

## **NORTH SOMERSET COUNCIL DECISION**

**DECISION OF: ASH CARTMAN, EXECUTIVE MEMBER FOR CORPORATE SERVICES  
& AMY WEBB, DIRECTOR OF CORPORATE SERVICES & S151 OFFICER**

**WITH ADVICE FROM: STUART ANSTEAD (HEAD OF SUPPORT SERVICES)**

**DIRECTORATE: CORPORATE SERVICES**



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**DECISION NO: CSD127 2021/2022**

**SUBJECT: Covid 19 Additional Relief Fund scheme 2021/22**

**KEY DECISION: YES** – financial values are greater than £500,000

### **BACKGROUND:**

On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) for £1.5bn. The fund will be available to support those businesses affected by the pandemic yet ineligible for existing support linked to business rates.

Billing authorities are responsible for designing the discretionary relief scheme that is to operate in their areas to support businesses / sectors of the economy within their area that are in the greatest need of financial support.

The relief will be administered through billing authorities' discretionary relief powers under Section 47 of the Local Government Finance Act 1988. Legislative restrictions mean that any relief granted will be awarded against the business rates liability for the 2021/22 financial year, not the 2020/21 year.

The purpose of this relief scheme is to support businesses that have been adversely impacted by national restrictions imposed to control the spread of Covid-19 and have not been eligible for existing support linked to business rates. It will be for local authorities to devise a scheme and approach that reflects their local circumstances.

The council has been awarded £3,985,267 of the £1.5 billion business rates relief fund and it is anticipated that this will not be sufficient to support all businesses. As such the relief fund policy has been designed to provide a level of relief to all eligible businesses up to a capped amount.

The North Somerset policy allows for relief to be awarded up to 50% of 2021/22 business rates liabilities and the final awards will be calculated based on the numbers of eligible applications received.

### **DECISION:**

A) This decision seeks to establish a policy and scheme design which supports the allocation of the Covid 19 Additional Relief Fund (CARF) (£3,985,267). It is proposed that

financial support be offered to eligible businesses which equates to 33% relief capped at £28,000. However, it is acknowledged that final awards will be calculated based on the numbers of eligible claims received. Approval is sought to apply relief of £3,985,267 to customer accounts thereby reducing the business rate income into the Collection Fund, which will in turn result in a Deficit on the Collection Fund.

B) Approval is sought to transfer the S31 ring-fenced grant income of £3,985,267 into the Council's Collection Fund smoothing reserve at the end of March 2022 and retain it to offset and fund the business rate deficit on the Collection Fund of the same value.

C) Approval is sought to increase the council's Non Services income and expenditure budgets by £28,000 each, to reflect receipt of a new ring-fenced grant income and also provide for the creation of expenditure budgets.

This decision will be fully supported by the Communications team who will ensure that the key messages are shared with those businesses who are in need of support.

### **REASONS:**

Government provided guidance in December 2021 on the CV19 Additional Relief Fund to support businesses affected by the pandemic yet ineligible for existing relief linked to business rates. The relief is to be administered by local authorities through a locally designed discretionary scheme.

### **OPTIONS CONSIDERED:**

Government has required this scheme to be put in place to support businesses affected by the COVID restrictions.

Research has been undertaken to understand the intentions and scheme design as provided by other local authorities.

### **FINANCIAL IMPLICATIONS:**

The CARF scheme will impact on the Council's finances in two ways;

1. Accounting for the S31 grant income and awarding relief to customer accounts
2. Incurring additional expenditure to administer the scheme

#### **1. Accounting for the S31 grant income and awarding relief to customer accounts**

The council has been advised that it has been allocated S31 grant income of £3,985,267 and so this additional income will need to be reflected within the Council's 'resource' budgets for the 2021/22 financial year.

The purpose of the grant is to compensate the Council for the reductions in Business Rate income from customers, as these sums will no longer be payable because customers will instead be awarded 'relief' through the Covid Additional Relief Funding scheme. The Council's business rate income budget (also held within 'resources') will therefore need to be reduced by £3,985,267 in 2021/22.

