,948 |
| 81 | Transport | £292,494 | 32% | 43% | £125,421 |
| 62 | Education | £2,431,782 | 21% | 28% | £684,303 |
| 3 | Construction | £190,973 | 20% | 27% | £51,181 |
| 88 | Health | £1,531,724 | 14% | 19% | £287,351 |
| 702 | Manufacturing | £12,334,040 | 10% | 13% | £1,652,761 |
| 166 | Wholesale & Retail | £1,614,507 | 9% | 12% | £194,710 |
| 277 | Information & Communication | £4,850,162 | 8% | 11% | £519,937 |
| 578 | J-N: Information, Communication, Financial Intermedia | £3,267,093 | 6% | 8% | £262,674 |
| 1968 | | £26,643,939 | | | £3,857,201 |

7. Contribution to strategic outcomes

7.1 This decision will contribute to the following strategic outcomes:

- 7.1.1 A growing economy and thriving local businesses, supported by a community wealth building approach
- 7.1.2 A borough with more quality jobs with opportunities for progression

8. Statutory Officer Comments (Director of Finance, Head of Legal and Governance (Monitoring Officer), and Equalities)

8.1 Finance

8.1.1 The proposed amendment to the s47 Discretionary Rate Relief Policy to allow the Council to make direct awards will maximise the distribution of relief to local businesses which is one of the stated objectives of the scheme.

The approach proposed within this report is consistent with the government's guidance to local authorities on the use of this grant, and the proposed spend will remain within Haringey's grant allocation of £3,869,472. Any spend incurred above this amount would be a direct cost to the Council's General Fund.

8.2 Legal

8.2.1 The Head of Legal and Governance has been consulted in the preparation of this report, and makes the following comments.

8.2.2 On 15th December 2021, the Department for Levelling Up, Housing & Communities published a guidance document entitled 'COVID-19 Additional Relief Fund (CARF): local authority guidance' (the guidance). The intended purpose of the guidance is to *support local authorities in administering the COVID-19 Additional Relief Fund (CARF)*. That support comes in the form of guidance on *the scope of CARF and the criteria which local authorities should have regard to when determining awards from the fund* whilst making the point that *The guidance does not replace existing legislation*.

8.2.3 The guidance contains the following five fundamental eligibility points:

Firstly, the fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

Secondly, 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.

Thirdly, the local scheme must exclude take account of the matters listed at paragraph 5.3.1 – 5.4 of this report

Fourthly, The relief is available to reduce chargeable amounts in respect of 2021/22.

Fifthly, so as not to infringe the rules around Subsidy Control (formerly called State Aid) care will need to be taken to ensure that the recipient of a payment will not have received more than £343,000 of subsidy under the Small Amounts of Financial Assistance Allowance *in a three-year period (consisting of the current financial year and the two previous financial years)*. That said the guidance does, however, go on to permit payments to be made in cases where the threshold has been reached in prescribed circumstances.

8.2.4 The incentive for the Council to comply with the guidance is that *Central government will fully reimburse local authorities for discretionary relief awards which comply with this guidance up to the maximum level of the allocations.*

8.2.5 In view of the assurance given at paragraph 6.5 of the report on the proposals being in compliance with the guidelines, there is no legal reason why the Cabinet Member cannot adopt the Recommendations contained in this report.

8.3 Equality

8.3.1 The council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

8.3.2 The Council does not hold information on the demographic breakdown of the businesses who will benefit from the scheme but can set out how the duty has been met.

8.3.3 The Council has not discriminated on the basis of protected characteristic- any business meeting the scheme criteria (which does not discriminate on the basis of protected characteristic) will be eligible; take steps to ensure equality of opportunity. The Council will maximise take-up by direct award of the relief to qualifying businesses rather than requiring applications to be made.

9. Use of Appendices

9.1. Appendix A – Covid Additional Relief Fund Discretionary Rate Relief scheme

10. Local Government (Access to Information) Act 1985

Discretionary Rates Relief Policy

https://www.haringey.gov.uk/sites/haringeygovuk/files/discretionary_business_rates_relief_policy.pdf

COVID-19 Additional Relief Fund (CARF): local authority guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041468/CARF_LA_Guidance.pdf

1. COVID-19 Additional Relief Fund (CARF)

- 1.1. Billing authorities are responsible for designing the discretionary relief schemes that are to operate in their areas. However, in developing and implementing their schemes local authorities must, if they are funding the relief from the section 31 grant:
 - 1.1.1. 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),
 - 1.1.2. 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
 - 1.1.3. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
 - 1.1.4. 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.
- 1.2. The maximum value of fund to distribute in Haringey is £3,869,472

2. Objectives of the scheme

- 2.1 To distribute the relief to categories of businesses in the borough which have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 2.2 To minimise the administrative burden on businesses and the council
- 2.3 Maximise the distribution of relief to local businesses.
- 2.4 The scheme must be read in conjunction with the COVID-19 Additional Relief Fund (CARF): Local Authority Guidance (the Guidance) set out on 15th December 2021 and any subsequent amendments.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041468/CARF_LA_Guidance.pdf

3. Methodology

- 3.1. Businesses will be awarded support where they meet the basic eligibility requirements of the scheme, including the section on subsidy control, as set out in the guidance document.
- 3.2. The Council may make amendments to individual relief awards in accordance with s47 until 30th September 2022.

