

<b>Report of:</b>	Director of Finance – Ian Wright Executive Member for Environment, Finance & Governance – Councillor Barrie Cooper
<b>Submitted to:</b>	Single Executive – 13 January 2022
<b>Subject:</b>	COVID-19 Business Financial Support – Covid Additional Relief Fund (CARF) and Omicron Hospitality and Leisure Grant Scheme.

**Summary**

Proposed decision(s)
<p>That the Executive Member for Environment, Finance &amp; Governance approves the following:-</p> <ul style="list-style-type: none"> <li>• The policy which is designed to reduce Business Rates liabilities to the extent permitted by Covid-19 Additional Relief Fund (CARF) funding provided by central government.</li> <li>• That delegated authority be provided to the Section 151 Officer to agree any future modifications to the Covid 19 Additional Relief Fund policy.</li> </ul> <p>And notes the following:</p> <ul style="list-style-type: none"> <li>• The Omicron Hospitality and Leisure Grant Scheme in response to the business support announcement by Central Government on 21 December 2021.</li> </ul>

Report for:	Key decision:	Confidential:	Is the report urgent? <sup>1</sup>
Decision	Yes - over the financial threshold (£150,000) and affects more than two wards	No	Yes

Contribution to delivery of the 2021-24 Strategic Plan		
People	Place	Business
Business owners and sole traders will be supported in response to recent Central Government COVID-19 initiatives.	The reliefs and grants provided will support businesses in meeting payment obligations, releasing funds to support	The two schemes will provide additional financial support through rate relief and grants to businesses that have been impacted by

<sup>1</sup> Remove for non-Executive reports

	the recovery of the business and the local economy.	the pandemic.
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<b>Ward(s) affected</b>
All wards

### **What is the purpose of this report?**

1. To seek approval for the proposed terms of the Council's policy required to allow central government CARF funding to be applied to reduce local business ratepayer bills for 2021-2022.
2. To note the additional support provided through the Omicron Hospitality and Leisure Grant Scheme.

### **Why does this report require a Member decision?**

3. The Council needs to adopt a scheme to grant Covid-19 Additional Relief under section 47 of the Local Government Finance Act 1988, as amended.
4. The Omicron Hospitality and Leisure Grant scheme is an instruction from Central Government and whilst the scheme does not require member approval it is requested that the Executive Member note the additional support that can be provided to some Middlesbrough businesses.

### **Report Background**

#### Covid-19 Additional Relief Fund

5. On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5billion to support business ratepayers adversely affected by the pandemic. Due to legislative delays Local Authorities were only notified on 15 December 2021. Middlesbrough's confirmed allocation is £2,753,444.
6. Government funding allocations have been calculated by reference to the rateable value and classifications of certain sections of the Rating List and Office for National Statistics (ONS) data setting out the corresponding average economic impacts of COVID-19.
7. The Government is asking local authorities to administer the financial support to local business ratepayers by reducing the business rates bills for their 2021/22 liabilities, using powers that exist to award discretionary rate relief.
8. The parameters of the Fund include business ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
9. The scheme does not include:-
  - Those who are or would have been eligible for the Extended Retail Discount or Nursery Discount;
  - Hereditaments for a period when they are unoccupied;

- The Council to itself or parish councils.
10. Grant compensation is to be provided to local authorities for the resulting loss in business rates income provided conditions set out in Guidance are met, including through New Burdens funding for the additional work involved.
  11. Providing discretionary relief to ratepayers may have subsidy implications for some businesses. Any relief provided by local authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations.
  12. Local authorities have been given discretion over the design of a local policy setting out their eligibility criteria and subsequent award levels for the application of this relief. Middlesbrough's proposed policy is attached as Appendix 1, which reflects the elements used for the Government's funding allocation set out in paragraph 4.

### Omicron Hospitality and Leisure Grant

13. On 21 December 2021, Government announced the introduction of grant support for hospitality and leisure businesses in England, in recognition that the rise of the Omicron variant means that some businesses are likely to struggle over the coming weeks.
14. This support will take the form of a one-off grant to be paid to local authorities from January 2022, and can be used in Financial Year 21/22 only. Middlesbrough's allocation is yet to be confirmed.
15. The Government is asking local authorities to administer the financial support to local businesses in the form of one-off grants of up to £6,000. The scheme will close for applications on 28 February 2022 and all final payments must be made and dispersed to recipients by 31 March 2022.
16. The following thresholds for awards are as follows:-
  - Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on 30 December 2021 will receive a payment of £2,667.
  - Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on 30 December 2021 will receive a payment of £4,000.
  - Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or over on 30 December 2021 will receive a payment of £6,000.
17. The primary principle of the scheme is to support businesses that offer in-person services, where the main service and activity takes place in a fixed rate-paying premises, in the hospitality, leisure and accommodation sectors; and Central Government has provided Local Authorities with guidance outlining the type of business that they could consider to fall into scope in terms of allocating grant payments. However Local Authorities are expected to use their local knowledge to assist in making a decision on eligibility of a business for this scheme.

18. Businesses must have been trading on 30 December 2021 to be eligible to receive funding under this scheme. A business is considered to be trading if it is engaged in business activity. This should be interpreted as carrying on a trade or profession, or buying and selling goods or services in order to generate turnover.
19. Business that have previously received related grants are eligible for the Omicron Hospitality and Leisure Grant as long as they meet the Grant criteria.
20. An online application process will be made available on the Council website to invite applications from eligible businesses. The grant will be promoted as appropriate through a range of relevant platforms including the Council's social media channels, website, press and business networks.

