

## **COVID-19 Additional Relief Fund (CARF)**

### **Introduction:**

On 25 March the Government announced a new COVID-19 Additional Relief Fund (CARF) which will distribute funds of £1.5 billion across the country. The fund will be available to support businesses who are affected by the pandemic but are currently ineligible for existing business rates reliefs.

CARF is therefore aimed solely for businesses outside the retail, hospitality, and leisure sectors, as the businesses in that sector have already benefited from not paying any rates for 15 months during the pandemic and now receive 66% relief, this will run up to 31 March 2022.

Many of the businesses ineligible for other reliefs have appealed for reductions in their rates bills, arguing that the pandemic represented a 'material change of circumstance' (MCC).

The Government subsequently legislated to rule out COVID-19 related MCC appeals, instead providing the £1.5 billion to be distributed according to which sectors have suffered most economically, rather than based on falls in property values and reductions in Rateable Values.

Fareham has been allocated £2,640,130 to benefit eligible properties within the Borough, the funds have been allocated to local authorities based upon the estimated Rateable Value in each local authority Rating List which falls within the scope of the fund.

The Government is not changing the legislation relating to the business rates reliefs available to properties. Instead, they will reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. Billing authorities will need to adopt a local scheme and determine entitlement in each case. The relief is available to reduce chargeable amounts in respect of 2021/22 only.

It follows that Government will fully fund Fareham for discretionary relief awards up to the maximum level of our allocation. Because we have already completed form NNDR1 for 2021/22 (NNDR1 is the statutory return we complete for Government which estimates Non-Domestic Rate Receipts) our payments to preceptors will be unaffected by the award of the relief. We will be provided with "on account" section 31 payments covering the full amount of relief within 2021/22, to ensure that our cashflow is not affected.

After the end of the year, we will be asked to provide outturn data on the actual total cost of providing the relief via our NNDR3 form for 2021/22 (NNDR3 is the statutory return we complete for Government which reports actual Non-Domestic Rate Receipts). 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.

## Which properties will benefit from relief?

Billing authorities are responsible for designing the discretionary relief scheme which will 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:

- a. 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) or the Nursery Discount,
- b. 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
- c. direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

## How much relief will be available?

It is for local authorities to determine the level of relief for individual hereditaments.

In Fareham, we have taken an extract of the Rating List and removed the following types of property:

- Vacated prior to 1 April 2021
- Properties in receipt of 100% Relief
- Properties in receipt of, or entitled to, Retail, Hospitality & Leisure Relief or Nursery Discount
- Properties where Fareham BC and Hampshire CC etc are the ratepayer
- Non relevant properties (e.g. Aerials, communication stations, beach huts)

This has left us with 622 properties of the following types:

2017 NDR - Analysis code desc	2017 NDR - Analysis code desc
Business Unit And Premises Count	2
Computer Centre And Premises Count	1
Factory And Premises Count	19
Factory, Workshop And Premises Count	1
Land Used For Storage And Premises Count	17
Marina And Premises Count	1
Office, Store And Premises Count	1
Offices And Premises Count	243
Other Commercial Count	8
Other Industrial Count	5
Other Leisure Count	1
Warehouse And Premises Count	114
Workshop And Premises Count	205
Workshop, Offices And Premises Count	4

Additionally, we have also identified 59 businesses who have vacated premises prior to 1 April 2021 (excluding the same property types/use), who will be partially eligible under the local scheme.

2017 NDR - Analysis code desc	2017 NDR - Analysis code desc
Factory And Premises Count	1
Offices And Premises Count	47
Store And Premises Count	3
Warehouse And Premises Count	1
Workshop And Premises Count	7

The guidance requests that we direct the support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

We can't assume every business has been adversely affected by the pandemic, so we will contact each ratepayer and ask them to confirm eligibility and whether they want to claim the relief. Many larger businesses may refuse the relief on grounds of excess Subsidy Allowance or State Aid, so only once we receive confirmation from each business will the relief be granted.

The relief will initially be awarded at 25% of the net Business Rates Liability (2021/22 amount payable). If the relief creates an overpayment and this is highly likely given the timing of the relief, refunds will be initiated to each ratepayer.

25% of the net annual liability for the properties selected above, amounts to:

Occupied Properties	£2,521,189.39
Vacated Properties (entitlement for part period of liability only)	£39,386.77
<b>Total Estimated Relief</b>	<b>£2,560,876.16</b>
FBC Allocation	£2,640,130.00
<b>Estimated Surplus</b>	<b>£79,253.84</b>

We assume that some of these companies will either not be entitled to relief or not want to claim relief. If this is the case, we will be able to offer a top up relief award to all eligible cases. We will also allocate the estimated surplus along with the top up once these exact figures are known.

The relief should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where billing authorities have provided relief using their wider discretionary relief powers introduced by the Localism Act 2011.

The former categories of discretionary relief prior to the Localism Act should be applied first in the sequence of discretionary reliefs and, therefore, before any relief provided under the COVID-19 Additional Relief Fund (CARF).

## **Conditions:**

- Businesses must be/have been in Occupation of the rateable premises on 1 April 2021. Where the businesses has since left the premises the 25% will be applied on the basis of the revised business rate bills for the occupied period.
- Businesses must confirm that they have been adversely impacted by the coronavirus restrictions at their premises either through social distancing, government recommendations to work from home, or reduced demand and have been unable to adequately adapt to that impact.
- Businesses must confirm their Subsidy Allowance/State Aid position.

## **Exclusions form the scheme:**

- Ratepayers with Zero Liability
- Ratepayers with an entitlement to Retail, Hospitality & Leisure Relief
- Unoccupied properties prior to 1 April 2021
- Properties who do not directly employ anyone (for example: parking spaces, advertising boards, communication masts, ATMs)
- Ratepayers who are public bodies (Central and Local Government, Legislative bodies, the armed forces etc)
- Schools
- Businesses in administration, liquidation or subject to a strike off notice on Companies House.
- Businesses who have entered a CVA or IVA.
- Businesses who can claim back any business rates paid (for example: from a landlord if the tenancy agreement specifies that rent is inclusive of rates).
- Businesses who have not been significantly impacted by the coronavirus pandemic.
- Businesses in receipt of Subsidy Allowance or State Aid more than the published limits.

## **Assessment of Applications**

The Council reserves the right to change the criteria of the fund scheme, if it is likely to exceed the funds allocated or becomes clear that the scheme may result in reliefs and payments that were not intended.

The Council also reserves the right to use its discretion when assessing applications, where the principles of the scheme are being met but particular details of the scheme are preventing payments to businesses which the Council intended the scheme to help. The decision to use discretion for any application will be agreed by at least 2 authorising officers.

**Fraud:**

The council will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain relief will face prosecution and any funding issued will be subject to claw back.

Applicants' information may be shared with the Government. The Council reserves the right to make further enquiries to clarify or confirm the information provided in the application. The Council will use tools available to confirm accuracy of applications and submitted data.

Applicants will need to make declarations within their application, any application received without the declarations completed will be rejected.

**Transparency**

The Council reserves the right to publicise the names of businesses helped through this scheme.

**Appeals:**

There are no further appeals rights for the relief, the Council's decision is final. However, we will review our decision if it is clear that an error was made in processing an application