



HYNDBURN
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Non Domestic Rates Covid-19 Additional Relief (CARF) Scheme 2022/2023

February 2022

1. Introduction

- 1.1 COVID-19 has presented a significant and unprecedented challenge for businesses. Since the start of the pandemic the Government's response to support businesses has been of a similarly unprecedented scale. The Government has provided over £400 billion of direct support to the economy during this financial year and last, which has helped to safeguard jobs, businesses and public services in every region and nation of the UK through the pandemic. The Government's support has included making £16 billion available to provide business rates relief for retail, hospitality and leisure properties, given the direct impact of COVID-19 and the Government's interventions on businesses in these sectors.
- 1.2 On 15 December the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The £1.5 billion will be 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 fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
- 1.4 CARF has replaced the legal right to appeal to the Valuation Office Agency on Material Change of Circumstances grounds due to COVID.
- 1.5 Hyndburn Borough Council have access to relatively limited funds from Government for the CARF scheme
- 1.6 The Government has made £1,468,781 available to the Council to distribute as rate relief to support to businesses. The funding is capped at this level. It will be issued as a rate relief against business rates liability for 2021/2022. No cash alternative is available.

- 1.7 The CARF Scheme is a limited relief scheme and the Council will ensure relief is direct to those areas most in accord with the Department for Levelling Up, Housing and Communities (DLUHC) directions around the principles and purposes of the relief.
- 1.8 This guidance is intended to assist businesses liable for business rates in 2021/2022 only to apply to Hyndburn Borough Council for a rates relief from the COVID19 Additional Relief Fund (CARF), as announced by the government on the 15th December 2021.
- 1.9 Only businesses occupied and liable for business rates from the 1st April 2021 in 2021/2022 are eligible to apply for CARF and any rate relief must be applied for by the 30th September 2022
- 1.10 This Policy deals with the Council's approach to the Covid-19 Additional Relief Fund.

2. Eligibility

- 2.1 Billing authorities will be responsible for designing the discretionary relief schemes that are to operate in their areas. However, in developing and implementing their schemes local authorities:
 - a. must 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), 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 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. 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.
- 2.2 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, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.
- 2.3 To be eligible for relief you must be an eligible ratepayer liable and occupying the property for business rates in Hyndburn during the financial year 2021/2022 (for a period of a day or more) from the 1st April 2021, and listed on the Councils Non Domestic Rates system for your period of liability at 1st February 2022.

- 2.4 In cases where it was factually clear to the Council on 1st February 2022 that their Non Domestic Rates system was inaccurate based on information held by the Non Domestic Rates section on that date, the Council may withhold the CARF relief and/or award the CARF relief based on their view of who would have been entitled to the grant had the list been accurate. This is entirely at the discretion of the Council.
- 2.5 If there is no business rates liability, for example due eligibility for Small Business Rate Relief, or Mandatory Relief already granted to the business during the relief period, the business will not be eligible for this relief.
- 2.6 Telephone masts, car park spaces, and advertising rights within Hyndburn will also be ineligible for CARF.
- 2.7 To be eligible a business must complete the on-line application form and provide the Council with all the information it requests, both at the time of the application and subsequently. All applications must correctly provide the required undertakings undertaking in regard to Subsidy Controls, acknowledge the Council's right to recover the relief if they are incorrectly paid, sign the grant application form, agree the sharing of any data supplied within the Council and with other Government Departments including HMRC and outside organisations for verification and all other purposes including the prevention and detection of fraud and other criminal acts.
- 2.8 If the Council sets a deadline for the receipt of applications, any applications made after the closing date will not be eligible. The period for applications or a closing date will be made clear on the Council's website and the application form.
- 2.9 The information requested by the Council in its CARF application process, will include, but is not limited to:
- a. Name of business
 - b. Business Trading Address including postcode
 - c. Unique identifier (preferably Company Reference Number (CRN)) if applicable. If not applicable, VAT Registration Number, Self-Assessment/Partnership Number, National Insurance Number, Unique Taxpayer Reference, Registered Charity Number will also be acceptable)
 - d. High level SIC Code
 - e. Nature of Business
 - f. Date business established
 - g. Number of employees

h. Business rate account number

i. Evidence to demonstrate a substantial loss in income as a result of the Covid-19 pandemic. This is likely to be in the form of accounts/bank statements/management accounts for previous years, and equivalent details for the current financial year.

