

TITLE OF REPORT: Covid-19 Additional Relief Fund (CARF)

REPORT OF: Peter Udall, Strategic Director Economy, Innovation and Growth
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Purpose of the Report

1. To agree the scope of support to be provided through the Council's COVID-19 Additional Relief Fund (CARF) scheme to help businesses that have been adversely impacted by Covid-19.

Background

2. To date the Council has paid out over £76.6m to around 5,000 businesses and awarded over £77m in Retail Discount rate relief to more than 1,200 businesses as part of the Government's financial support measures for businesses impacted by the Covid-19 pandemic. This support has provided a vital lifeline to many small businesses protecting livelihoods and jobs.
3. The Council is also currently in the process of making further business grant payments to businesses in Gateshead as part of the Government's response to the Omicron variant.
4. Throughout the Pandemic many businesses have been required to pay full business rates. In December 2021 the Government announced there would be a new COVID-19 Additional Relief Fund (CARF) in order to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates including the Extended Retail Discount (covering Retail, Hospitality and Leisure) or the Nursery Discount scheme.
5. Gateshead has been allocated £4,068,697 in funding and is required to design its own local discretionary relief scheme to grant this relief to reduce the 2021-22 rate charges for qualifying businesses.
6. The Government is not changing the legislation relating to business rates and the scheme is to be introduced using discretionary relief powers under section 47 of the Local Government Finance Act 1988 and it will be for the Council to adopt its own local scheme.

Proposal

7. Businesses in Gateshead continue to face unprecedented challenges as a result of measures imposed in response to the Coronavirus pandemic and a loss of income. The fund will provide a vital support toward the overheads of many of the borough's

businesses ensuring they are able to continue trading and keep local people in employment.

8. The Government guidance gives the Council discretion over the grant scheme. It is proposed that to be eligible for relief the business must be a ratepayer liable and occupying a property for business rates in Gateshead during the financial year 2021/22. Relief will not be granted to a ratepayer who no longer has a rate liability at the date that the scheme opens for applications.
9. It is difficult to estimate demand and the volume of applications that will be made. While many businesses have been adversely impacted during the pandemic some businesses have not been. It is therefore proposed that the Council will operate an application window and once closed, will determine the amount to be awarded in each case based on the number of successful applications received.
10. A maximum relief award cap may be required in order to ensure that as many businesses as possible are supported by the scheme and that funds are maximised.
11. Applications will be made by an online form and businesses will need to complete a declaration to confirm that they have been adversely impacted and also provide a supporting statement to explain in more detail the adverse impact on their business.
12. Supporting financial information may be requested if there is a doubt as to whether a business has been adversely impacted or not.
13. A fund will be set aside to target support to businesses which the Council determines may require a greater level of assistance once initial awards have been finalised. The fund will be administered under the delegated authority of the Strategic Director, Economy, Innovation & growth in consultation with the Strategic Director, Resources and Digital and the Cabinet Member for Economy.
14. The amount of relief awarded will not be recalculated following a retrospective increase in rateable value or where the rate charge for 2021-22 has been increased for another reason.
15. Any relief must be made by 30th September 2022 in order to comply with business rates regulations.
16. Exclusions to awards for relief are contained in Appendix 1, paragraph 15.

Recommendation

17. It is recommended that Cabinet approves the proposed Covid-19 Additional Rate Relief (CARF) scheme as detailed in this report and delegation of authority to the Strategic Director, Economy, Innovation & growth, following consultation with the Strategic Director, Resources and Digital and the Cabinet Member for Economy, to administer the fund in line with government guidance including agreeing the level of relief to be awarded.

For the following reasons:

- (i) To ensure allocated funds are maximised for the benefit of the Gateshead economy.
- (ii) Local business impacted by the Coronavirus pandemic receive support to continue to trade and survive.
- (iii) To protect jobs and keep residents in work.
- (iv) To ensure essential local services continue to be available to residents of Gateshead.
- (v) To administer the funds in compliance with government guidance.

Policy Context

1. The COVID-19 Additional Relief Fund will enhance the Council's response to supporting small and micro businesses struggling to survive due to the impact of Covid-19 but that are unable to access other forms of grant assistance.
2. The fund will support the Thrive Pledge to invest in our economy to provide opportunities for employment, innovation and growth and the recently approved Economic Development Strategy which aims to create a fairer, greener and more resilient economy that enables everyone to thrive by helping small business in Gateshead continue to trade and survive the Coronavirus pandemic, protecting jobs and keeping residents in work.

Background

3. To date the Council has paid out over £76.6m to around 5,000 businesses and awarded over £77m in Retail Discount rate relief to more than 1,200 businesses as part of the Government's financial support measures for businesses impacted by the Covid-19 pandemic. This support has provided a vital lifeline to many small businesses protecting livelihoods and jobs.
4. In December 2021 Government announced the COVID-19 Additional Relief Fund (CARF) to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
5. The Government is not changing the legislation relating to business rates and the scheme is to be introduced using discretionary relief powers under section 47 of the Local Government Finance Act 1988 and it will be for the Council to adopt its own local scheme.
6. Gateshead has been allocated £4,068,697 in funding for this purpose.

