

## **CABINET**

**8 MARCH 2022**

### **COVID-19 ADDITIONAL RELIEF FUND, OMICRON HOSPITALITY AND LEISURE GRANT AND THE ENERGY BILLS REBATE**

Portfolio Holder: Councillor Gary Hackwell, Portfolio Holder for Business Management

Report from: Phil Watts, Chief Operating Officer

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#### **Summary**

This report provides details of the latest Government measures to assist business ratepayers in Medway in response to the Covid-19 pandemic, through the Covid-19 Additional Relief Funding (CARF), Omicron Hospitality and Leisure Grant (OHLG) and the Energy Bills Rebate.

#### **1. Budget and policy framework**

- 1.1. Business Rate Relief policy and grants to businesses and individuals where fully funded within existing budget or external grant are a matter for Cabinet.
- 1.2. The Chairman of the Business Support Overview and Scrutiny Committee has agreed that the taking of these decisions are urgent and cannot be reasonably deferred until the next Cabinet meeting on 5 April 2022, in accordance with Section 11 (Cases of special urgency) of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 and Rule 17 (Special Urgency) of the Access to Information Rules (Part 2 of Chapter 4 in the Constitution). This is because it is imperative that the Council takes urgent action to support businesses by implementing the government scheme promptly in response to the Covid-19 pandemic and to award the funding before the 31 March 2022.
- 1.3. Additionally, and in line with rule 15.11 of Chapter 4, Part 5 of the Constitution, call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. The Chairman of the Business Support Overview and Scrutiny Committee has

agreed that the decisions proposed are reasonable in all the circumstances and to them being treated as a matter of urgency and to waive call-in.

- 1.4. The Cabinet is therefore asked to accept this report as urgent for the reasons set out above.

## 2. Background

- 2.1. On 25 March 2021, the Government announced plans to provide an additional business rates support package, worth £1.5billion nationally, to support businesses in England affected by Covid-19 but not eligible for existing support linked to business rates. The guidance for this scheme was not published until 15 December 2021, when the scheme was named as the Covid-19 Additional Relief Fund (CARF). The scheme is discretionary, however the guidance sets out the scope of CARF and the criteria which local authorities should have regard to when determining the awarding of business rates relief from the fund. Medway's allocation for the CARF is £5,274,267.
- 2.2. On 21 December 2021 the Government announced the introduction of the Omicron Hospitality and Leisure Grant (OHLG) to provide support in the form of grants for hospitality leisure and accommodation businesses in England. The primary principle of the Omicron Hospitality and Leisure Grant scheme is to support businesses that offer in-person services, where the main service and activity takes place in a fixed rate-paying premises, in the hospitality, leisure and accommodation sectors. Medway's allocation for the OHLG is £1,650,087.
- 2.3. On 3 February 2022 the Government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1billion in 2022/23. This includes:
  - £200 discount on their energy bill this Autumn for domestic electricity customers in Great Britain. This will be paid back automatically over the next 5 years.
  - A £150 non-repayable rebate for households in England in council tax bands A – D, known as the Council Tax Rebate.
  - £144million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund.
- 2.4. On 23 February 2022, the Government released guidance on the Council Tax Rebate 2022/23 intended to support billing authorities, such as Medway, in administering the core scheme of Council Tax Rebate for households in bands A-D scheme. The guidance also sets out the scope of the Discretionary Fund with suggested criteria which local authorities should have regard to when determining the awarding of support to other energy bill payers who are not under the terms of the core scheme. Medway's allocation for the Energy Bills Rebate is £15,511,950.

### 3. Covid-19 Additional Relief Fund (CARF)

3.1. The CARF is a relief available to reduce chargeable amounts for 2021/22. It is for each local authority to design, adopt and implement the scheme within their authority boundary and determine award of financial support under their scheme. It is also for each authority to decide the level of relief for individual hereditaments. The guidance from Government does, however, set out some expectations in how the funding is expected to be used to grant reliefs to eligible businesses:

- not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
- not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief), and
- direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

3.2. The Policy for the scheme has been produced by the Council's technical revenues advisors and a draft is set out at Appendix 1. The following changes will be reflected in the final policy which will then be published on the Council's website:

