

COVID-19 Additional Relief Fund CARF Policy

Service Area: Customer Services

Date: 15 August 2022



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Version control

Version	Reason for review	Effective Date	Review date
1.0	Draft for Finance & Management Committee	28/04/2022	29/04/2022
1.1	Amends to: Closing date extended / % clarification and pro-rata payments	24/05/2022	24/05/2022
1.2	Amend to application deadline	15/08/2022	15/08/2022

Approvals

Approved by (Committee/Leadership Team)	Date
Finance & Management Committee	28/04/2022
Final version – delegated to Section 151 Officer	17/05/2022

This policy may be subject to change. Any changes will be published to www.southderbyshire.gov.uk/carf. Changes will be subject to approval by the Council's Strategic Director (Corporate Services) in their role as the Section 151 Officer.



Introduction

1. The government has introduced a new COVID-19 Additional Relief Fund (CARF) to support businesses adversely affected by the pandemic which have been ineligible for existing support linked to business rates. The responsibility for the distribution of the funding has been mandated to billing authorities.
2. The council has received £1.97m to be allocated to eligible businesses in accordance with guidance provided by the Department for Levelling Up, Housing and Communities (DLUHC). Each council must devise its own policy for the distribution of this funding.
3. The Council will administer relief using its discretionary powers granted under section 47 of Local Government Finance Act 1988.
4. This policy outlines how the Council will operate within government guidance and relevant legislation. The policy references the qualifying criteria, application, and decision-making processes for the relief.



Eligibility

5. Businesses may be eligible if they have not been awarded/were not eligible (for the same period of the relief) for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme.
6. Eligible businesses must be able to demonstrate they have been adversely affected by the pandemic and have been unable to adequately adapt to that impact. The Council may request reasonable information and evidence to support a declaration of adverse impacts of the pandemic on trading, which will include the following (this list is not exhaustive):
 - Businesses will be required to provide a letter certified by a chartered accountant that outlines the business turnover for 2019/2020 and 2020/2021 and states the turnover percentage drop.
 - A bank statement to evidence the business was trading (in 2021/2022).
 - Companies House check to confirm the business was not administration, liquidation, is subject to an ongoing strike-off order, or entered into a CVA or IVA at any time during the course of 2020/2021 and 2021/22.
 - Confirmation the business has not received any other relief or discount mentioned in point 5 above.
 - Confirmation of Subsidy Allowance compliance.
 - All applications will be subject to a Spotlight anti-fraud check via the Cabinet Office.
7. In addition to evidence provided, the Council will use Gross Value Added (GVA) data as provided by the Office for National Statistics, which indicates how individual sectors have been affected by COVID-19.
8. Relief may not be awarded to a hereditament for a period it is unoccupied, other than those which has become closed temporarily due to the government's advice on COVID-19.
9. To be eligible for relief the ratepayer must have been liable for business rates and in occupation of a premises in South Derbyshire District for any period from 1 April 2021 - 31 March 2022. In the case of closed businesses that have ceased trading altogether, awards will only be made if arrears exist on the account, for any year. For any business that has moved premises outside of the district, or any business that has ceased to operate from a rated premise, but continues to trade (e.g., home and mobile or in an unrated setting), claims will be considered on a case-by-case basis and awards are not guaranteed. All decisions will be subject to approval by the Council's Strategic Director (Corporate Services).



Exclusions

10. The following properties will be excluded from eligibility for this relief:
 - Property owned by the billing authority or any precepting authority, including parish councils.
 - Property which is or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Grounds Operations Support Scheme.
 - Property which is unoccupied unless closed on a temporary basis due to government advice on COVID-19.
 - Any business which has already received full Business Rate Relief via the Small Business Rate Relief or other types of Relief (resulting in £0 bill), or they would be entitled to Full Small Business Rate Relief, upon completion of a declaration.
11. Property which is owned, funded or part funded through a public administration body will also be excluded from eligibility for this relief:
 - Fire
 - Police
 - Ambulance
 - NHS or medical care (including surgeries, pharmacies, dentists, and hospitals)
 - Maintained schools, academy schools, further and higher education institutions
 - Government departments
 - Local government facilities (libraries, law courts, public conveniences etc)
 - Armed forces
12. Property where the function of the property does not directly facilitate employment of individuals will be excluded from eligibility for this relief. This may include, but is not exclusive to car parking spaces, advertising boards, communication masts.
13. Any property where the function is in a sector which has not been identified as being significantly adversely affected by the pandemic will be excluded from eligibility for this relief. This includes, but is not limited to:
 - Banks, betting shops, building societies (including ATMs)
 - Financial and legal services
 - Water and waste management (including sewage treatment works)
 - Energy businesses/facilities
 - Real estate activities
 - Storage for personal use or archive business storage (ancillary to the businesses' main activity)
 - Telecommunications and communications stations
 - Advertising displays of any description
 - Cemeteries and crematoriums
 - Storage and distribution (unless 80% of business reliant on closed industries). Further evidence may be required to support claims from such businesses.
14. Any property where the liable business is in administration, liquidation, is subject to an ongoing 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.
15. Any property where the business rates liability can be claimed back from another party will be excluded from eligibility for this relief.