- 3.3. The allocation methodology uses the change in Gross Value Added (GVA) as a proxy for the economic impacts of COVID-19 on each business sector. The GVA data used is available here:
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/monthlygrossdomesticproductbygrossvalueadded>
- 3.4. The adverse effect of the business will be determined by reference to the table set out in Annex A of the guidance. We use the VOA information about the rateable value (RV), location and type of property for all properties liable for business rates. The type of property is determined by its Special Category Code, or SCat code. To account for the differing severity of Covid-19 impacts on sectors, the support given to each hereditament is weighted by GVA impact. To do this, BEIS has worked with the VOA to develop a mapping from SCat codes to Standard Industrial Classification of Economic Activities (SIC) codes. This is shown in Annex C of the guidance.
- 3.5. The value of the support will be determined by the rateable value of eligible properties and calculated after the award of other exemptions and discounts. The total relief under this scheme will be paid after any other discounts or reliefs, and net of any other discounts or reliefs.
- 3.6. This scheme applies for the Financial Year 2021/22 only.
- 3.7. The award is calculated daily.
- 3.8. The award of relief will be assessed by reference to the SCat code for the hereditament which is recorded on the Councils Systems.
- 3.9. The Scat code is used to determine the SIC code.
- 3.9.1. The SIC code is used to determine the change in GVA for that type of business.
- 3.9.2. The change in GVA as calculated by the ONS is used to determine the percentage of rate relief to be applied to the hereditament.
- 3.9.3. In order to manage funding allocation, it is anticipated that there may be more than one round of allocations. The initial round will be based on the reduction in GVA using a multiplier to allocate the maximum total award so as to weight the distribution to those business groups most affected and maximise the distribution of the £3.8m funding provided. The estimated multiplier is 1.34 (or such other number as the Council determines based on the number, rateable value, and SIC codes for eligible properties) as set out in the table below. Should there be unallocated funding following the first round, the council will consider making a further distribution of relief based on average GVA loss.
- 3.10. The percentage of rate relief is determined initially by the following table:

| Sector | Total debit for sector | Reduction in GVA | Maximum Relief |
|---|------------------------|------------------|----------------|
| Hospitality | £69,209 | 55% | 74% |
| Arts Entertainment and Rec | £48,082 | 34% | 46% |
| Other Services | £13,872 | 32% | 43% |
| Transport | £292,494 | 32% | 43% |
| Education | £2,431,782 | 21% | 28% |
| Construction | £190,973 | 20% | 27% |
| Health | £1,531,724 | 14% | 19% |
| Manufacturing | £12,334,040 | 10% | 13% |
| Wholesale & Retail | £1,614,507 | 9% | 12% |
| Information & Communication | £4,850,162 | 8% | 11% |
| J-N: Information, Communication, Financial Intermedia | £3,267,093 | 6% | 8% |
| | £26,643,939 | | |

- 3.11. These percentage amounts for relief may be changed in any further allocation rounds, at the Council's discretion, to maximise the distribution of the relief.
- 3.12. Where there is a reduction in GVA of 5% or less the businesses in those sectors have been deemed to have been able to adequately adapt to the impact of the pandemic and will not be awarded this relief.
- 3.13. In order to minimise the administrative burden for all parties the minimum value for the award of relief will be £100 and awards calculated to fall below this amount will not be paid.
- 3.14. All awards of CARF are made subject to the Subsidy Control section of the Guidance and recipients are required to inform the Council straight away if they do not meet these requirements so that the CARF award can be withdrawn.

4. Excluded hereditaments (in accordance with the Guidance)

- 4.1. The council will not award relief to properties that have already been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS), the following property types have been given a zero weighting in the allocation: retail, hospitality, leisure, nurseries, and airports. For the purposes of this scheme, retail, hospitality, leisure and nursery properties are defined in Annex D, and airports are defined in Annex E.
- 4.2. Where there is a reduction in GVA of 5% or less the businesses in those sectors have been deemed to have been able to adequately adapt to the impact of the pandemic and will not be awarded this relief.
- 4.3. Networks supplying utilities and associated properties have been deemed out of scope of the relief. These are defined at Annex F in the Guidance.

5. Recalculations and revocations

- 5.1. The amount of relief awarded may need to be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

- 5.2. Where a change in circumstances renders a property ineligible or reduces the value of the award, the relevant bill can be amended in the year, or for a previous year, to reflect the loss of the relief.
- 5.3. It is a condition of the award that the relief is subject to the property's continuing eligibility.
- 5.4. The Council's decision on an award is final and there is no appeal process. The Council will undertake to review its decision where this is requested by the applicant on or before 31st August 2022.