In simple terms this means that there is no financial impact on the Council as the grant will fund the income reductions however, it does need to be noted that there are complexities

because of the accounting requirements associated with this area of the Council's budget, for example;

- The S31 grant will be paid to the council during the 2021/22 financial year and will form part of the General Fund budget,
- The Council has agreed its business rate precept from the Collection Fund in February 2021, and therefore any changes to this sum which have occurred during 2021/22 will be reflected within the Council's accounts in the following year, i.e. 2022/23,
- Unfortunately as the Council is unable to process and apply the CARF reliefs to customer accounts before the end of March 2022, this means that the financial impact is likely to go through the Collection Fund in 2022/23. As the business rate precept for 2022/23 was approved in February 2022, the relief applied to customer accounts will therefore materialise as a change and will appear within the Council's accounts in the 2023/24 financial year,
- The Council will not action any in-year virements to approved budgets for these transactions but will instead smooth the impacts across financial years by using the Collection Fund smoothing reserve and reported through the Medium-Term Financial Plan and Budget Monitoring frameworks.

The CARF relief is likely to be applied within the 2022/23 financial year and before the end of September 2022.

Expenditure will be monitored across the scheme and when funds are exhausted, the schemes will be stopped to avoid any overspend / adverse variance.

## **2. Incurring additional expenditure to administer the scheme**

The Council will incur additional expenditure of c£28,000 in administration costs of these schemes. These costs are expected to be fully covered from a separate Section 31 grant allocation of New Burdens Funding, although the specific value remains unknown and unconfirmed at this time.

The final value of the administration costs will be dependent upon how much of the grant related expenditure can be awarded automatically using information held within current systems. Every attempt will be made to minimise these costs.

Both the administration costs and the grant income will be charged to the Council's General Fund budget and it is proposed that the Non Services Covid income and expenditure budgets for 2022/23 be grossed up to reflect the £28,000.

## **LEGAL POWERS AND IMPLICATIONS**

The powers available to the council during the coronavirus pandemic are contained within the following primary and secondary legislation:

- Coronavirus Act 2020
- Public Health (Control of Disease) Act, 1984
- The Health Protection (Coronavirus, Restrictions) (England) Regulations, 2020
- The Health Protection (Coronavirus, Restrictions) (No. 2) (England) Regulations, 2020

Additionally, the council has legal powers to deliver its obligations during a major incident as defined within the Civil Contingencies Act, 2004.

The Council must also follow its own internal regulations and processes with regards to financial matters, specifically the council's financial regulations [FR Pt 1–4.21] allow Executive Members to increase the gross revenue budget with financing from income, savings, grants or reserves, providing there is no increase in the net revenue budget, up to **£1,000,000**, with the agreement of the Section 151 Officer.

Given that the grant award is £3.985m an urgent decision will be made at this point and retrospectively reported to the Executive as part of the Council's budget monitoring reporting framework.

### **CONSULTATION**

The details of this fund and policy for the proposed scheme for North Somerset Council have been shared with the Chief Executive and the relevant Directors from Corporate Leadership Team (CLT). The proposed financial allocations have been reviewed by the Director of Corporate Services, who is also the Council's Section 151 Officer.

The strategy for awarding the Covid 19 Additional Relief Fund along with details of the proposed scheme have been shared with the Executive Members through a briefing session led by the Executive Member for Corporate Services at their meeting on 17 February 2022. Issues raised through those discussions have been incorporated into the design of the final scheme.

### **RISK MANAGEMENT**

Local Businesses in North Somerset face a wide variety of risks during the Covid restrictions, some of which may have a financial consequence or impact on the local economy.

There is a risk that parts of the proposed scheme may be over subscribed meaning that a budget overspend could potentially occur. However, given that the funding stream is finite, detailed monitoring will be undertaken and the schemes will be stopped by the Head of Support Services when funding has been exhausted.

### **CLIMATE CHANGE & ENVIRONMENTAL IMPLICATIONS**

The Council faces a wide variety of climate change and environmental impacts whilst delivering its many services to residents, some of which have a direct or indirect financial impact or consequence. There are no material considerations linked to this Decision.

### **EQUALITY IMPLICATIONS**

Have you undertaken an Equality Impact Assessment? Not for all items of spend.

The award of the Covid 19 Additional Relief Fund do not require an equality impact assessment to be undertaken because they adhere to policies for which an equality impact assessment has already been conducted.

### **CORPORATE IMPLICATIONS**

None

**BACKGROUND PAPERS**

None

**SIGNATORIES:**

DECISION MAKERS:



Signed:

Title: Executive Member for Corporate Services

Date: 08 March 2022



Signed:

Title: Director of Corporate Services and S151 Officer

Date: 08 March 2022

WITH ADVICE FROM:



Signed:

Title: Head of Support Services

Date: 04 March 2022