

CABINET

22 March 2022

Title: Covid-19 Additional Business Rates Relief Fund	
Report of the Cabinet Members for Employment, Skills & Aspiration and Finance, Performance & Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: No
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Accountable Director: Stephen McGinnes, Director of Support and Collections	
Accountable Strategic Leadership Director: Judith Greenhalgh, Interim Strategic Director of Community Solutions	
Summary The Government has introduced a new business rates relief fund for 2021/22, aimed at businesses that have been unable to adapt to the Covid-19 pandemic and have received minimal or no support from other schemes. The Government has not amended legislation and, instead, is asking Local Authorities to design a scheme and apply relief under section 47 of the Local Government Finance 1988, which grants powers to apply discretionary relief. Attached at Appendix A is the proposed Barking and Dagenham scheme which is aimed at supporting smaller local businesses.	
Recommendation(s) The Cabinet is recommended to approve the local policy for the award of Covid-19 Additional Relief Fund grant, as set out at Appendix 1 to the report.	
Reason To assist the Council in achieving its priorities of 'Inclusive Growth' and 'Well Run Organisation' by supporting businesses impacted by COVID-19.	

1. Introduction and Background

- 1.1. On 25 March 2021 at the spring budget, the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund is intended to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
- 1.2. The Government did not release either the funding or the guidance until December 2021 and the relief is applicable for business rates charged in 2021/22 only.

2. Barking and Dagenham's relief allocation

- 2.1. The Government have allocated £4,591,492 to apply to qualifying businesses as relief from paying business rates.
- 2.2. The Government has asked local authorities to design and implement their own relief scheme using powers granted in section 47 of the Local Government Act 1988.
- 2.3. Previous Government relief schemes have focused upon retail, hospitality, leisure and nurseries, and as such the Government has stipulated that businesses in those sectors will not be eligible for CARF.
- 2.4. Government guidelines stipulate that local authorities may:
 - 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),
 - 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),
 - direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

3. Impact of the scheme

- 3.1. 986 businesses have been identified as being potentially eligible for this relief. However, the total business rates payable is £17.7m and would only allow for 22% relief to be awarded.
- 3.2. To maximise the impact of the relief it is proposed that businesses with rateable values exceeding £51k be excluded from the scheme. This will exclude 195 businesses with a total charge of £13.3m.
- 3.3. 791 businesses will be eligible for the scheme with a total charge of £5m allowing for relief of 90% to be awarded (see table below).

	No. of businesses	Charge 21/22	Relief (90%)
RV less than £51k	791	£5,051,146	£4,546,031

- 3.4. An analysis of unpaid business rates has been carried out for those potentially eligible for relief with rateable values above and below £51k.
- 3.5. There are 195 businesses with rateable values above £51k of which 24% have either arrears in 2021/22, owe rates for previous years or both. In contrast, there are 791 businesses with rateable values below £51k of which 41% have arrears.

- 3.6. The average charge for a business with a rateable value below £51k is £6,386 and relief of 90% will reduce the bill on average by £5,747. However, if businesses with rateable values of over £51k are included then that average relief drops to £1,792.
- 3.7. Therefore, by excluding businesses with higher rateable values the scheme will have a greater impact, and in particular give support to smaller businesses who are, in general, finding it more difficult to pay their business rates.

4. Process for awarding relief

- 4.1. The relief will be applied to all eligible businesses rates accounts automatically and businesses will not be required to complete an application.
- 4.2. All businesses will undergo a checking process to ensure that they are still trading and are in occupation of the property before awarding the relief.
- 4.3. Businesses will be required to opt out of the scheme where they exceed subsidy regulations laid out in the policy. A letter will be sent to all qualifying businesses advising them that they must opt out of the scheme where this is the case.

5. Financial Implications

Implications completed by: Nurul Alom, Finance Manager

- 5.1 There are no financial implications for the Council as this scheme is fully funded by Government.

6. Legal Implications

Implications completed by: Dr. Paul Feild, Senior Governance Lawyer

- 6.1 As set out in the report the Government has determined 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 of the Local Government Finance Act 1988. In applying the relief, the Council must have regard to any Guidance published by the Secretary of State. Guidance was published in December 2021.
- 6.2 As the discretion is capped to a maximum figure, it means that for the Council to apply relief fairly requires that it is done on the basis of a policy which enables due consideration of the circumstances of the beneficiaries. To provide for a review of a decision the Council's Policy incorporates a review mechanism.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1 – LBBB Covid-19 Additional Relief Fund policy