

COVID-19 Additional Relief Fund (CARF)

Background

On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF). The fund is available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

The relief is available to reduce chargeable amounts in respect of the 2021/22 financial year and as they are only temporary measures, local authorities will be expected to use their discretionary powers (under section 47 of the Local Government Finance Act 1988) to grant these reliefs.

Uttlesford has been allocated £2,413,406 via a section 31 grant.

Eligibility Criteria set by Department of Levelling up Housing and the Communities

Billing authorities will be responsible for designing the discretionary relief schemes that are to operate in their areas. However, in developing and implementing their schemes local authorities must, if they are funding the relief from the section 31 grant:

- Not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Expanded 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 their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact;

In line with the legal restrictions in section 47 (8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain 3 precepting authorities (e.g., a parish or county council) or a functional body within the meaning of the Greater London Authority Act 1999.

Annexe 1 – Proposed COVID-19 Additional Relief Fund (CARF) Scheme

Introduction

Section 47 of the Local Government Finance Act 1988 (as amended) allows the Council to use its discretionary powers to grant COVID-19 Additional Relief Fund (CARF).

In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g., a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.

The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

Central government will reimburse Uttlesford, via a section 31 grant, up to the maximum level of allocation. Uttlesford's maximum allocation level for CARF is £2,413,406 m and the combined CARF awards will therefore not exceed this amount.

The relief is available to reduce the amounts in respect of the 2021/22 financial year only.

Eligibility Criteria

Each application will be determined on its own merits having regard to the government guidance which has clear stipulations linked to the section 31 grant conditionality.

Uttlesford based business will be able to apply for CARF rates relief in respect of the 2021/22 financial year on a per hereditament basis subject to the following criteria:

- They have a continuing national non-domestic rating liability and a charge to pay in the 2021/22 financial year after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied;
- They have not been awarded, or would have been eligible for, the Expanded Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS) for the same period, i.e., in the 2021/22 financial year;

- The hereditament is occupied in the 2021/22 financial year (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) – for the purposes of this scheme, intermittent occupations of 6 weeks or more are excluded from CARF;
- The ratepayer can evidentially demonstrate that they have been adversely affected by the pandemic and have been unable to adequately adapt to that impact;
- They have not exceeded the subsidy control limits;
- The liable business is currently active and not in administration, liquidation, subject to strike off order or entered into a IVA or CVA during the 1st April 2021 – 31 March 2022.
- Any property where the business rate liability can be claimed back from another party.
- They have applied within the application windows as set by Uttlesford District Council and have submitted supporting documentary evidence with their application form as required.

The amount of relief awarded will be recalculated in the event of a change of circumstances, or if the property become ineligible. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

Method of Application and Supporting Evidence

- An online application form, one per hereditament, will be required to be completed, which will include a self-assessment declaration in respect of the subsidy control limits. The first application window will open on 15th February 2022 due to the other activity surrounding the application for, and decision making in respect of the Omicron related business grants. This relief is in respect of the annual bills mainly issued in March 2021, the recovery cycle for which has almost concluded, and it is therefore anticipated that this application window start date will not have any adverse impact on those eligible for the relief. In addition, the Council will be able to hold recovery of 2021/22 arrears to those businesses who have been impacted and are waiting on their CARF application outcome

- The ratepayer will need to clearly state, and demonstrate, how the business has been adversely affected by the pandemic and why they have been unable to adequately adapt to that impact. Supporting documentary evidence should be submitted with the application form showing the impact Covid has had on the businesses; this may include but is not limited to certified accounts, order/bookings and overheads not being covered by income. Applications failing to supply supporting evidence will not be considered
- The ratepayer will also need to provide a copy of their two most recent audited accounts, and bank statements.
- The Council may require further supporting information which must be provided within one calendar month from the date of request.
- This application window will close on 31st March 2022.
- Applications will be accepted up to the 30th September 2022

Amount of relief

The basis of the allocation of the relief per hereditament will be delegated to the Assistant Director of Finance and the Revenues Manager.

The amount of the relief will be based on the RV of the property a business is occupying and the Business Sector. The Council will use the Governments weighting figures on Covid impact for that Sector to establish the level of the award.

