



Report to Leader

Date: 27 January 2022

Reference number: L01.22

Title: **New Discretionary Business Rate Reliefs:**

- **Covid 19 Additional Relief Fund (CARF)**
- **Discretionary Rate Relief Policy for the retail Hospitality and Leisure Relief**

Implemented through a new Discretionary Rate Relief Policy 2022/23

Relevant councillor(s): Martin Tett, Leader

Author: Clive Jones, Head of Revenues & Benefits

Contact officer: David Skinner, Service Director – Service Finance

Ward(s) affected: All

Recommendations: **Approve the technical changes in discretionary business rate reliefs as per the Government announcements in December 2021 as set out in the CARF Discretionary Rates Relief Policy and Discretionary Rates Relief Policy Appendix.**

Reason for decision: **To align with Government announcements
Buckinghamshire Council is creating:**

1. **a Discretionary Rate Relief Policy for the granting of the COVID 19 Additional Relief Fund in accordance with the changes as set out in the Government guidance issued 15th December 2021 and;**

2. following the announcement at the Budget on 27 October 2021 a new 2022/23 business rates relief scheme for retail, hospitality and leisure properties.

Both reliefs require a technical change to Discretionary Rate Relief Policy

1. Executive summary

- 1.1 Local Authorities have a discretion to award Discretionary Rate Relief to organisations under S47 Local Government Finance Act 1988. The recent guidance issued by government in December to create two reliefs. The first for the 2022/23 Retail, Hospitality and Leisure Business Rates Relief and the second for the COVID19 Additional Relief Fund (CARF). The first requires a technical change to our Discretionary Rate Relief policy and the second as an additional new discretionary rate relief policy for the granting of relief for CARF.

2. Content of report

- 2.1 To align with the announcements made by Government on the 25th March 2021 Buckinghamshire Council is supporting local businesses by creating a discretionary policy for the granting of the Covid 19 Additional Relief Fund (CARF) for the 2021/22 financial year in accordance with the Government guidance issued on the 15th December 2021.
- 2.2 In addition, at the Budget on 27 October the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties for 2022/23. A change to show both these new reliefs in our Discretionary Rate Relief policy is proposed.
- 2.3 An award for CARF can be made to:
 - a) Businesses that were not eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS) and;
 - b) Businesses in occupation of a rateable premise and;
 - c) Businesses adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 2.4 For CARF:
 - a) Buckinghamshire Council has been allocated £11,728,484.
 - b) It is estimated that 3,750 businesses in Buckinghamshire could be eligible.

- c) The discretionary CARF scheme is proposed to award 20% relief from business rates. This will spend the government allocation if 80% of estimated eligible businesses apply. Previous grants have not exceeded this take up rate.
- d) If the government allocation is split evenly across the anticipated 3,750 of potential eligible businesses based on 80% take-up, this would equate to a spend of £11,544,000 leaving a small contingency.
- e) On receipt of a valid CARF application business rate bills will be issued with 20% relief for the periods of occupation in the financial year 2021/22 and adjustment notices will be issued as soon as possible and subject to technical updates from the system providers.
- f) All businesses receiving the 20% CARF relief will receive a revised business rates bill. Because of the time of the year this will probably mean most businesses that apply before the end of February 2022 for CARF will receive a credit that will be carried forward into next year's business rates charge and reduce next year's amount payable.
- g) Businesses will have until the end of September 2022 to apply for CARF relief.
- h) Businesses will have to self-certify and set out the impact of an adverse impact.

2.5 The 2022/23 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business for the 2022/23 year only.

2.6 Businesses that fall into scope for retail hospitality, leisure and accommodation for the purposes of this scheme are:

- a) Retail properties that are being used for the sale of goods to visiting members of the public:
- b) Hospitality business whose main function is to provide a venue for the consumption and sale of food and drink.
- c) Leisure business that provides opportunities, experiences, and facilities, in particular for culture, recreation, entertainment, celebratory events and days and nights out. The definition of a leisure business should exclude: all retail businesses, coach tour operators, and tour operators.
- d) Accommodation business whose main lodging provision is used for holiday, travel or other purposes.

2.7 For retail hospitality and leisure relief



- a) Any relief will need to comply with the UK's domestic and international subsidy control obligations.
- b) No ratepayer can in any circumstances exceed £110,000 cash cap across all of their hereditaments in England.
- c) Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:
 - i. where both ratepayers are companies, and
 - one is a subsidiary of the other, or
 - both are subsidiaries of the same company; or
 - ii. where only one ratepayer is a company, the other ratepayer (the "second ratepayer") has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.
- d) The government expects billing authorities to apply retail hospitality and leisure grant relief to qualifying ratepayers from the start of the 2022/23 billing year.
- e) At annual billing retail, hospitality and leisure business rates relief will be awarded automatically to all eligible businesses. Businesses will have the ability to refuse this relief if they wish anytime up to 30 April 2023.

2.8 The government have confirmed that additional funding for costs will be met under the New Burdens principle but have not yet confirmed the allocations.

3. Other options considered

3.1 This is a direct instruction from Government and while the CARF and Retail, Hospitality and Leisure Business Rates Relief are local discretionary policies, these changes are expected to be actioned.

4. Legal and financial implications

4.1 The cost of discretionary relief usually falls on the Local Authority. However, the government will fully reimburse local authorities for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003.

- 4.2 As these are reliefs and not cash grants changes will be made through adjustments to business rate bills with any credit balances applied against future years bills if required.
- 4.3 The government have confirmed that funding for implementation and administration will be covered through the New Burdens principle but have not yet released allocations to individual authorities.

5. Communication, engagement & further consultation

- 5.1 Communication in the form of an application form for CARF will be put on the website and proactive communications will be issued directly to businesses and also via Bucks Business First as well as other appropriate communications channels.

- 5.2 Government guidance on the reliefs can be found at:

- a) For CARF

<https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>

- b) For Retail Hospitality and Leisure

<https://www.gov.uk/government/publications/business-rates-guidance-202223-retail-hospitality-and-leisure-relief-scheme>.

- 5.3 Eligible business for the amended Discretionary Rate Relief Policy will have the relief automatically applied to the bills.
- 5.4 Businesses that are not eligible for either CARF or the RHL scheme, or the current Omicron Hospitality and Leisure Grants, will be signposted to the new Additional Restrictions Grant scheme that is being developed.

6. Next steps and review

- 6.1 Systems are being modified to enable the 20% CARF relief to be granted and the 50% Retail, Hospitality and Leisure Business Rates Relief to be awarded in annual billing. These are subject to technical updates from system providers which we anticipate arriving by the end of January.

7. Background papers

- 7.1 Revised CARF Discretionary Rate Relief Policy
- 7.2 Revised Discretionary Relief Policy