
REPORT TO:	FINANCE & MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	28 APRIL 2022	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	ELIZABETH BARTON, elizabeth.barton@southderbyshire. gov.uk	DOC:
SUBJECT:	COVID ADDITIONAL RELIEF POLICY	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM12

1.0 Recommendations

- 1.1 The Committee approves the proposed COVID-19 Additional Relief Fund (CARF) Policy as detailed in Appendix 1.

2.0 Purpose of the Report

- 2.1 To notify Committee of the £1,978,743 COVID-19 Additional Relief Fund (CARF) that has been allocated to the Council by Government.
- 2.2 To seek approval for the spend of this funding through the implementation of the proposed COVID-19 Additional Relief Fund (CARF) Policy.

3.0 Executive Summary

- 3.1 In 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion.
- 3.2 The fund has been designed to support those businesses affected by the pandemic, but that have been ineligible for other support linked to business rates during the pandemic, such as the COVID-19 business grants distributed by the Council.
- 3.3 The £1,978,743 COVID-19 Additional Relief Fund (CARF) allocated to South Derbyshire needs to be spent by 30 September 2022.
- 3.4 In order to support its distribution, the Council has prepared a COVID-19 Additional Relief Fund (CARF) Policy as detailed in Appendix 1.

4.0 Detail

- 4.1 The Government has allocated £1,978,743 COVID-19 Additional Relief Fund (CARF) to South Derbyshire which must be spent no later than 30 September 2022.
- 4.2 The proposed policy (see Appendix 1) sets out how this funding will be used to reduce the Business Rates liability of businesses who were not eligible for other COVID-19 support linked to business rates during the pandemic, such as the business grants distributed by the Council
- 4.3 In order to be eligible for the relief, it is proposed that businesses will need to be able to demonstrate they were negatively impacted by COVID-19, in line with government guidance. Businesses will be required to provide a letter certified by a chartered accountant that outlines their turnover for 2019/2020 and 2020/2021 and demonstrates a turnover drop in 2020/2021.
- 4.4 Businesses will also be required to demonstrate they were trading during 2021/2022 (through the provision of a bank statement showing business income and outgoings).
- 4.5 Businesses that are in administration, liquidation, subject to a current strike off order, or entered into a CVA or IVA at any time during the course of 2020/2021 and 2021/22, will be excluded from eligibility for this relief.
- 4.6 Unlike the business grants, the relief will be initially used to reduce the Business Rates liability of the business for 2021/2022. If the business is up to date on their rates payments for this year, the funding will then be used to reduce any Business Rates debt from all previous years, relating to that business premises. If there is no debt outstanding, the relief will then be used to reduce the businesses' rates liability for 2022/2023. Only where a business is up to date with their Business Rates payments, will the business be able to request a refund through existing refund procedures.
- 4.7 The Council has identified approximately 630 businesses that may be eligible for the relief. In general, this will include businesses such as warehouses, offices and workshops, many of which are used by local businesses for manufacturing or engineering for example.
- 4.8 Each business will be written to in May 2022 and asked to submit their application no later than 30 June 2022.
- 4.9 Applications submitted without the correct evidence will not be considered as made until the required evidence is submitted. It is the responsibility of the business to ensure that the required evidence is submitted before the deadline date. If the evidence is not submitted by the deadline date, the business will not be eligible for an award. Late submission will not be grounds for appeal.
- 4.10 Once all applications have been received and assessed, the Council will determine the exact award amounts by distributing the funding out across the eligible businesses, based on the impact of COVID-19 on their business and in line with the methodology detailed at 4.11.

4.11 It is anticipated that all applications will receive a minimum award of £1,000 or their net rates liability for 2021/2022 (whichever is the lowest), plus an additional award based on their remaining rates liability (if their net rates liability for 2021/2022 exceeds £1,000). The below table demonstrates the likely award methodology; however, this is subject to change as it will depend entirely on the number of applications the Council receives. Worked examples are included in Appendix 1 for illustrative purposes.

Category	Anticipated award based on 2021/2022 net rates liability*	Criteria
Drop in turnover of up to 10%	<p>If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full.</p> <p>If a business's net rates bill, is greater than £1,000, they will receive £1,000, plus up to 10% of the remaining rates liability (up to a total maximum of £5,000).</p>	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover of up to 30%	<p>If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full.</p> <p>If a business's net rates bill, is greater than £1,000, they will receive £1,000, plus up to 20% of the remaining rates liability (up to a total maximum of £5,000).</p>	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover of up to 50%	<p>If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full.</p> <p>If a business's net rates bill, is greater than £1,000, they will receive £1,000, plus up to 25% of the remaining rates liability (up to a total maximum of £5,000).</p>	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover of over 50%	<p>If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full.</p> <p>If a business's net rates bill, is greater than £1,000, they will receive £1,000, plus up to 30% of the remaining rates liability (up to a total maximum of £5,000).</p>	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.

4.12 Final award* amounts will not be confirmed until all applications are received, as the Council will aim to fully spend the available funding across all eligible businesses. The above percentages and maximum amounts could be subject to change up or down. If all potentially eligible businesses apply/are eligible, the grant relief provided could be lower than detailed in the above table. Any changes will be approved by the Council's Strategic Director (Corporate Services) in their role as Section 151 (Chief Finance) Officer.

4.13 The final distribution of the funding/award amounts granted to businesses via the relief will be approved by the Council's Strategic Director (Corporate Services).

5.0 Financial Implications

- 5.1 The Council has not been notified whether it will receive additional funding to administer the distribution of grants, which the Government have previously supplied with other business grant initiatives.

6.0 Corporate Implications

Employment Implications

- 6.1 None.

Legal Implications

- 6.2 None.

Corporate Plan Implications

- 6.3 The CARF will further assist businesses in the South Derbyshire area and help to support local employment and prosperity.

Risk Impact

- 6.4 The Policy has been designed to negate any risks to the Council arising from the distribution of the CARF.

7.0 Community Impact

Consultation

- 7.1 None required.

Equality and Diversity Impact

- 7.2 None.

Social Value Impact

- 7.3 The CARF will further assist businesses in the South Derbyshire area and help to support local employment and prosperity.

Environmental Sustainability

- 7.4 Not applicable.

8.0 Conclusions

- 8.1 The CARF is a positive initiative for South Derbyshire District Council and the Council seeks the Committee's approval in order to distribute it locally within the required Government timescales.

9.0 Background Papers

Appendix 1 – Proposed Covid-19 Additional Relief Fund Policy.