- Section 4.3 of the CARF Policy omits the percentage of award; this will be 60% and the following explanation will be included: This relief is limited to eligible hereditaments with a rateable value in the rating list on 15 December 2021 not exceeding £100,000 i.e., if the rateable value was £100,001 or above it will receive no award.
- A new Section 4.4 will be inserted as follows: "The Chief Operating Officer (Section 151 Officer), in consultation with the Leader of the Council and Portfolio Holder for Business Management, will have discretion to make any additional awards." This is to ensure the Council can distribute the full funding available.
- Section 5.1 will be amended to state: "The council has decided that the hereditaments shown in Appendix A will be excluded from relief under the Council's COVID-19 Additional Relief Fund (CARF) scheme." Appendix A to the policy is provided as Appendix 2 to this report.
- A new Section 7.3 will be inserted as follows: "No further awards will be considered or made once all government funding made available to Medway Council for this scheme has been awarded."
- Section 9.3 will be deleted as awards will instead be made based on entries in the rating list with no application process required.

3.3. It is proposed to restrict award to those businesses with a rateable value less than £100,001 as at 15 December 2021 (the eligible date). This is due to the finite funding, enables increased distribution to smaller affected businesses

and also that larger businesses will be more susceptible to exceeding subsidy allowances requiring them to repay the grant. The

- 3.4. In accordance with the draft policy set out at Appendix 1, 870 businesses have been identified as eligible for CARF payments. Subject to approval of the scheme, this relief will be credited against the relevant business rates accounts. The amount of award will be based upon a fixed percentage rate, it is proposed that an award of 60% will be made, costing £5,132,628 of the fund leaving a contingency of £141,639.

#### 4. Omicron Hospitality and Leisure Grant (OHLG)

- 4.1. The OHLG is a mandatory grant scheme for businesses on the Valuation Office Agency (VOA) ratings list only and is a one-off grant. Eligibility is defined in the guidance as the ratepaying business in respect of the hereditament on 30 December 2021 according to the billing authority's records. The business must have been trading on 30 December 2021 i.e. carrying on a trade or profession, or buying and selling goods or services in order to generate turnover. Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking-off notice are not eligible under these conditions. The guidance requires that where a Local Authority has reason to believe that the information that they hold about the ratepayer is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer.

- 4.2. The guidance includes the following definitions:
- Hospitality is defined as a business whose main function is to provide a venue for the consumption and sale of food and drink.
  - Leisure is defined as a business that provides opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events, days and nights out, betting and gaming.
  - Accommodation is defined as a business whose main lodging provision is used for holiday, travel and other purposes.

The table overleaf sets out types of businesses that Government guidance states are eligible under the sector thresholds for this scheme. This list is not exhaustive, but indicative of the types of businesses that can be supported under this scheme.

<b>Support type</b>	<b>Types of businesses</b>	
Hospitality	Food courts Public houses/pub restaurants Restaurants	Roadside restaurants Wine bars Cafés
Leisure	Casinos and gambling clubs Cinemas Museums and art galleries Stately homes & historic houses Theatres Zoos & safari parks  Amusement parks	Arenas Concert halls Tourist attractions Theme parks Amusement arcades Soft play centres or areas Clubs & institutions

Support type	Types of businesses	
	Wedding venues	Village halls & scout huts, cadet huts, etc
	Events venues	
	Night clubs & discotheques	
Accommodation	Caravan parks	Holiday apartments
	Caravan sites and pitches	Cottages or bungalows
	Chalet parks	Campsites
	Coaching inns	Boarding houses
	Country house hotels	Canal boats or other vessels
	Guest houses	B&Bs
	Hostels	Catered holiday homes
	Hotels	Holiday home
	Lodge	

4.3. The Omicron Hospitality and Leisure Grant will support hospitality, leisure and accommodation business premises with one-off grants of up to £6,000. The following thresholds apply for these businesses:

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on 30 December 2021 will receive a payment of £2,667.
- Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on 30 December 2021 will receive a payment of £4,000.
- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or over on 30 December 2021 will receive a payment of £6,000.

