

Cabinet Agenda

Wednesday, 16 February 2022 at 6.00 pm

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Covid-19 Additional Relief Fund (CARF)

1. Purpose of the Scheme and Background

- 1.1 The purpose of this document is to determine eligibility for a payment under the Council's Covid -19 Additional Relief Fund (CARF) scheme. The Council, as the Business Rates Billing Authority, is responsible for determining and processing the relief.
- 1.2 The aim of this relief scheme is to support businesses which have been impacted by Covid-19 but are not eligible for existing support linked to business rates.
- 1.3 This scheme is the system by which the Government have allowed for the effects that COVID would have had on the Rateable Value and therefore ultimately the charge to the ratepayer.
- 1.4 If your application is successful it will result in a reduction in the rates liability for the period 1 April 2021 to 31 March 2022 – **it is not paid as a grant.**
- 1.5 Eligibility for this scheme is restricted due to the limited availability of funding.
- 1.6 Whilst the awarding of the relief is largely at the Council's discretion, the Department for Levelling Up, Housing and Communities (DLUHC) has set down criteria which **must** be met by each business making an application.
- 1.7 **You can still apply if you have paid your 2020/21 rates in part or in full.**

2. Funding

- 2.1 The government will reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to this guidance and their own local scheme, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22.
- 2.2 Under the scheme provisions, the Local Authority will receive funding up to £1,560,258. This money will be paid on account.
- 2.3 After the end of the year, billing authorities will also be asked to provide outturn data on the actual total cost of providing the relief via the NNDR3 forms for 2021/22. The loss of income resulting from the relief for each billing authority and major precepting authority will be reconciled against the on-account payments made over the course of the year and any difference will be paid or recovered.

3. Eligibility Criteria

3.1 For the purposes of this scheme the Council has determined that the following eligibility criteria must be met in order to receive the rate relief under this scheme:

- Only businesses occupying rated properties and liable for Business Rates on 1 April 2021 are eligible to apply for the fund
- The business has been impacted by coronavirus restrictions at the premises either through social distancing, government recommendations to work from home, or reduced demand (where the business predominantly supplies others who were unable to trade or adapt)
- The business will remain solvent for 12 months from the date of the application by providing the projected accounts (including any assumptions made as part of those projections)
- Businesses must demonstrate that they have suffered a significant loss in income because of the COVID-19 crisis and have not been able to fully adapt. Businesses will be required to provide evidence of this during the application process.

4. Exclusions

4.1 You cannot apply for the relief if your business:

- was entitled to Extended Retail Discount (covering retail, Hospitality and Leisure) or Nursery Discount in 2020/21 and/or 2021/22.
- is applying for relief in respect of empty or unoccupied premises
- does not directly employ anyone (for example: parking spaces, advertising boards, communication masts, ATMs)
- is in administration, liquidation or subject to a strike off notice on Companies House
- entered a Company Voluntary Arrangement (CVA) or Individual Voluntary Arrangement (IVA) during 2020/21 or 2021/22
- can claim back any business rates paid (for example: from the government, or landlord if the tenancy agreement specifies that rent is inclusive of rates).
- has significant business rates arrears prior to the first national lockdown in March 2020
- is liable for business rates on more than 6 non-domestic premises in England (a liability in this context will include both occupied and unoccupied liabilities)
- Businesses which have already received grant payments, allowances, or reliefs that equal or exceed the maximum levels of Subsidy Allowance
- Is already in receipt of Small Business Rate Relief

- Businesses that have received a previous grant award they were not entitled to receive and have not repaid it or where recovery action or prosecution action is being contemplated or undertaken.

