

Covid Additional Relief Fund (CARF) 2022

In December 2021, the Government announced a new rate relief scheme to support businesses impacted by Covid that were ineligible for other relief schemes delivered through the pandemic.

The scheme will provide for relief to be applied to qualifying business rate accounts for the 2021/22 financial year only.

The relief will be applied under section 47 of the LGFA 1988.

Scheme purpose - Government guidance

1. The purpose of the COVID-19 Additional Relief Fund (CARF) is to support businesses whose circumstances were changed due to COVID-19 in the financial year 2021 to 2022 in such a way as to affect the valuation of the premises, and to lead to the potential for a business rates appeal. In order to avoid destabilising the business rates system for many years through a large number of such appeals, the Government has instead passed legislation to prevent COVID-19 from being considered as a material change of circumstances for rating purposes (The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021) and put in place a funding scheme to compensate affected businesses.
2. CARF is intended to enable billing authorities to provide discretionary relief under Section 47 of the Local Government Finance Act 1988 to those ratepayers most affected by COVID-19, who have not benefitted from other reliefs, namely the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS).
3. Local authorities can determine how much relief to provide to businesses from the CARF funding provided, and exactly which businesses to target. However, the Government has made its distribution of the £1.5bn using the change in Gross Value Added (GVA) as a proxy for the economic impacts of COVID-19 on each business sector.

Scheme rules and Interpretation

1. This relief scheme is available to ratepayers that have been adversely affected by the pandemic and have been unable to adequately adapt their business to that impact. Guidance from central government does not define how these terms should be applied or interpreted.

2. Without knowing the specific operational issues affecting a business, it is difficult for the Council to state the types of business that would likely benefit from the scheme.
To this end, the scheme is open to applications from any business that can demonstrate that they have been adversely impacted by the pandemic, and the issues that have prevented them from adapting to minimise that impact.
3. The relief is available to reduce the chargeable amounts in respect of 2021/22 and will be awarded as a credit against the 2021/22 rate bill. The amount will be used to reduce any outstanding liability for that year or if the account is already paid any overpayment will be refunded to the ratepayer or off set against future liabilities.
4. There is a finite amount of funding made available for this scheme (£9.7m) and applications from ratepayers will be required . It is proposed to open an application window, running for 6 weeks from the beginning of April with a fixed closing date. During the application window ratepayers will have the opportunity to apply for relief and demonstrate that they have been adversely impacted by the pandemic and have unable to adapt their business to minimise that impact.
5. A Cap may be applied to an individual business or businesses occupying multiple premises.

Eligible Businesses - General Qualifying Conditions

1. CARF is available to ratepayers that have been adversely affected by the pandemic and have been unable to adequately adapt to the impact of the pandemic, but with certain exceptions.
2. To be considered for relief, a hereditament will need to have been in continuous occupation since 11 March 2020, and also a valid entry in the local rating list on this date. Hereditaments which closed temporarily following Government advice on Covid will be treated as being occupied for this relief, provided they re-opened once restrictions were lifted.
3. Relief will not be awarded where the ratepayer has received or would be entitled to support under the Extended Retail Discount, the Nursery Discount or the Airport and Ground Operations Support Scheme. For the avoidance of doubt any business that has received or would have been eligible to receive Extended Retail Relief for any period during 2020/21 or 2021.22 will not be eligible to receive CARF, this includes businesses who have declined relief or who were unable to claim due to restrictions under Subsidy (previous State Aid) rules.

4. Businesses that already pay zero rates as a consequence of being eligible for other reliefs e.g. Small Business Rate Relief, are not eligible
5. Unoccupied and vacant hereditaments are not eligible to receive relief.