Amount of relief

16. The Council will offer four levels of relief payments, directly to be proportionate to the relative impact on turnover as a result of COVID-19 crisis (see Annexe A).
17. In order to claim a relief, a business must be able to demonstrate a loss in turnover for the 2020/2021 financial year compared to the 2019/2020 financial year. This must be evidenced through a letter, certified by a chartered accountant, that outlines the business turnover for 2019/2020 and 2020/2021 and states the turnover percentage drop between 2019/2020 and 2020/2021. The Council will not accept letters from accountants that are not chartered or that contain any disclaimers. No other form of evidence will be accepted.
18. Businesses will also need to supply a bank statement to evidence trading (in 2021/2022). The bank statements must show income and outgoings related to the business. Only full bank statements showing the business name, business account, sort code and full transactions will be accepted. Screen grabs of mobile banking apps will not be accepted. In the case of closed businesses, we will require a bank statement from their final month of trading.

How to apply

19. All potentially eligible businesses will be sent a letter and link to an online application form in late May 2022 that sets out the evidence they need to provide. This will be sent to the rated premises.
20. The deadline for applications and submission of evidence is 31 August 2022 at 5pm (extended from 31 July 2022).
21. All evidence should be uploaded with the online form. Alternatively, please send evidence, marked with your application reference, to:
 - business.grants@southderbyshire.gov.uk. If sending via email, we recommend you send via Egress, which secures your email end to end. Find out more at www.egress.com.
 - **The Revenues Team, South Derbyshire District Council, Civic Way, Swadlincote, Derbyshire, DE11 0AH.** If sending by post, we recommend you send via recorded delivery, so that you have proof of postage.
22. All applications must be made by the business. Any application made by an agent will not be accepted.
23. **Applications received after 5pm on 31 August 2022 date will not be considered.**
24. Applications submitted without the correct evidence will not be considered as received until the required evidence is submitted. It is the responsibility of the business to ensure the required evidence is submitted before the deadline date. If not submitted by the deadline date, the business will not be eligible, and this will not be grounds for appeal.
25. If a business has more than one hereditament in the Council area, it will be required to submit a separate application for each qualifying hereditament. A single application detailing more than one qualifying hereditament will only be considered for the primary hereditament detailed on the application.



Decision making

26. Complete applications will be evaluated against the qualifying criteria, based on the information supplied within the application. If further information is required, a request will be sent by email to explain what is required and why.
27. Additional information or evidence requested must be supplied within 7 days of the request, otherwise a decision will be made based on the information provided to date.
28. Applications will be assessed by a member of the Revenues Team under guidance from the Revenues Manager. All awards will be approved by the Council's Strategic Director (Corporate Services) in their role as Section 151 (Chief Finance) Officer.

Awards and notifications

29. Awards will be made directly to the business rates account of the hereditament in the application, will only be made for the 2021/2022 (and no future years), and is subject to the property's continuing eligibility.
30. The award will be used to reduce the liability for 2021/22 in the first instance. If payment has been made during the year which places the account into credit, the credit balance will be applied to any remaining liability arrears for previous years, commencing with the earliest year.
31. If any credit balance remains, it will then be used to reduce the liability for the 2022/23 financial year. Should a business have no arrears and has paid its 2022/2023 balance to date, it may claim a refund using the existing refund request process.
32. All decisions will be made by 30 September 2022. Notification of the decision will be issued by email to the address included on the application form, or postal address where an email is not provided.
33. Where an award is made, a new demand notice will be produced and issued in accordance with current mailing instructions on the account.
34. The award will be calculated using the rates liability calculated from the Rateable Value at the time of the decision date.
35. If any court or enforcement costs have been incurred during 2021/22 by a business that would qualify for this relief, it will be entirely at the discretion of the Local Authority whether these are cancelled or not.
36. The award will initially be determined using the table in Annex A, but if there is any residual funding still available then the maximum percentage of relief will be revised to ensure that funding is fully spent.



Fraud and error

37. All information is subject to a series of internal and external checks including government departments to ensure compliance and awards are made accurately.
38. South Derbyshire District Council will not accept deliberate manipulation and fraud. Any business identified falsifying their records or making inaccurate statements to gain relief will face prosecution and any relief awarded will have to be repaid as may any relief claimed or awarded in error.
39. As a condition of the relief being awarded, we will expect the business applying to sign a declaration stating that they are not committing any fraud and that they are fully compliant with the Subsidy Allowance limits.