4.2 Public organisations cannot apply. This includes:

- government departments, legislative bodies, and the armed forces
- local government including parish and town councils, local authority owned companies
- NHS (NHS and Foundation Trusts, practitioners who provide services under contract to the NHS)
- maintained schools, academy schools and further or higher education
- fire and rescue, police

5. **Award Levels**

5.1 The levels of relief granted are based on income losses incurred in 2020/21 compared to 2019/20, subject to showing an ongoing reduction in income in 2021/22. Namely:

Category	Maximum Relief Award (Percentage) (of net rate liability)	Criteria
Income receipt losses of up to 10 per cent due to Covid-19	10%	Based on evidence of 2020/21 trading against 2019/20 – and showing an ongoing reduction in income in 2021/22
Income receipt losses of between 11% to 30 per cent due to Covid-19	30%, up to a maximum of £100,000	Based on evidence of 2020/21 trading against 2019/20 – and showing an ongoing reduction in income in 2021/22
Income receipt losses of between 31% to 50 per cent due to Covid-19	50%, up to a maximum of £100,000	Based on evidence of 2020/21 trading against 2019/20 – and showing an ongoing reduction in income in 2021/22
Income receipt losses of over 50 per cent due to Covid-19	75%, up to a maximum of £100,000	Based on evidence of 2020/21 trading against 2019/20 – and showing an ongoing reduction in income in 2021/22

5.2 This percentage will be applied to the net liability of business rates as of 1st April 2021.

- 5.3 The relief is applied after all other mandatory and discretionary reliefs for the year have been taken into account, and is calculated on a pro rata basis if there have been any periods where the property was empty .
- 5.4 **Any relief will be given against the business rates liability for the 2021/22 financial year. Any credits on your account that arise from a successful application will be credited against prior years, (where there are amounts outstanding) and thereafter for the forthcoming year. No cash or credit refunds will be made.**
- 5.5 Relief will be granted on a first come first served basis in respect of applications that have been correctly completed and with the required supporting documentation. Please note that funds are limited.

6. Making a Claim For the Covid- 19 Additional Relief Fund

- 6.1 You must apply to the local authority (council) for the premises which your business has a business rates liability assessment. You will need to quote your business rate reference number (this can be found on your annual bill).
- 6.2 Details of who is eligible to claim and how to make a claim are available on the Council's website:
<https://www.hastings.gov.uk/my-council/covid19/businesses/>
- 6.3 All applications must be made online, and no paper applications will be made available or accepted.
- 6.4 Applications will close at 9am on Friday 18 March 2022.
- 6.5 Our allocation from the government's Covid-19 Additional Relief Fund (CARF) will not be enough to support all businesses. We will prioritise the businesses that have been impacted the most.
- 6.6 You can apply for each of the premises in the Borough at which your business is the rate payer. You must make a separate application for each.
- 6.7 All relief will be subject to a cap of £100,000 for each rate payer, not each premises. This is so we can support as many businesses as possible. The Council calculates the percentage relief based on the losses evidence and may use its discretion where evidence is unclear. Incomplete or inaccurate applications may not be processed.
- 6.8 The government and the Council will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional funds will face prosecution and any funding issued will be recovered, as may any grants paid in error.
- 6.9 Local authorities are responsible and accountable for the lawful use of funds and must be satisfied that all eligibility and subsidy allowance conditions have been fully complied with when making grant payments.
- 6.10 If you apply to the wrong council your application will be declined and you will need to reapply to the correct council.
- 6.11 Full guidelines for this scheme can be found on the government's website.

7. Evidence Required

7.1 Businesses must demonstrate that they have suffered a significant loss in income because of the COVID-19 crisis. **Comparative evidence of losses (showing difference in Income/ Profit/ Sales between 2021 and 2019) must be provided during the application process.**

7.2 Additional Evidence to be provided:

- Name of the Business
- Business trading address including postcode
- Your business rates property
- Your business rates account number
- Proof of ID (e.g. for Ltd company: or for sole trader: passport, driving licence)
- Unique identifier (preferably Company Reference Number (CRN)) if applicable, VAT Registration Number, Self-Assessment/Partnership Number, National Insurance Number, Unique Taxpayer Reference, Registered Charity Number will also be acceptable)
- High level SIC Code
- Number of employees at business premises for which relief is being applied for
- Evidence of trading and business activity (e.g. receipts, documented payments, evidence of bookings)
- Comparative evidence of trading losses including i.e. financial accounts, tax returns
- Current year's accounts/projections to support assertion that the company is trading and will continue to do so.
- Evidence of occupation of the rateable property (e.g. current under 3 months old utility bill such as gas, electric, water or landline)
- Evidence of rent, lease of rateable property
- Evidence of named holder of bank account (e.g. copy of bank statement)

8. Change of Circumstances

8.1 If the circumstances of the business changes during the 2021/22 financial year or during a later financial year, then the discount given may need to be recalculated and monies recovered. This could, for example, include a backdated change to the rateable value of the property.