The following list sets out those properties that are unlikely to be eligible for the relief, unless exceptional circumstances apply. Applications received in respect of such properties would be considered on a case by case basis:

- Financial services e.g. banks, building societies, cash points, bureaux de changes, short-term loan providers
- Medical services e.g. vets, dentists, doctors, osteopaths, chiropractors
- Professional services e.g. solicitors, accountants, insurance agents, financial advisors.
- Post Office sorting offices.
- Education Establishments including Maintained schools, Academy Schools and Further / Higher Education Institutions, except English language schools
- Infrastructure networks utilities... (Electricity, Telephone, Broadband, Water treatment works and related installations, Gas installations and related buildings , offices etc) fuel and industrial eg communication stations, water treatment plants, energy generation, aggregate processing, concrete plants, petrol stations.

- Hereditaments where the ratepayer is in administration, liquidation, dissolved or where there is an active application to strike off the companies register. Businesses who entered into a CVA or IVA during the course of 2020/21.

- Hereditaments used as Car parks, Car Parking spaces, advertising boards / advertising rights, communication masts, ATMs).

- Preceptors and public bodies including all premises occupied/owned or under the control of - Local Government, including parish councils, Courts and similar legislative bodies, fire and police, NHS and Foundation Trusts (including charitable trusts) and any contractor who provides services under contract to those bodies.

- Where there is evidence to support this, businesses who undertake tax avoidance schemes, including short term temporary occupations and Bluetooth installations). For the purposes of this scheme, intermittent occupations of 6 weeks or more are excluded from CARF.

- Businesses who have not been and cannot demonstrate that they have been significantly impacted by the coronavirus pandemic.

This list is not exhaustive, and properties used for other or mixed purposes will be considered on their merits and on a case by case basis.

How much will relief be?

1. Cambridge City Council has been provided with funding of approximately £9.7m to deliver the relief. Because of the difficulties in identifying which businesses may have been adversely affected, it is not possible to confirm the exact amount of award at this time.
2. On closure of the application window, applications will be assessed and if the criteria are met, relief will be awarded on a fixed percentage basis, with an overall cap per business.
3. The maximum amount of relief will be limited to 75% , which means that businesses who do qualify will still have business rates to pay. In the event that the available funding is oversubscribed the percentage relief awarded will be reduced for all ratepayers.
4. The exact amount of relief to be awarded will be dependent on the number of qualifying applications and will be determined once all applications have been assessed.
5. In the event the event that funding remains after the initial award of relief, the council may:
 - A) Offer a further application window for new applications; and / or
 - B) Increase either the percentage awarded or cap per business

No further awards will be made once the funding has been exhausted

6. Cambridge City Council had been allocated the funding in line with the Gross Value Added (GVA) impact data and Standard Industry Classifications outlined in Annexes A-F of its CARF guidance document.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041468/CARF_LA_Guidance.pdf

7. Final percentage awards will be confirmed to each ratepayer after the scheme has closed to applications and all applications have been assessed.
8. Where eligible businesses did not occupy a rateable premises within Cambridge City for the whole of the financial year 2021-22, reliefs will be granted on a pro-rata basis.
9. If the award of a relief puts a ratepayer's 2021-22 account into credit, the council will move that credit to offset any other outstanding business rates liability for that year or earlier years. The credit may also be used to offset any arrears of the 2022-23 business rates bill. Alternatively, the ratepayer may receive a refund of the relief if the account remains in credit after funds have been offset.

How do businesses access the CARF relief?

1. Businesses must apply for the relief from Cambridge City Council. An application form is available at www.cambridge.gov.uk/business-rates
2. If you have any problems accessing the application form, please contact us via email to businessrates@cambridge.gov.uk
3. The application form includes information about the impact COVID-19 has had on the ratepaying business, and its subsidy position, including previous subsidies awarded by Government or other public bodies. Following submission of their application, applicants may be required to provide financial information to evidence the impact that COVID-19 has had on their business if requested by Cambridge City Council.

This can be either:

- accounts showing your turnover before the pandemic and during 2021-22
- bank statements showing your business activity before the pandemic and during 2021-22

The deadline for receipt of applications is 8th June 2022

How will a decision be made?