4.4. Businesses are eligible for this support with effect from 30 December 2021. Local Authorities are required to run an application process for all applicants for the grant and must be satisfied that businesses that have previously received related grants meet the eligibility criteria for the Omicron Hospitality and Leisure Grant. Applications are live on the Council's website and the closing date for applications must be 18 March 2022 as all grant is required to be distributed by 31 March 2022.

## 5. Energy Bills Rebate

5.1. Medway's total allocation of £15,511,950 consists of the following:

- £14,907,600 for the core scheme of Council Tax Rebate 2022/23; equivalent to a payment of £150 to 99,384 households. Though the government announcement stated that this would be received by households in April 2022, the guidance says this is required to be distributed to eligible households by 30 September 2022.

- £604,350 for the discretionary fund; equivalent to a payment of £150 to 4,029 households. The guidance says this is required to be distributed by 30 November 2022.

5.2. **Core Scheme** – through the core scheme, billing authorities are required to provide a £150 one-off payment to a liable council tax payer (or a person who would otherwise be liable where the property is exempt) for every household that occupies a property which meets all of the following criteria on 1 April 2022:

- It is valued in the valuation list on 1 April 2022 in council tax bands A – D. This includes property that is valued in band E but has an alternative valuation band of band D, as a result of the disabled band reduction scheme. For Medway there are currently 103,147 properties in Bands A-D.
- It is someone’s sole or main residence including:
  - It is a chargeable dwelling, or in exemption categories ‘Class N’ Dwellings occupied students or college leavers or by spouses or dependants of students
  - ‘Class S’ Dwellings occupied only by persons aged under 18,
  - ‘Class U’ Dwellings occupied by the severely mentally impaired, and
  - ‘Class W’; Occupied annexes.
- The person who is liable to pay the council tax (or would be where the property is exempt) is not a local authority, a corporate body or other body such as a housing association, the government or governmental body. This means that:
  - A property that meets all the criteria but has a nil council tax liability as a result of council tax reduction scheme, **will** be eligible.
  - A property that has no permanent resident and is someone’s second home **will not** be eligible.
  - An unoccupied property (for the purposes of calculating council tax) **will not** be eligible.

5.3. **Discretionary Fund** – Councils can determine locally how best to make use of this funding to provide payments to other households who are energy bill payers but not covered by the Council Tax Rebate. This could include households living in property valued in bands E – H (currently 15,514 properties) that are on income related benefits such as Council Tax Reduction (currently 329 claimants in bands E-H) or those where the energy bills payers are not liable for council tax. Given the speed with which the council is required to act, Cabinet is asked to delegate authority to the Chief Operating Officer, in consultation with the Portfolio Holder for Business Management and the Leader, to develop a Discretionary Fund Scheme and associated policy, and to make the necessary arrangements to assess eligibility and determine award of funding to eligible businesses.

5.4. The Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 came into force on 12 February 2022. The regulations require the following explanatory sentence to be included in council tax demand notices (bills) issued to households in respect of 1 April 2022: “The Government is providing a £150 one-off Energy Bills Rebate for most households in council tax bands A-D”. The government has also

provided an information leaflet, which will accompany all annual bills. Medway Revenues and Benefits Service will work closely with Communications and Marketing to ensure that households are provided with clear and timely information about the Council Tax Rebate scheme and Discretionary Fund.

- 5.5. Where the council holds live direct debit instructions for a liable council taxpayer of an eligible household, the guidance states that an automatic payment should be made as early as possible in the 2022/23 financial year, provided that there is assurance that the household is eligible and the bank details have been verified. Where multiple residents of an eligible household are jointly and severally liable for council tax, and a council holds live direct debit instructions for that household, the full £150 payment will be made to the direct debit account. Bank details are currently held for 78,332 council tax payers across all bands.
- 5.6. Where the council does not hold live direct debit instructions for an eligible household, all reasonable efforts to contact the household will be made to make them aware of the scheme and invite them to make a claim. The service is currently determining an appropriate claims method, considering the software solutions available to them, but will include an option for residents who are digitally excluded, for example assisted applications by phone. As part of the claims process, councils can choose whether to offer £150 credit to an eligible household's council tax account as a payment option. The service is currently exploring other various methods of making payment. The council is required to undertake pre-payment checks via Spotlight, the governments due diligence risking tool, prior to any payment, which is not awarded to a live direct debit holder.