3. How CARF will be provided

- 3.1 The Council have access to limited funds from the Government in relation to the CARF scheme, and it is expected that most awards will be up to 12.5 per cent of business rates liability for 2021/2022.
- 3.2 However, the Council has discretion to make CARF awards of any amount. It will be for the Council to adapt this approach subject to local circumstances, such as providing support for businesses that are crucial to the local economy.
- 3.3 In taking decisions on the appropriate level of grant particularly in exceptional circumstances, the Council will may also want to take into account the number of employees and the scale and risk of potential job losses, whether businesses have had to close completely, whether the business has had staff placed in furlough and are unable to trade online, the consequent scale of impact of COVID19 losses including the broader impact of the business on local economic activity.
- 3.4 All awards of this relief will be by a credit against the business rates bill. No cash alternative is available.
- 3.5 If a business has already paid its business rates in full for 2021/2022, and is subsequently awarded CARF, the Council will transfer any relevant credit balance created due to a CARF award to future years Non Domestic Rates liability, or to any Non Domestic Rates arrears outstanding for previous financial years.
- 3.6 If any court or enforcement costs have been incurred during 2021/2022 by a business that will qualify for CARF it will be entirely at the discretion of the Council whether these are cancelled or not.
- 3.7 Any changes to the rating list (rateable value or to the hereditament) after 01 February 2022 should be ignored for the purposes of level of CARF award.
- 3.8 Businesses which have already received financial assistance that equal the maximum levels outlined in the Subsidy Control section of this policy will not be eligible for this grant.
- 3.9 Businesses which contravene national or local guidance or requirements in respect of COVID 19 will not be eligible. This includes contravening Closure notices at any point.

- 3.10 The Council reserves the right to bring the relief award process to a close at any point, including estimating that the money available is exceeded by demand or for other administrative reasons

4. Subsidy Control

Trade and Co-Operation Agreement (TCA)

- 4.1 Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by the Council under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations (see the BEIS guidance for public authorities which explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments).

Small Amounts of Financial Assistance Allowance

- 4.2 To the extent that the Council is seeking to provide relief that falls within the Small Amounts of Financial Assistance Allowance, Article 364 of the TCA allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in a three-year period (consisting of the current financial year and the two previous financial years). To administer a subsidy under the Small Amounts of Financial Assistance Allowance it is necessary for the Council to establish that the award of subsidy will not result in the economic actor having received more than £343,000 of subsidy under the Small Amounts of Financial Assistance Allowance.

The Covid-19 Additional Relief Fund Allowance

- 4.3 Where the Small Amounts of Financial Assistance Allowance has been reached, additional relief may be awarded in compliance with the principles set out in Article 366 of the TCA and in compliance with Article 364.3 of the TCA. For the purposes of this scheme, the COVID-19 Additional Relief Fund Allowance, permits an economic actor to receive additional relief of up to a further £1,900,000 for COVID-19 related losses.
- 4.4 This may be combined with the Small Amounts of Financial Assistance Allowance to permit an economic actor to receive up to £2,243,000 from the CARF Scheme (or less if they have already used some of their Small Amounts of Financial Assistance limit or claimed other COVID-19 related subsidies). It should be noted that Extended Retail Discount granted in either 2020/21 or 2021/22 does not count towards these allowances, but BEIS business grants (throughout the 3 years) and any other subsidies claimed under the Small Amounts of Financial Assistance limit (such as the Retail Relief in 2019/20), or under the EU State aid de minimis limit, in the last three years, should be counted.

Covid-19 Additional Relief Fund Additional Allowance

- 4.5 If an economic actor has reached the £2,243,000 limit set out above, then it may still be able to receive up to a further £10 million as a COVID-19 Additional Relief Fund Further Allowance under the CARF Scheme, 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 (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.
- 4.6 Therefore, the Council will to ask ratepayers, on a self-assessment basis, to inform the Council if they are in breach of the above allowances. Where authorities are delivering CARF via applications then this declaration can be requested as part of the application process. As part of awarding the relief, the Council will ask businesses to keep necessary documentation to evidence this.
- 4.7 The ratepayer who, according to the billing authority's records was the ratepayer in respect of the hereditament on the date of the first full day of local lockdown is eligible for the grant. Where the Local Authority has reason to believe that the information that they hold about the ratepayer on the first full day of the local lockdown is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Recipients of the grant will be asked to give an undertaking that if it subsequently emerges, they should not have received the grant they will repay it.
- 4.8 Grant income received by a business is taxable, therefore the CARF will need to be included as income in the tax return of the business.
- 4.9 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The Local Authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved Covid-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
- 4.10 Payments made can be provided under the existing De Minimis rules, provided doing so does not exceed the €200,000 threshold. Payments made where the De Minimis threshold has been reached can be paid under the Covid-19 Temporary Framework for UK Authorities (threshold €800,000) if they meet the requirements.

- 4.11 Any business that has reached the limits of payments permissible under the De Minimis and the UK Covid-19 Temporary State Aid Framework will not be able to receive further grant funding.

5. Appeals

- 5.1 Unsuccessful applicants will not be eligible because they do not meet, or are unable to prove that they meet the CARF scheme's criteria or because there is insufficient funding and others have been prioritised ahead of them. There is no right of appeal against any decision not to award the relief..

6. Fraud

- 6.1 We are responsible for fraud-prevention measures and the protection of public funds. The Council will not accept deliberate manipulation and fraud – and any business caught falsifying their records to gain additional relief will face prosecution and any funding issued will be subject to claw back, as may any relief issued in error.
- 6.2 The Council will be undertaking extensive pre and post award checks to minimise the risk of fraud or payment error. The Council will also be using various electronic analysis to verify information supplied including cross checking details with HMRC and other Government Departments and third party suppliers.
- 6.3 In addition, the Government's Grant Management Function and Counter Fraud Function will be deployed to perform post payment checks.
- 6.4 Local authorities have the right to recover costs from those who claim the relief fraudulently.