### **What decision(s) are being asked for?**

That the Executive Member for Environment, Finance & Governance approves the following:-

- The policy which is designed to reduce Business Rates liabilities to the extent permitted by Covid-19 Additional Relief Fund (CARF) funding provided by central government.
- That delegated authority be provided to the Section 151 Officer to agree any future modifications to the Covid 19 Additional Relief Fund policy.

And notes the following:

- The Omicron Hospitality and Leisure Grant Scheme in response to the business support announcement by Central Government on 21 December 2021.

### **Why is this being recommended?**

21. The short interval between announcement of the two schemes by government and the passing of legislation means that administration-heavy options available to the Council are limited, because the COVID-19 Business Financial Support – Covid Additional Relief Fund needs to be applied against rates liabilities for the current billing year and the grants must be paid by 31 March 2022. The proposed policy allows for a logical and efficient approach to the distribution of the available funds, so that the relief and grants are administered before billing commences for 2022-23 business rates that is undertaken in early March.
22. Delegating authority as set out will also ensure that the exercise can be completed in a timely manner, to best effect for ratepayers, without the need for a further decision by Executive.

### **Other potential decisions and why these have not been recommended**

23. An alternative CARF option would be to exclude publicly-funded bodies completely from the relief, however these bodies have been included in the scope of the Government guidance because they have also been affected by the pandemic, and excluding them would disproportionately advantage other ratepayers who would then benefit from a greater share of the relief available. It remains open to public bodies to decline the relief, should they consider they have not been sufficiently affected by Covid-19 or they have been able to adequately adapt.

24. A further alternative CARF option is to exclude those ratepayers whose liability has ended or have ceased occupation, however again this cohort are included in the government scope for being affected by the pandemic and the financial effect from their continuing inclusion is minimal in terms of the individual shares.
25. For the Omicron Hospitality and Leisure Grant Scheme, Central Government are providing funding to all Councils with an expectation that this funding will be distributed in line with government guidance and on that basis no other options have been considered.

### **Impact(s) of recommended decision(s)**

#### ***Legal***

26. Section 47 of the Local Government Finance Act 1988 was amended by the Localism Act 2011, which is now seen as a route by which government can change business rates rules without amending legislation. The decision will comply with the requirement to allow the change to take effect.

#### ***Financial***

27. The decision involves only incidental cost to the Council in the form of the administration of the schemes, some if not all of which is likely to be offset by New Burdens Funding from Central Government.
28. The cost of the Omicron Grant Scheme has been provided for by funding made available from Central Government. Claims can only be paid against the funding allocation. Once the funds have been committed/spent, there will be no further support provided.

#### ***Policy Framework***

29. The decision is not one that is reserved to full Council and has no consequences for the Policy Framework.

#### ***Equality and Diversity***

30. The CARF policy has been subject to an initial Impact Assessment (IA), which accompanies this report (see Appendix 2). This identifies that a full IA is not necessary.

#### ***Risk***

31. The following risks are considered to be affected by this report:

<b>Risk No</b>	<b>Risk Description</b>	<b>Impact of Report</b>
O8-101	Businesses close as a consequence of COVID-19 pandemic.	The application of the two schemes will have a positive impact on this risk through the provision of vital financial support for businesses affected by Covid-19 which may reduce the number of businesses forced to close as a consequence of the pandemic.
O8-075	Reduction in Council Tax Collection	The two schemes are likely to have a mixed impact on the Resident and Business Support

		service. Awarding grants and rates relief to eligible local businesses will improve collection levels for business rates, however it is also likely to create a strain on collection resource levels. The associated New Burdens funding will help to mitigate the impact on resource levels being insufficient to meet the demands of the service.
08-091	Failure to achieve full reimbursement from government for costs incurred responding to COVID-19 to date and risks of further costs being incurred as a result of local outbreaks.	The Government has provided written confirmation that additional New Burdens funding will be provided for the administration of the two schemes, and therefore it is anticipated that the schemes will have positive effect on this risk.
O1-050	A continuing national decline in the retailing environment has the potential to manifest further in Middlesbrough's town centre. The withdrawal of major retail brands has the potential to damage Middlesbrough's local economy in terms of business growth / turnover; employment opportunities for Middlesbrough residents; and, the appeal of Middlesbrough as an investor / visitor attraction.	The application of the schemes will have a positive impact on this risk through the provision of vital financial support for businesses affected by Covid-19 who are paying their business rates, which may reduce the number of retail businesses withdrawing from Middlesbrough.

### Actions to be taken to implement the decision(s)

32. Once adopted, the CARF policy will be administered by the Resident and Business Support service within the Finance directorate, to directly award applicable levels of rates relief to all eligible businesses for their 2021-22 liabilities.

33. Once agreed, the Omicron Hospitality and Leisure Grant Scheme will be administered by the Resident and Business Support service.

### Appendices

- Appendix 1 – Middlesbrough Council CARF policy
- Appendix 2 – Initial Impact Assessment of the CARF policy

### Background papers

Body	Report title	Date
Department for Levelling Up, Housing and Communities	COVID-19 Additional Relief Fund (CARF): Local Authority Guidance	December 2021
Department for Levelling Up, Housing and Communities	Omicron Hospitality and Leisure Grant Guidance for Local Authorities	December 2021

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