Disputes

40. Decision on CARF awards will be made under the Council's discretionary powers (Section 47) and are therefore not subject to appeal to the Valuation Office Agency.
41. If an application is refused, a request to reconsider the decision may be made. Any request to ask for a reconsideration must be submitted within 7 days of the decision made by the Council. All appeals must have been submitted no later than 1 September 2022. Any appeal received after 1 September will not be considered.
42. Appeals will be reviewed by the Strategic Director (Corporate Resources) within one week of the revision request. Their decision will be final.
43. Refusal to grant discretionary relief can be challenged by judicial review under section 138 of the Local Government Finance Act 1988.

Sharing information

44. By applying for CARF all applicants give authority to South Derbyshire District Council to share data for efficient administration and protect the public purse.
45. The Council is required to share data with government departments for monitoring and other reasons. Further information on data sharing and our Privacy Notice is located at www.southderbyshire.gov.uk/privacy.

Other information

46. South Derbyshire District Council does not accept any liability for any issues that may arise for businesses because of applying for, receiving, or not receiving relief awards under this scheme.



Subsidy allowance

47. The CARF scheme is subject to the subsidies chapter within the UK-EU Trade and Cooperation Agreement (TCA). However, for CARF there is an exemption for subsidies under the value of approximately £2,243,000 per economic actor (broadly speaking, for example, a holding company and its subsidiaries). This allowance comprises 325,000 Special Drawing Rights (at current exchange rates about £343,000) for Small Amounts of Financial Assistance and a further £1,900,000 for COVID-19 related subsidy.
48. Therefore, to be awarded CARF you must not have claimed over the period 2019/20 to 2021/22 more than £2,243,000 from schemes which fell within the Small Amounts of Financial Assistance or COVID-19 related allowances. COVID-19 business grants you have received from local government and the 2019/20 Retail Relief should count towards this limit, but you should not count any Extended Retail Discount you have received since 1 April 2020. Further details of subsidy control can be found on the [gov.uk website](https://www.gov.uk).
49. You must not apply for CARF if you have already exceeded the £2,243,000 allowance. However, we will still consider applications for support under the CARF scheme if you have reached this limit provided you can evidence that you intend to use the support to fund uncovered fixed costs (costs not covered by profits for insurance etc) during the period of COVID-19. Economic actors may claim for up to 70% of their uncovered costs (although this 70% limit does not apply to small businesses with less than 50 employees and less than £9 million turnover where the limit is instead 90%).
50. You may claim up to a further £10 million of additional allowance (on top of the £2,243,000) if you meet the above tests and you have not claimed any other support from the additional allowance up to an aggregate £10 million limit (such as from the COVID-19 business grants).
51. The Government and South Derbyshire District Council will not tolerate any business falsifying their records or providing false evidence to gain this discount, including claiming support above these thresholds. 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.

Amendments to the policy

52. This policy may be subject to change. Any changes will be published to www.southderbyshire.gov.uk/carf. Changes will be subject to approval by the Council's Section 151 Officer.

Queries

53. If you have any queries in relation to this policy, please email business.grants@southderbyshire.gov.uk



Annex A

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 detailed overleaf.

Category	Anticipated award*	Criteria
Drop in turnover between 10% and 20%	If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full. 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). See worked examples overleaf.	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover between 21% and 30%	If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full. 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). See worked examples overleaf.	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover between 31% and 50%	If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full. 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). See worked examples overleaf.	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.
Drop in turnover of over 51%	If a business's net rates liability is less than £1,000, the authority will fund the rates bill for 2021/2022 in full. 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). See worked examples overleaf.	Based on reduction of turnover for financial year 20/21 as opposed to 19/20.

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.

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).



Worked examples (based on loss of 10%)

Net rates liability for 2021/2022	
£600	Authority pays rates liability in full.
£4,200	£1,000, plus up to 10% of remaining rates liability (£3,200 @ 10% £320) = £1,320.
£28,000	£1,000, plus up to 10% of remaining rates liability (£27,000 @ 10% = £2,700) = £3,700.
£70,000	£1,000, plus up to 10% of remaining rates liability (£69,000 @ 10% = £6,900) = £5,000 (max total award £5,000).

Pro-rata payments

If a business became liable for a property mid-way through 2021/2022, the payment will be pro-rata according to months of occupation.

For example, if the relief awarded for a full year would be £2,400, and the business occupied the property in June, the actual award will be:

Relief due on 10 months (June - March)

Monthly relief £200

Total relief: £2,000

