

Report for: Urgent Decision – 24 January 2022

Title: Amendments to s47 Discretionary Rate Relief Policy in respect of the Covid Additional Relief Fund

Report authorised by: Jon Warlow, Director of Finance

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Ward(s) affected: All

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

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.

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

The Leader is recommended:

- 3.1 To approve the Covid Additional Relief Fund (CARF) Discretionary Rate Relief scheme set out in Appendix 1 of the report.
- 3.2 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 the report, 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.
- 3.3 To agree 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.

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 create a 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 c.£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 1 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 reduced by 89% as set out in the table below so as not to exceed the £3.8m funding provided. Should there be unallocated funding following the first round, the council will consider making a further distribution of relief based on average GVA loss.

SIC Code Description	Reduction in GVA	Maximum Relief
Hospitality	55%	49%
Arts, Entertainment and Recreation	34%	30%
Other Services	32%	28%
Transport	32%	28%
Administrative Services	21%	19%
Education	20%	18%
Construction	14%	12%
Health	10%	9%
Manufacturing	9%	8%
Wholesale and Retail	8%	7%
Information and Communication	6%	5%
J-N: Information, Communication, Financial Intermediation, Real Estate and Business Services	6%	5%
Financial Services	2%	0%
Storage and Distribution	1%	0%

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 Officers comments

8.1 Finance

8.1.1. 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:
- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
 - advance equality of opportunity between people who share those protected characteristics and people who do not;
 - foster good relations between people who share those characteristics and people who do not
- 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 make efforts to promote the scheme in a way that is mindful of equalities (this might include where the scheme is advertised, support for businesses to apply, translation/interpretation etc).

9. Use of Appendices

- 9.1. Appendix 1: Allocation of COVID-19 Additional Relief Fund (CARF)

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