Government Guidance and Eligibility

7. As a billing authority, the Council may not grant relief to itself or to another precepting authority.
8. Relief can only be awarded to businesses who occupy and are registered for business rates at properties that appear in the rating list.
9. While the Council has the discretion to develop its own scheme, Government guidance advises that it must meet the following criteria:
 - (i) Not to award relief to ratepayers who either received or were eligible to receive the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount
 - (ii) Not to award relief for unoccupied periods except where a business has closed temporarily due to the Government's advice on COVID-19

(iii) To direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact

10. Businesses will also need to be within Government Subsidy limits and declare that they will not exceed the support they are entitled to receive by accepting the relief. The Government guidance gives the Council discretion over the grant scheme. It is proposed that to be eligible for relief the business must be a ratepayer liable and occupying a property for business rates in Gateshead during the financial year 2021/22. Relief will not be granted to a ratepayer who no longer has a rate liability at the date that the scheme opens for applications.
11. It is difficult to estimate demand and the volume of applications that will be made. While many businesses have been adversely impacted during the pandemic some businesses have not been. It is therefore proposed that the Council will operate an application window and once closed, will determine the amount to be awarded based on the number of successful applications received.
12. It is proposed the fund will be administered under the delegated authority of the Strategic Director Economy, Innovation & growth in consultation with the Strategic Director, Resources and Digital and the Cabinet Member for Economy.
13. The amount of relief awarded will not be recalculated following a retrospective increase in rateable value or where the rate charge for 2021-22 has been increased for another reason.
14. Any relief must be made by 30th September 2022 in order to comply with business rates regulations.

Exclusions

15. It is proposed that relief should not be awarded in the following circumstances:
 - I. To a business that has not been adversely impacted by the Covid-19 pandemic.
 - II. For unoccupied periods with the exception of where a business was closed on a temporary basis due to Government advice on Covid-19.
 - III. For temporary periods of occupation by storage or where occupation has been taken for the avoidance of business rates.
 - IV. To a business that is in administration, insolvent or where a striking-off notice has been made or to a business that entered into a CVA or IVA during the 2020-21 or 2021-22 financial years.
 - V. To a business that has already received financial support equal to the maximum amount permitted under Subsidy allowances.
 - VI. To businesses that are liable for the rate charge for rating assessments which do not directly employ anyone such as advertising rights, communication masts, communication stations, ATMs, car parks,

independent distribution network operators, utilities, networks, power, sponsored roundabouts, and similar rating assessments.

- VII. To public bodies such as Government departments, legislative bodies, the armed forces, Local Authority occupied assessments and owned companies, Parish Councils, NHS and Foundation Trusts, Fire, Police, Maintained Schools, Academy Schools and Further / Higher Education institutions.
- VIII. Businesses that do not have any rates to pay for 2021-22 as they already receive another relief or discount.

Consultation

- 16. The Leader and Deputy Leader and Cabinet member for Economy have been consulted and support the proposal.
- 17. Local Authorities in the North East Local Enterprise Partnership area have been informally consulted to ensure regional consistency where possible whilst still ensuring local economy priorities are supported.

Alternative Options

- 18. To not agree criteria and scope for the COVID-19 Addition Relief Fund will prevent the Council from administering the fund and delay the award of much needed support to businesses impacted by the COVID pandemic.
- 19. An alternative approach would be to award a fixed level of relief to qualifying applicants. If the Council adopted this approach demand from business may exceed the funding available and exhaust the resources available before all impacted business can be supported. Conversely if demand is limited then the funding may not be maximised for the benefit of Gateshead businesses and the local economy.

Implications of Recommended Option

20. Resources:

a) Financial Implications – Strategic Director, Resources & Digital confirms that the cost of relief awarded through the COVID Additional Relief fund will be met from funds allocated to the Council for this purpose. The Council has been allocated £4,068,697. Government has committed to supporting the delivery costs to local authorities for this scheme and will meet associated New Burdens costs.

b) Human Resources Implications – None

c) Property Implications - None

- 21. **Risk Management Implication** - The Council will be required to report on its progress in developing and delivering the COVID-19 Additional Relief Fund to Government alongside the existing reporting on the Extended Retail Discount and business grants including Additional Restrictions grant and Omicron Hospitality and Leisure Grant.

Robust application and assessment procedures and financial management systems will be put in place to mitigate against the risk of payment to applicants not satisfying the eligibility criteria and guard against deliberate manipulation and fraud reducing exposure to clawback.

22. **Equality and Diversity Implications** - There are no implications arising from this report.

23. **Crime and Disorder Implications** – There are no implications arising from this report.

24. **Health Implications** – There are no implications arising from this report.

25. **Climate Emergency and Sustainability Implications** - There are no implications arising from this report.

26. **Human Rights Implications** - There are no implications arising from this report.

27. **Ward Implications** - There are no implications arising from this report.