

The Newark and Sherwood District Council (BDC) COVID-19 Additional Relief Fund (CARF) Policy

Introduction

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. On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. 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.

This policy and guidance sets out the scope of CARF and the criteria that Newark and Sherwood District Council (NSDC) will have regard to when determining awards from the fund. CARF will be paid to businesses as a relief against 2021/22 non-domestic rates liability, to reduce chargeable amounts payable, and in accordance with Government guidance. Central government will fully reimburse local authorities for discretionary relief awards that comply with the guidance up to the maximum level of the allocations.

This policy and guidance supports the COVID-19 Additional Relief Fund (CARF): Local Authority Guidance, issued by the Department for Levelling Up, Housing and Communities in December 2021. The Government guidance is available at:-

<https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>

Eligibility for awards of CARF

Businesses eligible to be considered for an award of CARF must:

- Be a ratepayer in occupation of the hereditament as at 25 March 2021 and continue to be in occupation throughout the 2021/22 financial year.
- Be able to demonstrate they have been adversely impacted by coronavirus restrictions at their premises either through social distancing, government recommendations to work from home, or reduced demand (where the business predominantly supplies other businesses who were unable to trade) and have been unable to adequately adapt to that impact.

Properties that will be excluded from awards of CARF

Government guidance determines that certain properties are excluded from awards of CARF. Local authorities 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),
- 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
- direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

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- 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.

In addition to the above Government restrictions, NSDC has determined that CARF will not be paid to properties or ratepayers in the following conditions

- Hereditaments that do not directly employ anyone (for example: parking spaces, advertising boards, communication masts, ATMs)
- NHS, including NHS and Foundation Trusts, practitioner who provide services under contract to the NHS
- Maintained schools, Academy Schools and Further / Higher Education Institutions,
- Hereditaments concerning the provision and/or production of utilities (electricity, gas, water)
- The maximum rateable value for a hereditament to be considered for this relief will be £1,000,000
- Businesses in administration, liquidation or subject to a strike off notice on companies house,
- Businesses who entered into a CVA or IVA during the course of 2021/22
- Where there is evidence to support this, businesses who cause a detrimental impact on the region, our residents, or our communities (including businesses who undertake tax avoidance schemes).
- Businesses who have not been significantly impacted by the coronavirus pandemic.
- Note – only hereditaments with a chargeable amount to pay for the year 2021/22 will be eligible to benefit from the scheme, therefore cases with full relief (such as full SBRR) will be excluded.

CARF Award process

Newark and Sherwood District Council has been allocated £1,888,109 in CARF funding.

The Government has conducted an investigation as to how businesses have been affected by the pandemic, the results of which were included in the guidance issued for the scheme and have been copied below (appendix 1). It is proposed to allocate funding based on 2.75 times the average gross value added (GVA) splits determined in the research provided (see below)

The calculations below show the totals relating to Newark and Sherwood District Council. Note that hereditaments have been classified within certain categories by the Valuation Office Agency and we have used this information in determining eligibility.

In modelling the potential awards, the following totals were determined (after removing hereditaments listed above as excluded from the scheme):

SIC code/GVA reduction	SIC description	Number of properties	Amount charged 2021/22
G -8%	Wholesale and Retail	461	6,734,204.84
M -7%	Professional Services	13	1,228,984.30
N -21%	Administrative Services	1	45,516.80
S -32%	Other Services	5	156,836.95

The proposed relief rate has been calculated as follows:

Available funding	£1,888,109
Proposed rate of relief	2.75 x GVA reduction applied to the net balance
Relief awarded	£1,882,407.01

Award process:

- Each individual case will be awarded relief based on its individual circumstances
- Liable parties will be written to, asking them to confirm their current position to ensure any award is within current subsidy control limits
- This will either reduce their bill for 2021/22 or place it in credit.
- If the bill is in credit, this will either be refunded or transferred forward to the new year bill depending on the wishes of the customer.

Subsidy Control

In accordance with Government guidance, provision of CARF is likely to amount to a subsidy. Any relief provided by Local Authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations. Further details of the UK's subsidy control are contained in the COVID-19 Additional Relief Fund (CARF): Local Authority Guidance, issued by the Department for Levelling Up, Housing and Communities in December 2021.

Appendix 1

Extract from Government Guidance to support allocation of relief

The allocation methodology uses the change in Gross Value Added (GVA) as a proxy for the economic impacts of COVID-19 on each business sector.

The calculation uses the change in GVA compared to Feb-20 for the period April 2020 to March 2021. This data is split by business sector according to the first level Standard Industrial Classification (SIC), apart from in two cases:

The allocation method uses the average of the twelve datapoints. Each month compared to Feb-20 is weighted equally. This data is for the United Kingdom.

SIC Code Definition Average GVA Reduction

A Agriculture, Forestry and Fishing -13%

B Mining and Quarrying -8%

C Manufacturing -9%

D Energy -1%

E Water and Waste Management 0%

F Construction -14%

G Wholesale and Retail -8%

I Hospitality -55%

J Information and Communication -6%

K Financial Services -2%

L Real Estate Activities -2%

M Professional Services -7%

N Administrative Services -21%

O Public administration 1%

P Education -20%

Q Health -10%

R Arts, Entertainment and Recreation -34%

S Other Services -32%

X Information, Communication, Financial Intermediation, Real Estate and Business Services -6%

Y Transport -32%

Z Storage and Distribution -1%