Although each case will be considered on its own merits, the number of applications received during the application window, the business type and the maximum funding allocation will all form part of the final CARF decision.

It is expected that most relief awards will be up to a maximum of 20%

In order for the Covid-19 Additional Relief Fund to benefit the maximum number of businesses. It proposed to have 3 levels of award, proportionate to the relative impact on income due to the Covid-19 and the Governments impact weightings in the guidance.

The grant levels and eligibility criteria for the financial year 2021/2022 are presented below:

Category	Maximum Relief Award (Percentage)
Income losses proven and properties with an RV of exactly £15,000 or less	35%
Income losses proven and properties with an RV of £15,001 - £51,000	25%
Income losses proven and properties with an RV of exactly £51,000 or more	7.5%

If the fund is oversubscribed with the applications received, Uttlesford District Council reserves the right to amend the relief levels on a pro-rata basis, based on the applications received and approved, as a way of dealing with this situation, should it arise.

All awards of this relief will be by a credit against the business rates bill. No cash payments will be made.

If awarding the CARF results in an overall credit for the 2021/22 financial year, the credit will automatically be applied to any outstanding liability starting with the current financial year, this could include arrears or the amount due for the 2022/23 financial year.

The relief will be pro-rata'd for those Businesses not in occupation for the whole of the financial year 2021/2022, and for those periods the property was unoccupied which are non-qualifying periods.

Notification of decision

Successful applicants will be issued with an updated Business Rates Adjustment Notice showing the award has been applied to their Business Rates account. Instalments on notices already issued must be maintained until and updated notice is issued, to prevent recovery action being taken against the account.

Those applicants who do not qualify for the relief, will receive written notice by e-mail as to the reasons they have not qualified.

Right of Appeal

In all cases where an organisation disagrees with the Council's decision, an appeal may be made in writing to the Director of Corporate Services within one calendar month from the date of the decision.

Fraud

The government and Uttlesford District Council will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above the subsidy control limits. A ratepayer who falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006/07.

Sharing Information

By applying for a COVID-19 additional relief, all applicants give authority to share data for efficient system administration, this may include sharing data with other Local Authorities & credit agency checks.

The Councils will be required to share data with Government Departments for monitoring and other reasons. By applying for a COVID-19 additional relief all applicants give authority for this.

Annexe 2 – Subsidy Control, Trade and Co-operation Agreement, Small Amounts of Financial Assistance Allowance and the COVID-19 Additional Relief Fund Allowance and Further Allowance Trade and Co-Operation Agreement

The COVID-19 Additional Relief Fund (CARF) is likely to amount to a subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations (See the BEIS guidance for public authorities which explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments).

Small Amounts of Financial Assistance Allowance

To the extent that a local authority is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in a three-year period (consisting of the 2022/23 year and the two previous financial years). Expanded Retail Discount granted in either 2020/21 or 2021/22 does not count towards the £343,000 allowance but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit should be counted.

The COVID-19 Additional Relief Fund Allowance

Where the Small Amounts of Financial Assistance Allowance has been reached, additional relief may be awarded in compliance with the principles set out in Article 366 of the TCA and in compliance with Article 364.3 of the TCA. For the purposes of this scheme, 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.

This may be combined with the Small Amounts of Financial Assistance Allowance to permit an economic actor to receive up to £2,243,000 from the CARF Scheme (or less if they have already used some of their Small Amounts of Financial Assistance limit or claimed other COVID-19 related subsidies). It should be noted that Extended Retail Discount granted in either 2020/21 or 2021/22 does not count towards these allowances, but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small

Amounts of Financial Assistance limit (such as the Retail Relief in 2019/20), or under the EU State aid de minimis limit, in the last three years, should be counted.

COVID-19 Additional Relief Fund Further Allowance

If 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, if it satisfies the following conditions:

the relief relates to uncovered fixed costs (i.e. costs not covered by profits or insurance etc) during the period of COVID-19 (commencing 1 March 2020). An economic actor may benefit from relief up to 70% of their uncovered costs (although this 70% limit does not apply to small businesses with fewer than 50 employees and less than £9 million turnover where the limit is instead 90%), and

the enterprise has shown a decline in turnover during the eligible period of at least 30% compared to the same period in 2019.