## 6. Additions to the Revenue Budget

- 6.1. Subject to Cabinet approval of this report, in accordance with paragraph 6.24 of the Employee Delegation Scheme, the Chief Operating Officer, in consultation with the Leader and the Portfolio Holder for Business Management, will make the following additions to the revenue budget funded from grant provided by Central Government:
  - £5,275,267 be added to the Council's revenue budget for 2021/22 in respect of the CARF, as set out in paragraph 2.1 of the report,
  - £1,650,087 be added to the Council's revenue budget for 2021/22 in respect of the OHLG, as set out in paragraph 2.2 of the report and;
  - £15,511,950 be added to the Council's revenue budget for 2022/23 in respect of the Energy Rebate Scheme, as set out in paragraph 2.3 of the report.

## 7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Fraudulent claims	We could receive claims from people attempting to fraudulently claim payments	Ensuring that all eligibility checks are completed pre payment and that systems are checked to verify information. Refer any suspicious claims to the Fraud and Audit Team.	CII
Payments made to incorrect bank accounts	We could transpose digits meaning we pay incorrectly	The Digital Team and ICT have developed a solution with prevents rekeying of data.	DII
Discretionary scheme is incorrectly set	The scheme could be too generous or not generous enough to allow eligibility.	An appropriate delegation is proposed to enable the scheme to adapt to changes within the economic environment.	CII

## 8. Financial implications

8.1. The CARF and OHLG schemes are fully funded by the government, with Medway's allocations detailed in the report.

## 9. Legal implications

9.1. The Covid-19 pandemic is an unprecedented national and global event requiring urgent intervention by State and Local Authorities. The report is therefore recommended to be accepted as urgent to enable a fast and effective response by the Council and is in entirely line with the Constitutional provisions for urgent decision making.

## 10. Recommendations

10.1. The Cabinet are asked to:

10.1.1. Agree the draft Covid-19 Additional Relief Fund (CARF) scheme and eligibility as set out at Appendix 1 and Appendix 2 to the report, subject to the final amendments being made, as set out in section 3 of the report;

10.1.2. Agree the proposed Omicron Hospitality and Leisure Grant (OHLG) scheme and eligibility as set out in section 4 and the policy set out at Appendix 3 to the report;



- 10.2. Delegate authority to the Chief Operating Officer, in consultation with the Leader and the Portfolio Holder for Business Management, to finalise and implement these proposals and to consider and determine applications made under these schemes;
- 10.3. Delegate authority to the Chief Operating Officer, in consultation with the Leader and the Portfolio Holder for Business Management, to make minor amendments to the CARF and OHLG schemes to enable them to be adapted to the economic environment;
- 10.4. Delegate authority to the Chief Operating Officer to make any further technical amendments to the CARF, OHLG and Energy Bills Rebate schemes in consultation with the Portfolio Holder for Business Management where further government advice is issued;
- 10.5. Delegate authority to the Chief Operating Officer, in consultation with the Leader and the Portfolio Holder for Business Management, to develop a discretionary Council Tax Rebate scheme and associated policy, and to make the necessary arrangements to assess eligibility and determine award of funding to eligible households.
- 10.6. Note that the Chief Operating Officer, in consultation with the Leader and the Portfolio Holder for Business Management, will exercise his existing delegation to add the additional funds to the revenue budget, as set out in paragraph 6.1 in the report.
- 10.7. The Cabinet is asked to agree that recommendation 10.1 – 10.5 is considered urgent and therefore should not be subject to call-in.

## 11. Suggested reasons for decisions

- 11.1. The CARF, OHLG and Energy Bills Rebate have been promoted by and are fully funded by the government to support business ratepayers with the ongoing impacts of Covid-19. Given the severity of the Covid-19 pandemic and the lack of cost to the local taxpayer it is appropriate for the Council to introduce these measures.

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## Appendices

- Appendix 1: CARF Policy
- Appendix 2: CARF Policy Appendix A
- Appendix 3: OHLG Policy

## Background papers

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

Government guidance – OHLG:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1048968/omicron-hospitality-and-leisure-grant-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1048968/omicron-hospitality-and-leisure-grant-guidance.pdf)

Government guidance – Energy Rebate Scheme:  
<https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance>