



Date **31 JANUARY 2022**

Title **AMENDMENT TO THE DISCRETIONARY RATE RELIEF POLICY TO INCLUDE COVID – 19 ADDITIONAL RELIEF FUND (CARF)**

Report of **CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE**

EXECUTIVE SUMMARY

1. In December 21 the Government announced additional funding of £2,610,642.00 to provide support to businesses which had been impacted by the pandemic, but which previously did not meet the criteria for COVID- 19 related relief. Government advised that it was for individual billing authorities to adopt a local scheme using its discretionary relief powers to reduce chargeable amounts in respect of the financial year 2021/22.
2. The allocation of this funding is time limited and needs to be processed by the 31 March 22 so that it can be included within the non-domestic rates 3 (NNDR) return providing data to Government. As such to administer these monies in the most efficient way and to ensure that businesses receive the reduction in business rates as quickly as possible the relief needs to be credited to accounts as part of the 22/23 annual billing exercise which commences on 25 February 2022.
3. As such this report outlines the proposed scheme which will reduce the amount of business rates payable for businesses in scope of the scheme thereby providing additional financial support to enable them to continue trading and contributing to the Island economy.

RECOMMENDATION

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| <ol style="list-style-type: none">4. To agree to the discretionary scheme being proposed which will allocate relief funding to businesses who had been impacted by the pandemic but who previously did not meet the criteria for business COVID-19 relief. |
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BACKGROUND

5. COVID-19 has presented a significant and unprecedented challenge for businesses. Since the start of the pandemic the Government's response to support businesses has been of a similar scale. This support has to date provided business rates relief for retail, hospitality and leisure properties but now this new stream of funding named the COVID-19 Additional Relief Fund (CARF) is being made available to business' affected by the pandemic and which were previously ineligible for existing support linked to business rates.
6. Although Government have given billing authorities the flexibility to design its own discretionary rate relief scheme, they determined that in developing the scheme billing authorities must:
 - (a) 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
 - (b) 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
 - (c) Direct their support towards ratepayers who have been adversely affected by the pandemic and have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
7. The relief should be applied after mandatory reliefs and other discretionary reliefs funded by the section 31 grants have been applied.

PROPOSED SCHEME

8. The scheme has been modelled to provide greatest support to the smaller businesses on Island who have been adversely affected by the pandemic. The smaller businesses tend to be sole traders who are supporting activities within the Island communities. This relief will provide a reduction in the business rates payable thereby reducing their operating costs which in turn will provide additional monies to enable greater financial stability and the ability to continue trading.
9. The scope and criteria for the allocation of CARF relief in support of Island businesses is:
 - a) Ratepayers have an active business rate account as of 1 December 2021
 - b) The rateable value of their property is less than £51,000
 - c) Ratepayers excluded from the scheme, in line with the criteria set by government for payment of business rate reliefs are.
 - Isle of Wight council, Parish/ town council properties
 - Properties for personal use (Beach Huts, Stables etc)
 - Utilities
 - Schools
 - Police
 - Fire
 - Public amenities

- Carparks
 - Government departments
 - NHS/ medical centres
 - Solicitors
 - Banks
 - And any ratepayer who has previously received COVID -19 rated relief
- d) The amount of funding is dependent on the rateable value (RV) of the property which is set by the Valuation Office Agency (VOA). The RV bandings reflect the criteria set by Government for payment of business-related reliefs which are detailed below:
- RV £12,000 or less will receive 100% relief
 - RV £12,001 - £25,500 will receive 80% relief
 - RV £ 25,501- £50,999 will receive 60% relief
- e) The allocation of these funds as detailed in point (d) will see £2,605,121.37 of relief being credited to business rate accounts leaving a small surplus to address any recalculations or amendments to accounts:
- RV £12,000 or less = 100% relief
467 properties
£737,635.06
 - RV between £12,001 – £25,500 inclusive = 80% relief
176 properties
£920,813.94
 - RV £25,501 – less than £51,000 = 60% relief
101 properties
£946,672.36
- f) The modelling has been developed to take into account principles detailed within current legislation. The cap of £51,000 RV determines the size of a smaller business and this logic has been used to determine the bandings within this relief scheme. As such the smaller businesses occupying premises of less than £12,000 RV will receive the greatest support.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

10. The provision of this funding will assist with the recovery of businesses following the pandemic, providing financial support and enabling them to continue to trade which in turn will retain employment on the Island whilst providing residents with services. As such the scheme will fulfil the corporate objective of:
- COVID 19 recovery will be integral to everything we do for residents and Island business

CONSULTATION

11. Unfortunately, there is not the time to be able to undertake a consultation exercise given the urgency to add the relief to annual bills and the need to meet the government timetable to credit business rate accounts by 31 March 2022 however the methodology has been undertaken in consultation with the Cabinet Member for

Strategic Finance, Corporate Resources and Transformational Change and the Section 151 Officer.

12. The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change has also liaised with the Chair of Scrutiny with regard to the proposed scheme and he is in agreement with the scheme that has been developed to support businesses who previously did not meet the criteria for government grants.

FINANCIAL / BUDGET IMPLICATIONS

13. Funding of £2,610,642.00 has been provided by Government to facilitate CARF discretionary rate relief. Modelling undertaken by the revenues team will allocate all but £ 5,520.63 of the funding leaving these monies as a buffer to the scheme and allow for any potential changes to rateable values of business premises.

LEGAL IMPLICATIONS

14. The government is not changing the legislation relating to the business rates reliefs available to properties. Instead, government in line with the eligibility criteria has set out guidance, reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. 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.

EQUALITY AND DIVERSITY

15. The council has to comply with section 149 of the Equality Act 2010. This provides that decision makers must have due regard to the elimination of discrimination, victimisation and harassment, advancing equalities, and fostering good relations between different groups (race, disability, gender, age, sexual orientation, gender reassignment, religion/belief, pregnancy and maternity, and marriage/civil partnership). An equality impact assessment has been completed in respect of relevant proposals as part of the decision-making process to enable members to take into account and if necessary, mitigate the impacts as part of the decision-making process.

OPTIONS

16. **Option 1** – To award the allocation of funding provided by central Government to island business as detailed in this report thereby providing additional financial support to enable them to continue trading and contributing to the Island economy.
17. **Option 2** – to consult on the options, however there is not the time to be able to undertake consultation given the urgency to add the relief to annual bills and the need to meet the Government's timetable.

RISK MANAGEMENT

18. Option 1 funding provided on this latest phase of support by central Government allows local authorities to assist those business who have previously been unable to receive Covid grant funding, which bridges the imbalance of business currently affected.
19. The funding will provide business with much needed support and keep monies locally to aide recovery.
20. The residual funding left will be used for those business, where a potential recalculation is needed in the event of a change of circumstances for example where a backdated change to the rateable valuation arises during the year or during a later year.
21. The need to allocate the funding at annual billing time so business is aware of the amount of support they have been provided at the start of the year, however this work adds some additional pressures in ensuring the value of relief is added to the relevant businesses at the annual billing stage.

EVALUATION

22. The funding allocated by central government allows local authorities to administer support to those business who until now, have not qualified for previous COVID – 19 related relief with certain business as detailed earlier in the report.
23. The three banding levels detailed within the scheme supports the smaller business who is financially more vulnerable and who without support may be at greater financial risk to continue trading.
24. The remainder of the funding provided of £5,520.63 will support those business where a recalculation is needed in the future.

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