1. An application window will end on 8th June 2022. All applications will be considered against the criteria set out in this policy.
2. Decisions will be reached and where the application is successful, we will aim to issue adjusted bills by 30th June 2022 or issue refunds as appropriate.
3. Businesses must demonstrate a minimum 30% reduction in turnover in 2020/21 compared to 2019/20.
4. Without knowing the specific operational issues affecting businesses, it would not be appropriate for the Council to define the types of business that would benefit from this scheme. Therefore, the scheme is open to applications from any business that can demonstrate they have been adversely affected by the pandemic, this will need to show:-
 - a) how the pandemic has affected their business, and,
 - b) why they were prevented from adequately adapting their business.

Evidence will be required as part of the application process, and further evidence may be sought as required. Evidence may be provided in the form of a statement from a recognised professional accountant , auditor (or similar) who can certify and quantify the affect the pandemic has had on the business.

Appeals and Reconsiderations

Although generally there are no appeal rights in respect of discretionary reliefs, a review of an unsuccessful application will be considered if it is made in writing within 28 days of the original award decision.

Reconsiderations of decisions will be made by the Chief Finance Officer (s151 officer) , whose decision will be final.

COVID-19 Business Grant Subsidy Allowances

The EU State Aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. Under the Withdrawal Agreement, the State Aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Find out more about [organisation rules on subsidies, and other international commitments](#).

There are three subsidy allowances for the COVID-19 Business Grant Schemes set out below: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.

Small Amounts of Financial Assistance Allowance

Grants may be paid in accordance with Article 364(4) of the Trade and Cooperation Agreement (TCA), which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is up to 325,000 Special Drawing Rights, to a single economic actor over a rolling period of three fiscal years (the "Relevant Period"), which is the equivalent of £335,000 as at 2 March 2021. An applicant may elect not to receive grants under the Small Amounts of Financial Assistance Allowance and instead receive grants only using the below allowances available under this scheme.

COVID-19 Business Grant Allowance

Where the Small Amounts of Financial Assistance Allowance has been reached or an applicant has elected not to receive a grant under this allowance, grants may be paid in compliance with the Principles set out in Article 366 of the TCA and in compliance with Article 364(3) of the TCA under the COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency). For the purposes of the COVID-19 Business Grant Schemes, this allowance is £1,900,000 per single economic actor. This allowance includes any grants previously received under other COVID-19 Business Grant Schemes using the COVID-19 Business Grant Allowance and any State aid previously received under Section 3.1 of the European Commission's Temporary Framework across any other UK scheme. This may be combined with the Small Amounts of Financial Assistance Allowance to equal £2,235,000 (subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator, and any other support an applicant has received under the Small Amounts of Financial Assistance Allowance in the Relevant Period).

COVID-19 Business Grant Special Allowance

Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under the COVID-19 Business Grant Schemes of up to £10,000,000 per single economic actor, provided the following conditions are met:

- a. The Special Allowance covers only the applicant's uncovered fixed costs incurred during the period between 1 March 2020 and the date of application, including such costs incurred in any part of that period ('eligible period');
- b. Applicants must demonstrate a decline in turnover during the eligible period of at least 30% compared to the same period in 2019. The calculation of losses will be based on audited accounts or official statutory accounts filed at

Companies House, or approved accounts submitted to HMRC which includes information on the applicant's profit and loss;

- c. 'Uncovered fixed costs' means fixed costs not otherwise covered by profit, insurance or other subsidies;
- d. The grant payment must not exceed 70% of the applicant's uncovered fixed costs, except for micro and small enterprises (for the purposes of this scheme defined as less than 50 employees and less than £9,000,000 of annual turnover and/or annual balance sheet), where the grant payment must not exceed 90% of the uncovered fixed costs;
- e. Grant payments under this allowance must not exceed £10,000,000 per single economic actor. This allowance includes any subsidies previously received in accordance with Section 3.12 of the European Commission's Temporary Framework or previously received under the COVID-19 Business Grant Schemes using this COVID-19 Business Grant Special Allowance; all figures used must be gross, that is, before any deduction of tax or other charge;
- f. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.