

Business Rates COVID-19 Additional Relief Fund Policy (CARF)

7 April 2022

Contents

1. Background
2. Scope & Eligibility Criteria
3. Application Process
4. Value of Awards
5. Retrospective Changes to Liability
6. Financial Implications
7. Subsidy Control (State Aid)
8. Applying the Policy

Business Rates - Covid 19 Additional Relief Fund Policy (CARF)

1 Background

- 1.1 On 25 March 2021, the Government announced a new Covid-19 Additional Relief Fund' (CARF). The fund will be available to support those sectors which have not received business rates related support for Covid-19.
- 1.2 The Government further announced on the 15 December 2021 that they would provide additional relief to businesses who did not qualify for any previous reliefs announced as part of the response to COVID-19.
- 1.3 CARF is a discretionary award with each authority required to use their discretionary powers under section 47 of the Local Government Finance Act 1988 to distribute the funds. The scheme will apply retrospectively to the 2021/2022 rating year only and Sefton Council has been allocated **£4,447,663**.
- 1.4 This policy sets out the criteria under which businesses will qualify to make an application to the COVID-19 Additional Relief Fund and the evidence required to support an application. This policy is aligned with the government guidance issued on 15th December 2021.
- 1.5 The Government requires Local Authorities to exercise their local knowledge and discretion in distributing this relief and recognises that economic needs will vary. Although national criteria have been published local authorities will be able to determine which sectors or businesses will receive the relief and the value to be awarded.
- 1.6 The Government has suggested within the guidance that Local Authorities may wish to consider collaborating as they design their relief schemes to ensure there is consistency where they are working across a functional economic area. Sefton Council has consulted with colleagues in the Liverpool City Region, Knowsley, St Helens, Halton, Liverpool, and Wirral in developing this policy.

2 Scope and Eligibility

- 2.1 It is the responsibility of each individual authority for designing the discretionary relief schemes that are to operate in their areas. However, the guidance specifically states that local schemes:
 - a. must not award relief to ratepayers who for the same period of the relief (i.e. for the period from the 1 April 2021 to the 31 March 2022) 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),

- b. must not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become unoccupied temporarily due to the government's advice on COVID-19), and
- c. should direct their support towards ratepayers who have been adversely affected by the pandemic (in a way that prevents success or development; harmfully or unfavourably) and have been unable to adequately adapt to that impact.
- d. the ratepayer has exceeded the subsidy control limits
- e. 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 or to a precepting authority.

2.2 In addition to the guidance provided by the Government Sefton Council may not consider the following businesses as eligible for an award:

- a) Hereditaments which do not have employees directly working at them. (For example, advertising rights, communications stations, electronic lockers, energy generation and distribution networks).
- b) Public sector organisations and other bodies directly funded by government grants, including education and health related sectors.
- c) Schools and Colleges
- d) Logistic warehouses used by food, online or other retailers which have not been adversely affected by the pandemic.
- e) Businesses that predominantly provided online sales or services prior to the pandemic.
- f) Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- g) Other services (e.g. estate agents, letting agents,)
- h) Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- i) Professional services (e.g. solicitors, accountants, insurance agents / financial advisers,)
- j) Premises used for personal usage or storage.
- k) Car parking spaces related to office accommodation.
- l) Those businesses which only supply storage facilities such as warehouses.
- m) The business is not in liquidation, dissolved, struck off or subject to a striking off notice or under notice.

2.3 Eligible Business

- 2.3.1 It is intended that the relief scheme adopted will provide the maximum support to businesses whose main trading address is within Sefton. This will provide valuable extra assistance to businesses in Sefton, protecting jobs and enabling businesses to continue to trade.
- 2.3.2 In order to qualify for an award, the applicant must be the registered Business Rates payer of the premises for which the application is made and have occupied the property in Sefton for the whole of the financial year 2021/22.
- 2.3.3 The premises must have been occupied from the 1 April 2021 and not have been unoccupied during the financial year 2021/2022 unless required to close under COVID restrictions.
- 2.3.4 The business must not be in one of the identified sectors which either from the government guidance or local conditions would not be considered for an award.
- 2.3.5 In particular it is intended that this scheme will support small and medium sized businesses who can clearly demonstrate that they have been adversely affected by the pandemic during 2021/2022.
- 2.3.6 Eligible business must be able to evidence a loss of turnover of a minimum of 30% due to the impact of the COVID pandemic.

3. Application Process

- 3.1 Businesses will need to complete an online application form to be eligible for the relief. The application form will request sufficient information in order for a decision to be made on the relief to be granted which will include the following information requirements:
 - a. The name of the business rate payer
 - b. The business address
 - c. Business use of the property
 - d. Manufacturing & Supply Chain business to provide detail of products and services provided.
 - e. Company Number (where the ratepayer is a Limited company registered with Companies House).
 - f. Rateable value of the business
 - g. Number of employees at the premises for which the application is being made
 - h. Percentage adverse effect of the pandemic on income for 2021/2022.
 - i. A declaration that the award of relief will not result in a breach of Subsidy Control thresholds.

Business may be requested to provide evidence in support of the application including loss of turnover by way of accounts and an accountants letter. Business will have two weeks to provide evidence from the date of request. A template will be provided for the accountants letter where this is required.

