



ADUR & WORTHING  
COUNCILS

Executive/Cabinet Members for  
Resources  
22 June 2022  
JAW/002/22-23  
Decision to be taken on or after  
30 June 2022

Key Decision: No

Ward(s) Affected: All

**JAW/002/22-23 - Business Rates: COVID-19 Additional Relief Fund  
(local discretionary relief)**

**Report by the Director for Digital Sustainability & Resources**

**Executive Summary**

**1. Purpose**

On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion to support businesses affected by the pandemic but ineligible for existing Business Rates support.

Guidance was subsequently issued by the Department for Levelling Up, Housing and Communities on 15 December 2021 and this report requests that the Executive/Cabinet Members for Resources for Adur District Council and Worthing Borough Council determine the local criteria to be used when determining applications.

**2. Recommendations**

The Executive/Cabinet Members for Resources are recommended to

1. Note the content of this report
2. Determine that
  - a. Ratepayers will be made aware of their subsidy responsibilities detailed in paragraph 4.5
  - b. The criteria proposed in paragraph 4.8 should be used when making awards
  - c. Relief should be awarded to qualifying ratepayers in line with the percentages proposed in paragraph 4.10

**Context**

- 3.1 Since the start of the pandemic the Government has introduced a number of measures to support businesses, including Expanded Retail Relief and Nursery Relief that provided 100% Business Rates relief to qualifying businesses from 1 April 2020 to 30 June 2021 and 66% relief from 1 July 2021 to 31 March 2022.
- 3.2 In the Government's budget in March 2021 it was announced that further support of £1.5 billion would be provided via a new COVID-19 Additional Relief Fund (CARF) to reduce Business Rates liabilities for businesses affected by the pandemic that were not eligible for existing support.
- 3.3 The £1.5 billion has now been allocated to local authorities based on a methodology that is detailed in the "COVID-19 Additional Relief Fund (CARF): Local Authority Guidance" issued by the Department for Levelling Up, Housing and Communities in December 2021.
- 3.4 The Government has not changed the legislation relating to Business Rates and will instead reimburse local authorities up to the maximum level of the allocations where relief is granted using discretionary powers under Section 47 of the Local Government Finance Act 1988. The grant allocations are £1,302,948 and £1,833,680 for Adur and Worthing respectively.

### **3. Issues for consideration**

- 4.1 The CARF guidance document advises that each local authority is responsible for designing, developing and implementing the scheme that is to operate in its area. However
- The new relief can only be used to reduce Business Rates liabilities in respect of 2021/22
  - The new relief cannot be awarded
    - To ratepayers that are (or would have been) eligible for Expanded Retail Relief, Nursery Relief or the Airport and Ground Operations Support Scheme during 2021/22
    - In respect of unoccupied properties (other than those that are closed temporarily due to the Government's COVID-19 advice)
    - Where the local authority or certain precepting authorities (e.g. Adur or Worthing Council, West Sussex County Council or a parish council) is the ratepayer
  - The new relief must be used to provide support for ratepayers "who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact"

- 4.2 It is for local authorities to determine the level of relief for individual properties. Relief must be awarded after other mandatory and discretionary reliefs have been applied excluding those where a local authority has provided relief using their wider discretionary powers introduced by the Localism Act 2011 that are not funded by Section 31 grants.
- 4.3 Awards must be made by 30 September 2022. Any unspent funds after this date must be repaid to the Government.
- 4.4 Depending on the qualifying criteria determined by Adur and Worthing Councils, the amount of relief awarded may need to be recalculated in the event of a change in the ratepayer's circumstances (for example, a backdated increase or decrease in the rateable value of a property).
- 4.5 The guidance document advises that providing discretionary relief is likely to amount to a subsidy that must comply with the UK's domestic and international subsidy obligations. These state that an economic actor (e.g. a holding company and its subsidiaries) may receive
1. Up to £343,000 Special Drawing Rights in a three-year period consisting of the current financial year and the two previous financial years
  2. Additional relief of up to £1.9 million for COVID-19 related losses. This means that an Economic Actor may receive a maximum of £2.243 million from the CARF scheme (unless other subsidies have been claimed)

If an economic actor has reached the £2.243 million limit it may be able to receive a further £10 million of support subject to certain conditions set out in paragraph 23 of the CARF guidance.

- 4.6 It is therefore proposed that Adur and Worthing Councils will
1. Ask ratepayers, on a self-assessment basis, to confirm if they do not comply with the subsidy obligations detailed in paragraph 4.4; and
  2. Ensure that all ratepayers are aware that they need to declare the relief on the transparency database held by the Department for Business, Energy & Industrial Strategy within six months of a CARF award being made where
    - a. The subsidy limit detailed in paragraph 4.4(1) is exceeded; or
    - b. More than £500,000 of relief (from any local authority) is awarded
  3. Provide eligible ratepayers who have on-going Business Rates a choice about whether any credit on their account in respect of 2021/22

should be refunded or offset against on-going payments. In all cases where an account has been closed and there is no on-going liability, any credit will be refunded