9. The Effective Date

9.1 The business must be trading.

9.2 For the purposes of this grant scheme, a business is considered to be trading if it is engaged in business activity.

10. How will relief be granted to Businesses?

- 10.1 The Council is fully aware of the importance of these grants to assist businesses and support the local community and economy.
- 10.2 In all cases, businesses will be required to confirm that they are eligible to receive the grants. This includes circumstances where the Council already has details for the business and are in a position to calculate relief immediately. Businesses are under an obligation to notify the Council should they no longer meet the eligibility criteria for any additional grants.
- 10.3 The Council reserves the right to request any supplementary information from businesses, and they should look to provide this, where requested, as soon as possible.
- 10.4 An application for the relief is deemed to have been made only when a fully completed application form is received via the Council's online procedure.

11. Subsidy Allowance (formerly EU State Aid)

- 11.1 The new domestic subsidy allowance for the COVID-19 business support grants took effect on 4 March 2021. Applications made prior to that date are subject to the previous rules.
- 11.2 This scheme is covered by three subsidy allowances which are set out below.
- 11.3 Small Amounts of Financial Assistance Allowance means you are allowed up to £343,000 (as of 9 December 2021 subject to exchange rates) over any period of three years (current year plus 2 previous years)
- 11.4 You are then allowed up to £1,900,000 of further support in respect of COVID-19 related losses if you have reached your limits under the Small Amounts of Financial Assistance Allowance.
- 11.5 You may be able to access a further allowance of funding under these scheme rules of up to £10,000,000. Under certain conditions, grants under these three allowances can be combined for a potential total allowance of up to £12,243,000 (subject to exchange rates). Namely:
 - a. 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 90% limit does not apply to small businesses with fewer than 50 employees and less than £9 million turnover), and
 - b. the enterprise has shown a decline in turnover during the eligible period of at least 30% compared to the same period in 2019.
- 11.6 For further details please go to the following link <https://www.businesssupport.gov.uk/>

12. Scheme of Delegation

- 12.1 The Council has approved this scheme.
- 12.2 Officers of the Council will administer the scheme, and the Section 151 Officer is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and in line with government guidance and determine the final distribution of any remaining monies. In the absence of the Chief Finance Officer the Managing Director will be so authorised.

13. Notification of Decisions

- 13.1 Applications will be considered on behalf of the Council by the Revenues and Benefits Service.
- 13.2 All decisions made by the Council shall be notified to the applicant either in writing or by email. A decision shall be made as soon as practicable after the 18 March 2022.

14. Review of Decisions

- 14.1 The Council will operate an internal review process and will accept an applicant's request for a review of its decision.
- 14.2 All such requests must be made in writing to the Council within 7 days of the Council's decision and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.
- 14.3 The application will be reconsidered by a senior officer, as soon as practicable, and the applicant informed in writing or by email of the decision.

15. Complaints

- 15.1 The Council's 'Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this scheme.
- 15.2 Taxation and the provision of information to Her Majesty's Revenues and Customs (HMRC)
- 15.3 The Council has been informed by government that all payments under the scheme are taxable.
- 15.4 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.
- 15.5 All applicants should note that the Council is required to inform her Majesty's Revenue and Customs (HMRC) of all payments made to businesses.

16. Managing the Risk of Fraud

- 16.1 Neither the Council, nor government, will accept deliberate manipulation of the schemes or fraud. Any applicant caught falsifying information to gain grant money or failing to declare

entitlement to any of the specified grants will face prosecution and any funding issued will be recovered from them.

17. Recovery of Amounts Incorrectly Paid

17.1 If it is established that any award has been made incorrectly due to error, misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

18. Data Protection and Use of Data

18.1 All information and data provided by applicants shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.

18.2 Applicants should note that, where a grant is paid by the Council, details of each individual grant will be passed to the relevant government departments and HMRC.