- 3.2 Applicants will need to confirm on the application that they have not exceeded subsidy limits.
- 3.3 As funding is cash-limited, a four-week application window will be introduced to enable eligible businesses to apply under the scheme. Applications will not be accepted after the application window has closed.
- 3.4 The ratepayer should complete a separate application form in respect of each hereditament it wishes to claim relief for. Applications will need to clearly demonstrate what the hereditament is used for and how the business has been severely impacted by the pandemic.
- 3.2 The ratepayer may be asked to supply supporting information including governance arrangements (e.g. Constitution, Articles of Association) and recent financial statements (or financial forecasts) to support their application.

4. Amount of the award

- 4.1 The CARF relief is a cash limited award which can be applied to business rates accounts for the financial year 2021/2022 only. The total amount received by Sefton is £4,447,663 and the total value of the reliefs granted cannot exceed this figure.
- 4.2 Relief will be applied to the 2021/22 financial year only. The actual value of relief granted will be determined once the number of eligible applications have been received and prioritised.
- 4.3 Subject to available funding, applications will be prioritised as follows:
 - a) Businesses that have been most severely impacted by the pandemic in the Retail Hospitality & Leisure sectors. This will include manufacturers, wholesalers and supply chain businesses that support the retail, hospitality, and leisure sectors:
 - i. Rateable value less than £51,000 to receive 100% of net liability, after the application of all other reliefs.
 - ii. Rateable value £51,000 or up to and including £100,000: 75% of the net liability after the application of all other reliefs.
 - iii. Rateable Value greater than £100,000 50% of net liability after the application of all other reliefs.
 - b) Other businesses up to 50% of net liability after the application of all other reliefs

- c) All awards in a) and b) above will be capped at a maximum value of £50,000.
- 4.4 Sefton Council reserves the right to vary the amount of relief awarded according to the number of applications received. This may mean awards higher or lower than the amounts stated in 4.3 above.
- 4.5 Where the award of relief results in a credit balance against the 2021/22 rate liability, a refund will only be issued provided payment of all other liabilities are up to date including the rate liability for 2022/23.

5. Retrospective Changes to Liability

- 5.1 Relief will only be applied to businesses that remained in occupation for the whole period 1 April 2021 to 31 March 2022. Should the Council receive information that a business moved out of the property prior to 31 March 22, and after an award of relief has been made, then the relief would be removed. The business would then be liable for the business rates after the relief has been removed.
- 5.2 Where the Valuation Office Agency issues a notice to amend the rateable value of a property with an effective date prior to 31 March 2022, then relief will be calculated accordance with amended liability arising from the change in value

6. Financial Implications

- 6.1 The cost of awarding this discretionary rate relief is funded from a government grant. Sefton Council will not provide any additional funding for this scheme.

7. Subsidy Control (State Aid)

- 7.1 Any relief provided under this scheme, must comply with the UK's domestic and international subsidy control obligations including the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidy and other international subsidy control commitments. The limits stated below are per economic actor, i.e. a holding company and its subsidiaries. This is split into three areas.

7.2 Small Amount of Financial Assistance Allowance

Under this element, a business must not have received more than £343,000¹ of financial assistance during the current and previous two financial years, i.e. for the periods 2019/20 to 2021/22. Financial assistance includes COVID-19 related business grants and any other discretionary rate relief (excluding expanded retail discount awarded in 2020/21 and 2021/22).

7.3 The COVID-19 Additional Relief Fund Allowance

If a business (or holding company and its subsidiaries) has exceeded the £343,000 allowance above, it may be permitted to receive additional relief up to £1,900,000 for COVID-19 related losses. This can be combined with the Small Amount of Financial Assistance Allowance to provide a total of £2,243,000 of relief.

7.4 COVID-19 Additional Relief Fund Further Allowance

If a business has exceeded the £2,243,000 limit above, then it may still be able to receive up to a further £10 million of support if it satisfies the following conditions:

- 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. A small business with fewer than 50 employees and less than £9 million turnover may benefit from 90% of their uncovered costs.
- b) The enterprise has shown a decline in turnover during the eligible period of at least 30% compared to the same period in 2019.

7.5 A ratepayer must inform Sefton Council if it exceeds any of the above allowances.

8. Applying the Policy

8.1 The Executive Director of Corporate Resources and Customer Services, or nominee, in consultation with other officer(s) will consider applications against the criteria outlined above.

8.2 Awards of relief will be notified by way of an amended bill for 2021/22. Decisions to reject applications will be made in writing with the reason for rejection.

8.3 Where the award of relief results in a credit balance for 2021/22 that credit will be offset against any other arrears outstanding for any year, including any unpaid instalments for 2022/23. Where credits have been offset against other years liability, amended bills will also be issued for those years.

8.4 Where the award of relief results in a credit balance requiring a refund, this will be issued automatically. Payment of refunds will only be made directly into the businesses bank account. Sefton Council will issue a request for details where bank details are not already held on file.

8.5 Decisions to award relief will be final and no appeals will be allowed. However, applicants who consider the incorrect amount of relief has been awarded, or has been incorrectly rejected, in accordance with this policy, can request a review in writing within 14 days of the date of the decision. No further reviews will be considered.