- 4.7 Since the new relief must be used to provide support for ratepayers “who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact”, officers have analysed the respective Business Rates databases in order to provide Members with details to inform their decision about the local criteria that they may wish to consider.
- 4.8 Further details of the analysis are provided in Appendix B. It is recommended that, in the context that awards must be made by 30 September 2022, the criteria and the level of awards for Adur and Worthing Councils are
1. Awards should automatically be made. However, when an amended bill is issued, a covering letter will also be sent that very clearly explains
    - a. The locally-determined qualifying criteria
    - b. That it has been assumed that the business has “been adversely affected by the pandemic and have been unable to adequately adapt to that impact”
    - c. If the business does not meet the qualifying criteria or has not been adversely affected by the pandemic, the ratepayer must immediately notify the Council to enable the relief to be removed
  2. No awards should be made in respect of properties described in Appendix A
  3. If, despite the analysis that has been undertaken, the cumulative value of awards reaches the respective Council’s available budget that has been provided, no further awards shall be made
- 4.9 Detailed spreadsheets containing the individual ratepayer information used to calculate the figures detailed in Appendix B have been provided to the Executive Members for Resources but are not included within this report in order to comply with Data Protection requirements.
- 4.10 It is therefore recommended that relief of 20% in Adur and 28% in Worthing should be awarded to qualifying ratepayers, calculated against the net Business Rates liability in respect of 2021/22.

#### **4. Engagement and Communication**

- 5.1 Once the local criteria are determined by the Executive/Cabinet Members, details will be added to the Councils' website and eligible ratepayers will be advised about their respective awards.

## **5. Financial Implications**

- 6.1 The Councils have received grant funding of £1,302,948 for Adur District Council and £1,833,680 for Worthing Borough Council. Provided that the Councils do not exceed these grant allocations, there are no unfunded financial implications.
- 6.2 The CARF guidance states that the Government will undertake an assessment of the additional administrative costs incurred and will provide New Burdens Funding.
- 6.3 Whilst the CARF relief can only be applied to reduce chargeable amounts in respect of 2021/22. The relief can be awarded in 2022/23 provided it is in respect of a 2021/22 liability and the demand notice must clearly show that relief is awarded against a 2021/22 liability. Any reliefs have to be granted before the end of September 2022.

## **6. Legal Implications**

- 7.1 Section 47 of the Local Government Finance Act 1988 provides billing authorities with the ability to reduce a business rates liability by an award of discretionary relief and Section 47(8A) provides that a billing authority may not award discretionary relief to itself or certain precepting authorities (e.g. a county council or a parish council).
- 7.2 The Executive Members are otherwise able to determine the qualifying criteria for the COVID-19 Additional Relief Fund schemes for Adur District Council and Worthing Borough Council in respect of Business Rates liabilities for 2021/22.

## **Background Papers**

The Local Government Finance Act 1988

COVID-19 Additional Relief Fund (CARF): Local Authority Guidance

COVID-19 Additional Relief Fund (CARF): final allocations

## **Sustainability & Risk Assessment**

### **1. Economic**

- The criteria proposed in paragraph 4.7 and the percentages proposed in paragraph 4.10 ensure that the additional funding provided by the Government is distributed in a fair and proportionate way, allowing the Councils to support businesses that have been adversely affected by the pandemic.

### **2. Social**

#### **2.1 Social Value**

- Matter considered and no issues identified.

#### **2.2 Equality Issues**

- Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

- Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

- Matter considered and no issues identified.

### **3. Environmental**

- Matter considered and no issues identified.

### **4. Governance**

- Matter considered and no issues identified.

## Appendix A - suggested types of properties to be excluded

<u>Property description</u>	<u>Rationale for exclusion</u>
Advertising rights	Small rateable values and no direct loss of income
Air Quality Monitoring Stations	No direct loss of income
Ambulance Stations & Premises	Funded by the NHS
Beach huts	Not an income-generating property
Communication stations	No direct loss of income
Fibre Optical Communication Networks	No direct loss of income
Independent Distribution Network Operators	No direct loss of income
Independent Gas Transporter	No direct loss of income
Sea Dredging Aggregate Processing Plant & Premises	No direct loss of income
Sewage Treatment Works & Premises	No direct loss of income
Site of Electronic Delivery Locker	No direct loss of income
Surgery & Premises	Funded by the NHS and no direct loss of income. Business Rates accounts in the name of GP surgeries in respect of other property descriptions should also be excluded together with those in the name of private healthcare providers
Telecommunication masts and equipment	No direct loss of income

## Appendix B - an analysis of the respective Business Rates databases

A full dataset of Business Rates liabilities during 2021/22 for each Council has been provided by the Councils' software supplier. Taking account of the available budgets provided by the Government, the datasets confirm

		<u>Value</u>		<u>Maximum percentage</u>	
		<u>Adur</u>	<u>Worthing</u>	<u>Adur</u>	<u>Worthing</u>
1.	Available budget	£1,302,948.00	£1,833,680.00	N/A	N/A
2.	2021/22 total Business Rates liabilities	£16,956,734.65	£29,854,549.40	N/A	N/A
3.	Row 2 excluding accounts awarded Expended Retail Relief or Nursery Relief	£13,148,658.78	£23,142,003.00	9.91%	7.92%
4.	Row 3 excluding the property descriptions listed in appendix A	£12,683,758.72	£22,327,045.01	10.27%	8.21%
5.	Row 4 excluding liabilities in the name of precepting authorities and ratepayers where it appears likely that financial caps detailed in paragraph 4.5 apply	£6,493,649.10	£6,448,644.10	20.06%	28.44%