7. Publication

- 7.1 Details of this scheme will be published on our website and paper copies of this document will be made available to residents by request.

8. Complaints

- 8.1 The Council's Complaints Procedure will apply in the event of any complaint about the application of this scheme.

9. Equalities

- 9.1 Our intention is to make this scheme fair and equitable for all applicants. This scheme is accompanied by a Customer First Analysis which has been produced in response to our obligation to the Public Sector Equality Duty as outlined in the Equality Act 2010. No adverse impact on any protected characteristic has been identified as a result of this scheme.

10. Data Protection

10.1 Details of our privacy notice can be found at www.hyndburnbc.gov.uk/privacy-notice/

Non Domestic Rates Covid-19 Additional Relief (CARF) Scheme Customer First Analysis

1. Purpose

- What are you trying to achieve with the policy / service / function?

The fair, reasonable and consistent administration of the Covid-19 Additional Relief Fund (CARF) scheme for businesses in Hyndburn.

The scheme provide guidance to local businesses which may be eligible to a rate relief on their business rates. The schemes are delivered locally by billing authorities.

- Who defines and manages it?

The CARF scheme is based on guidance and criteria as provided by the Department for Levelling Up, Housing and Communities (DLUHC) in December 2021. Hyndburn's scheme are managed by the Benefits, Revenues and Customer Contact department under its remit to administer and collect business rates on behalf of the Council and preceptors.

- Who do you intend to benefit from it and how?

It is intended that eligible local businesses will benefit from the rate relief schemes and that in turn will generate benefit for the commercial economy, local residents and visitors to the area. It is intended that businesses can divert their existing business rates liabilities into support for staff during business closures and disruptions.

Eligible businesses located and trading in Hyndburn whose rateable value may have been impacted by Covid-19 and are unable to submit a Check, Challenge, Appeal request to the Valuation Office Agency.

- What could prevent people from getting the most out of the policy / service / function?

The scheme is clear on eligibility and the Council will be proactively contacting local businesses who the Council consider meet the eligibility criteria for this scheme

- How will you get your customers involved in the analysis and how will you tell people about it?

The scheme has followed Government guidelines and as such customer involvement is not considered necessary at this stage. Customers will be informed via normal communication methods and the scheme will be available online.

No public consultation is intended for this policy, the implementation timescales do not allow for consultation. As always, we will take any feedback into consideration if received. As this is a scheme of limited scope and duration, and is based on Government guidelines, input from businesses prior to approval would be difficult to include.

2. Evidence

- How will you know if the policy delivers its intended outcome / benefits?]

Eligible businesses will benefit from a lower business rates bill which may support their staff and the viability of their business during the Government's COVID-19 response efforts.

The Council will spend its allocated funding and eligible businesses will receive rate relief quickly and efficiently.

- How satisfied are your customers and how do you know?

In relation to these schemes, it is not possible to say at this stage, this scheme has to be implemented as quickly as is reasonably possible.

- What existing data do you have on the people that use the service and the wider population?

We hold extensive and detailed data about our current businesses, in particular through our administration of National Non-Domestic Rates, which allows us to identify eligible businesses and make awards.

- What other information would it be useful to have? How could you get this?

The Council hold information to forecast applicant numbers to the scheme, and potential level of CARF awards

- Are you breaking down data by equality groups where relevant (such as by gender, age, disability, ethnicity, sexual orientation, marital status, religion and belief, pregnancy and maternity)?

Not relevant to this scheme.

- Are you using partners, stakeholders, and councillors to get information and feedback?

Not relevant to this scheme.

3. Impact

- Are some people benefiting more – or less - than others? If so, why might this be?

The scheme closely follows guidance set out by Government.

CARF is available to all eligible businesses operating in Hyndburn and therefore it is not expected that some people will benefit more and others less from the policy.

4. Actions

- If the evidence suggests that the policy / service / function benefits a particular group – or disadvantages another - is there a justifiable reason for this and if so, what is it?

There is no evidence to suggest that a particular group will benefit or be disadvantaged by this policy.

- Is it discriminatory in any way?

No – the only defining criteria is the type of business, none of which are based on any protected characteristics of the businesses or the customers.

- Is there a possible impact in relationships or perceptions between different parts of the community?

The scheme has potential to cover a wide range of businesses in each area of the borough serving our community as a whole and it is therefore hoped that this will be evident to the different parts of our community.

- What measures can you put in place to reduce disadvantages?

n/a

- Do you need to consult further?

Not at this stage.

- Have you identified any potential improvements to customer service?

Not in relation to this scheme

- Who should you tell about the outcomes of this analysis?

This analysis forms part of our published policy.

- Have you built the actions into your Business Plan with a clear timescale?

n/a

- When will this assessment need to be repeated?

With any major changes to the scheme in the future.

Name: Lee Middlehurst

Service Area: Benefits, Revenues and Customer Contact

Dated: February 2022

Department for Levelling Up, Housing and
Communities

Covid-19 Additional Relief Fund (CARF)
Local Authority Guidance

December 2021