

London Borough of Enfield

Portfolio Report

Subject: Covid-19 Additional Relief Fund Scheme

Executive Director: Fay Hammond

Key Decision: KD 5491

Purpose of Report

1. To seek approval of the proposals outlined within this report that detail how to distribute the £6,337,949 Covid-19 Additional Relief Fund (CARF) allocation to the London Borough of Enfield funded by the Department for Levelling Up, Housing and Communities (DLUHC). The grant must be spent by 30 September 2022.

Proposal(s)

2. The Council proposes to award this relief to all office, business units, and non-retail hereditaments that qualify for the relief based on the government eligibility criteria. In addition to the legislated ineligible types of property this report proposes that advertising hoardings, cash ATM's and banks are also excluded because these types of hereditaments were not subject to the level of adverse effects of the pandemic that were suffered by the other business types. The following options were considered based on the eligible groups of businesses.
3. **Option 1:** Office Premises. The CARF relief came about because large offices requested a reduction in their rateable value claiming it was a material change of circumstances (MCC). As a result of this an option to only award to offices was considered. The combined rateable value of offices in Enfield eligible for this relief is £9,879,850.
4. **Option 2:** There is clear evidence that factories, warehouses, and other such premises constitute a large part of the business rates base in Enfield. These businesses were also adversely affected by the pandemic while being ineligible for any other government grants or discounts. The rateable value of such businesses in Enfield eligible for this relief is £79,742,940.
5. **Option 3:** The third and recommended option is to award relief to both groups as described in 3 and 4 above as it seemed each group was as badly affected as the other. Local authorities can award the relief without an application process. It is therefore proposed to automatically award the relief to all those eligible properties. The Council will at the time of award write to each business requiring them to confirm if they have not been adversely affected by the pandemic and / or have exceeded the Subsidy Control limitation. This process will avoid the resource and time implications of trying to administer some 2000 applications. The proposed scheme enables an accurate

assessment of relief to be granted, therefore ensuring that our funding allocation is fully utilised and not exceeded (any excess cost would need to be met by the Council).

6. The options in paragraphs 3 and 4 above to award relief to either the warehouse and factory type businesses OR to offices were considered. This was based on the reasoning that each group individually would get a larger amount of relief if they were the only group awarded relief. No further funding is being provided from the government. Therefore, as the government left it to the discretion of Local Authorities to design schemes that would benefit businesses in their local areas it is considered that in the Enfield Council area the businesses defined above would find this relief most beneficial.

Reason for Proposal(s)

7. The government has provided business rate relief of over £66m and grants totalling more than £120m to businesses in the retail, hospitality, and leisure sectors over the past two years of the pandemic. The businesses described here have largely been ineligible for any of this assistance.
8. The allocation of £6,337,949 has been provided to the Council to distribute based on specific eligibility criteria. All the businesses in the proposals above would qualify based on the government criteria.
9. The recommended option is to award relief to offices and other non-retail businesses since both groups have been impacted adversely by the pandemic and have not qualified for any of the previously provided government reliefs and grants. The guidance makes it clear that local authorities can award the relief without an application process. It is therefore proposed to automatically award the relief to all the eligible properties. The Council will at the time of award write to each business requiring them to confirm if they have not been adversely affected by the pandemic and / or have exceeded the Subsidy Control limitation. This process will avoid the resource and time implications of trying to administer some 1,500 applications. The proposed scheme enables an accurate assessment of relief to be granted, therefore ensuring that our funding allocation is fully utilised and not exceeded (any excess cost would need to be met by the Council).

Relevance to the Council Plan

10. This scheme supports the work the Council is doing with various partners in responding to the challenges ratepayers faced during the pandemic and supports their survival in a dynamic local economy.

Background

11. At the start of the pandemic, several rating agents made proposals to the Valuation Office Agency (VOA) to reduce the rateable value of their client's properties (mainly offices) on the basis that the effect on businesses caused by the pandemic could be regarded as a Material Change of Circumstances (MCC). An MCC is a valid reason for a reduction in rateable value of the office premises. It became public that the VOA intended to accept this

argument and issue RV reductions of between 20% and 65% on all different property types, including office and retail properties.

12. Business rates is a key component of local authority income and is administered through the government's Business Rate Retention scheme. Reductions of the level suggested by the rating agents would have required local authorities to set aside large rateable value appeal provisions and if the rateable value reductions were subsequently agreed by the VOA would have resulted in there being insufficient income within the Rate Retention system to support local government funding.
13. Following representations from Local Authorities including some London boroughs Central government decided that the pandemic could not be regarded as a Material Change of Circumstance (MCC) and the proposed rateable value reductions would not go ahead. The government indicated that alongside the requisite legislative change to put this into effect, it would provide a separate national discretionary funding scheme of £1.5bn to mitigate the effect on businesses.
14. The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 was passed in December 2021 followed by guidance on implementing the new discretionary relief. The discretionary scheme was entitled "Covid19 Additional Relief Fund (CARF)".

Item	Relevant Date
Key Decision ref 5491 published	29/06/22
28 day notice period expires	28/07/22
DAR to be submitted to Democratic Services with signatures and Legal / Financial Implications	15/07/22 (no later than 5 days before the notice expiry date)
Allow for call-ins	05/08/22 (5 days after the notice expiry date)
Decision to be implemented if no call-ins	08/08/2022

15. The relief will be applied to the relevant accounts and letters sent to the ratepayers after the call-in period expires on 05/08/2022.

