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| <b>Board/Committee:</b> | Policy and Organisation Board   |
| <b>Date Of Meeting:</b> | 28 September 2022   |
| <b>Title:</b>           | Changes to Business Rate Discretionary Reliefs – COVID-19 Additional Relief Fund (CARF) |
| <b>Author:</b>          | Head of Local Taxation  |
| <b>Status:</b>          | For noting  |

### **Purpose**

The purpose of this report is to consider proposed changes to the Council's Discretionary Rate Relief Policy to include a Covid-19 Additional Relief Fund (CARF) which have been approved by way of an urgent delegated decision.

### **Recommendation**

The Board is requested to note the amendments to the Discretionary Rate Relief Policies relating to CARF for the financial year 2021/22 set out in the report.

### **1.0 Background**

- 1.1 Section 47(3) of the Local Government Finance Act 1988 (LGFA), as amended, permits the billing authority to grant discretionary rate relief. On 25 March 2021, Central Government announced it would be providing a fund to support businesses affected by the pandemic that were ineligible for the other support provided, that was linked to business rates. Guidance for this was issued in December 2021. The enabling mechanism to introduce this reduction is for Local Authorities to use their discretionary powers under Section 47(3). The Council will be compensated for the loss of otherwise retained business rates by Central Government through a grant under Section 31 of the Local Government Act 2003. Gosport Borough Council has until 30 September 2022 to approve and grant this one-year discretionary relief for the financial year 2021/22. Gosport has received £1,016,842 for allocation to local businesses
- 1.2 Gosport Borough Council's policy does not allow for the granting of this relief at present.
- 1.3 Due to the urgent need to introduce changes to the Council's policy and release funding by the end of September 2022, the Chief Executive, with the support of the Assistant Chief Executive, Borough Treasurer and Borough Solicitor, made an urgent decision on 14 September - in accordance with delegated powers set out in paragraph 3.7 of Part 3 Schedule 10 of the Constitution - to give effect to the changes. Prior notice of the urgent decision was given to the Leader of the Council, Group Leaders and their deputies.

## **2.0 Report**

- 2.1 Gosport Borough Council has been provided with a cash limited sum from Government to fund the Covid-19 Additional Relief Fund. In order to remain within the sum provided, allocations will be restricted to a certain percentage, which means that businesses who qualify are likely to still have some business rates to pay.
- 2.2 Subject to eligibility conditions, relief will be awarded within each business sector, in line with the funding allocation methodology defined by the Department for Levelling Up, Housing & Communities (DLUHC). This allocation methodology uses the change in Gross Value Added (GVA) as proxy for the economic impacts of Covid-19 on each business sector. This means that the allocation to eligible businesses will be directly proportionate to the economic impact on the business sector that it operates in.
- 2.3 This guidance sets out the conditions under which ratepayers are expected to qualify for support under the CARF, and also provides details about the application process and any evidence that may be required to support an application. This policy is aligned with the DLUHC guidance published on 15 December 2021.

## **2.4 Eligibility**

Whilst Gosport Borough Council is responsible for designing the local CARF scheme, in developing and implementing the scheme, billing authorities:-

- (a) Must not award relief to a ratepayer who for the same period of the relief either receives or would have been eligible for the Expanded Retail Discount, which covers retail, hospitality and leisure sectors, or the Nursery Discount.
- (b) Must not award relief to a hereditament for a period when it is unoccupied, other than temporary periods of closure associated with local or national restrictions, under which the hereditament continues to be classified as occupied for the purposes of business rates.
- (c) Should direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- (d) 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 or to a precepting authority.

- (e) To be eligible for the relief, the applicant must be a ratepayer liable for and occupying the property for which business rates is charged during the financial year 2021/22, for a period of 1 day or more.
- (f) If there is no business rates liability to pay due to the award of full small business rates relief, no further relief will be payable.
- (g) Gosport Borough Council reserve the right to apply further mechanisms to determine eligibility at its discretion.

## 2.5 **The Application Process**

It is proposed that no application will be required and the relief is auto-awarded. The ratepayer will be required to notify Gosport Borough Council to refuse the relief if they do not comply with the national subsidy allowance requirements.

2.6 Gosport Borough Council have access to limited funding from government for this scheme, and the award of relief will be determined by the business sector and mirror the funding distribution methodology used to provide the funding allocation to billing authorities administering the CARF.

2.7 The relief will be awarded as a reduction to the business rates account. Where this creates an overpayment of business rates, and the business rates account becomes in credit, any credit will be refunded.

## 2.8 **Appeals**

There is no formal right of appeal against an award decision, but Gosport Borough Council will look at any decision again, where additional information is provided, or if an error in the original decision making is identified.

Further to this, any subsequent review will be by legal challenge.

## 2.9 **Delegated Authority**

Under powers given to the authority by section 223 of the Local Government Act 1992, all permissions for the granting, varying, reviewing and revocation of discretionary relief given under the Local Government Finance Act 1988, the Local Government Act 2003, and the Localism Act 2011 be delegated to the Section 151 Officer.

Individual relief decisions will be made by the Head of Local Taxation unless it is determined to further delegate decision to other nominated officers.

## 2.10 **Notification**

All decisions will be communicated by letter and an amended business rates bill. The award letter will confirm that this discretionary award relates to the 2021/22 financial year only, with no entitlement beyond 31 March 2022.

### 3.0 **Risk Assessment**

- 3.1 Failure to include these changes to the Discretionary Rate Relief Policy will prevent the legal granting of the relief to the detriment of those local businesses that would otherwise have been eligible, and the £1,016,842 of funding will be required to be returned to Government.

### 4.0 **Conclusion**

- 4.1 The Covid-19 Additional Relief Fund must be distributed by 30 September 2022 otherwise it must be returned to Government. The scheme has been designed to be equitable between businesses, allocating relief according to the relative economic impact of the business sector in which it operates.

The scheme is for the financial year 2021/22 only.

- 4.2 Gosport Borough Council's current policy does not allow for the granting of this change at present. There are no financial implications for the authority as the reliefs are to be fully funded by Central Government. The relief is intended to assist local businesses and boost the local economy, which will complement existing policies and it is therefore recommended that the amendments be approved.

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| <b>Financial Services comments:</b>           | As detailed in report   |
| <b>Legal Services comments:</b>               | None  |
| <b>Crime and Disorder:</b>                    | None  |
| <b>Equality and Diversity:</b>                | None  |
| <b>Climate Change</b>                         | N/A   |
| <b>Service Improvement Plan implications:</b> | None  |
| <b>Corporate Plan:</b>                        | Enabling Local businesses to be granted CARF as identified within the report will assist the Strategic Priority relating to Prosperity. |
| <b>Risk Assessment:</b>                       | Please see Section 3 of the report.   |
| <b>Background papers:</b>                     | None  |
| <b>Appendices/Enclosures:</b>                 | None  |
| <b>Report Author/Lead Officer</b>             | Margaret Gibbins  |