Main Considerations for the Council

16. The Council, like other London boroughs have seen most businesses impacted negatively by the pandemic. The provision of this relief fund will alleviate the difficulties faced by the ratepayers.
17. The Council should spend all the funding and do so in a fair and transparent manner and in line with the government guidelines.
18. It is assumed that the businesses considered in this proposal will have in some way been adversely affected by the pandemic.

Safeguarding Implications

19. There are no safeguarding implications in relation to this report.

Public Health Implications

20. There are no public health implications in relation to this report.

Equalities Impact of the Proposal

21. Having considered and reviewed the CARF guidance and policy proposal, it has no relevant impact on any of the protected characteristics.

Environmental and Climate Change Considerations

22. There are no environmental or climate change implications in relation to this report.

Risks that may arise if the proposed decision and related work is not taken

23. The funds allocated to the Council by government must be utilised for this purpose, otherwise they will be returned to central government. If this work is not undertaken and in a timely manner i.e., completed by September 2022 the funds will be forfeited and the businesses in the area would lose out on this government support.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

24. It is possible that some eligible ratepayers may have been inadvertently excluded, possibly due to liability changes or other reasons. A small amount of funds will be held to award relief in these cases after the bulk of the relief has been awarded. In these cases, or where ratepayers opt out of the scheme one month prior to the deadline for returning the funds to government, all available funds will be distributed as a top-up to those who previously received the relief.

Financial Implications

25. The Council has received grant funding of £6,337,949 from central government for the CARF scheme, the funding must be allocated by 30 September 2022 and in accordance with the criteria set by government. The Council is required to report the outcome of the scheme to central government and any unallocated grant funding will have to be repaid

26. The grant will be used to reduce business rates arrears outstanding for 2021/22. In some cases, payments made in 2021/22 will be used reduce the 2022/23 liability where the ratepayer has already paid the 2021/22 liability in full prior to the award of the relief.

27. New Burdens funding will be provided by central government to support the Council's costs in administering the scheme.

Legal Implications

28. In implementing this scheme, the Council will be using its 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 government guidance and their own local scheme, to grant relief under section 47.

29. Officers must be familiar with and must ensure that the operation and delivery of the policy is in accordance with, the 'COVID-19 Additional Relief Fund (CARF): Local Authority Guidance' issued by the Department for Levelling Up, Housing and Communities ('the Guidance'). When making an award for CARF, the Council should ensure in the conditions of the award that the relief is subject to the property's continuing eligibility.

30. Officers must also be mindful of subsidy control rules when implementing the scheme. To quote from paragraph 19 of the Guidance: 'Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by Local Authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations. There are three subsidy allowances for the CARF scheme:

- Small Amounts of Financial Assistance Allowance (325,000 Special Drawing Rights to a single economic actor over any period of three fiscal years, which is the equivalent of £343,000 as at 9 December 2021);
- The COVID-19 Additional Relief Fund Allowance (permits an economic actor to receive additional relief of up to a further £1,900,000 for COVID-19 related losses - so a limit of £2,243,000 when combined with the above);
- COVID-19 Additional Relief Fund Further Allowance (where an economic actor has reached the £2,243,000 limit set out above, then it may still be able to receive up to a further £10 million as a COVID-19 Additional Relief Fund Further Allowance under the CARF Scheme provided certain conditions are met).

The Guidance goes on to say that local authorities will wish to ask ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the above allowances. Where authorities are delivering CARF via applications then this declaration can be requested as part of the application process (and there are sample paragraphs provided in the Guidance). As part of awarding the relief, local authorities should ask businesses to keep necessary documentation to evidence this.

31. Officers must also ensure compliance with the transparency obligations under the subsidy control regime and the relief must be declared on the BEIS transparency database within six months of it being awarded in the following circumstances:

- If the relief is awarded under the Small Amounts of Financial Assistance, and the business has received more than 325,000 Special Drawing Rights (approx. £343,000) over a 3 year period.
 - If the relief is awarded under the COVID-19 Additional Relief Fund Allowance, and, when cumulated with any other support received under the allowances, the recipient has received more than £500,000.
32. If relief is awarded under the COVID-19 Additional Relief Fund Further Allowance (which will by its nature be in excess of £500,000).

Workforce Implications

33. This will impact on additional tasks for the existing team but will be managed within the current team resources

Property Implications

34. There are no property implications from the proposals outlined within this report.

Other Implications

35. It is not believed that there are other implications that need to be considered as part of the proposals outlined within this report.

Conclusion

36. The recommendation is to approve the scheme as described above. This will provide £6,337,949 relief to around 1,500 businesses.

Report Authors: **Bridgette Cowley**
Head of Income and Debt
bridgette.cowley@enfield.gov.uk
02045267091

Heather Adeyemi
Interim Income & Debt Team Manager
Heather.Adeyemi@enfield.gov.uk
020 8132 0403

Date of report: 29/06/22

Appendices

Table of Payment Scenarios

Background Papers

The following documents have been relied on in the preparation of this report:

Government Guidance on CARF Relief