



Chelmsford City Council

Covid-19 Additional Relief Fund (CARF)

Policy

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Definitions

The following definitions are used within this document:

‘Covid-19 Additional Relief Fund (CARF)’; means additional funding provided by Government to reduce the 2021/22 business rate liability of businesses adversely affected by Covid-19 -related restrictions and which have been unable to adapt to their impact;

‘the Council’; means Chelmsford City Council;

‘Department for Levelling Up, Housing and Communities (DLUHC)’; means the Government department responsible for the scheme and guidance;

‘Effective date’; means, for eligibility to the grant, treated as occupying a property liable for business rates during the financial year 2021/2022

‘Hereditament(s)’; means the assessment defined within Section 64 of the Local Government Finance Act 1988;

‘Local rating list’; means the list as defined by Section 41 of the Local Government Finance Act 1988;

‘Local restrictions’ and ‘Localised restrictions’; mean legally binding restrictions imposed on Chelmsford, where the Secretary of State for Health and Social Care requires the closure of businesses in Chelmsford under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures;

‘Rateable value’; means the rateable value for the hereditament shown in the Council’s local rating list;

‘Ratepayer’; means the person/business who, according to the Council’s records, was liable for occupied rates in respect of the hereditament;

‘Subsidy control’; means the restrictions placed on the value of Government financial assistance a business can receive;

1.0 Purpose of the Scheme and background.

- 1.1 The purpose of this document is to determine eligibility for a reduction in the business rate liability for 2021/2022.
- 1.2 The Covid-19 Additional Relief Fund (CARF) has been developed by the Council in response to an announcement made by the Secretary of State for Levelling Up, Housing and Communities on 25th March 2021 of a £1.5bn fund to support businesses affected by the pandemic, but ineligible for existing support linked to business rates.
- 1.3 CARF cannot be distributed as cash grants. It must be used by 30 September 2022 to reduce the 2021/22 business rate liabilities of eligible businesses occupying properties in the Chelmsford City Council area.
- 1.4 The Council has exercised its discretion to decide which types of business will benefit. Some businesses are excluded by decision of the Government or by virtue of the amount of financial assistance they have received.

2.0 Funding

- 2.1 The Council has received an allowance of £4,630,970 with which to reduce business rate liabilities for the 2021/2022 financial year. The Government will compensate the Council by virtue of additional grant for the shortfall in business rate collected as a result of applying rate liability reductions.

3.0 Eligibility criteria.

- 3.1 The Council has determined that: businesses occupying hereditaments during 2021/22; and, liable to pay business rates to the Council; and, able to demonstrate adverse effects from Covid-19 restrictions to which they were unable to adapt, will be eligible for a business rate liability reduction if they are NOT:
 - a) In receipt of, or eligible for, the Extended Retail Discount (covering Retail, Hospitality and Leisure); or,
 - b) In receipt of, or eligible for, the Nursery Discount; or,
 - c) In receipt of, or eligible for, the Airport and Ground Operations Support Scheme; or,
 - d) A billing authority or precepting authority as defined by section 47(8A) of the Local Government Finance Act 1988; or,
 - e) A functional body, within the meaning of the Greater London Authority Act 1999; or,
 - f) going to breach the financial assistance thresholds set out in Section 6 Subsidy Control as a result of receiving the relief; or,

- g) Carrying on any business activity, occupation, procedure or process covered in the list in section 3.2.

3.2 Types of business occupation **excluded** from eligibility for CARF:

- a) Schools, universities, colleges, academies or any other educational setting;
- b) NHS hospitals, GP surgeries, healthcare settings, ambulance stations or workshops or any ancillary buildings;
- c) National infrastructure settings, including telecoms masts, electricity, gas and water generation and distribution;
- d) Car parks and spaces;
- e) Advertising rights
- f) Financial services, including banks, building societies, insurance agencies, money brokers, foreign exchange bureaux, automated teller machines
- g) Professional services, including solicitors, accountants;
- h) Post offices and sorting offices;
- i) Public administration hereditaments including Government offices, Courts, Job Centres, Army, RAF and cadet centres, prisons;
- j) Computer centres, server farms, IT businesses;
- k) Housebuilding construction sites and show homes, sales centres;
- l) Funeral directors, mortuaries, crematoria and burial grounds

This list is not exclusive, but indicates the type of occupation which will not be eligible. CARF is intended to provide assistance largely for businesses where trade was severely affected by lack of demand created by other businesses being forced to close or where trade was restricted.

3.3 Clarifications on exclusions in 3.2

Veterinary surgeries, dentists, private clinics offering sports therapy, massage, chiropractic and osteopathic services will be eligible as long as the conditions in 3.1 and 3.4 are also satisfied.

3.4 Hereditaments will not be eligible for relief during periods where they are treated as not being occupied ie empty. A hereditament will not be treated as empty if the business was unable to open due to restrictions imposed by Covid-19 legislation.

4.0 The amount of Covid-19 Additional Relief to be awarded

- 4.1 CARF will be awarded as a percentage reduction in the remaining business rate liability during 2021/22 after any mandatory and discretionary reliefs have been applied. A revised business rate bill be produced as a result.
- 4.2 The percentage reduction will be 28%. Dependent upon the demand on the CARF, this percentage may be altered during the operation of the scheme to ensure that

the threshold of £4,630,970 is not breached. The Council also wishes to ensure that as much of the available CARF is spent as possible, so may increase the percentage figure if funds are available. These decisions will be delegated to the Director of Connected Chelmsford.

- 4.3 If a rateable value for 2021/2022 is altered retrospectively due to a change in the local rating list leading to an increase or decrease in the business rate liability, the amount of CARF awarded will be amended accordingly.

5.0 Who can receive the CARF award?

- 5.1 In all cases, the following will apply:
 - a) only the ratepayer, according to the Council's records, in respect of the hereditament at the effective date will receive the benefit of CARF;
 - b) the ratepayer must be liable for occupied property rates at that date. CARF will not be awarded where the hereditament is unoccupied;
 - c) where the Council has reason to believe that the information it holds about the ratepayer is inaccurate, it may withhold or recover CARF and take reasonable steps to identify the correct ratepayer.
- 5.2 In the event of a dispute as to who should receive CARF, the Council's decision shall be final.
- 5.3 If it is subsequently determined that any award of CARF has been made incorrectly, the Council will recover any reduction in liability granted and to issue amended business rate demand notices.

6.0 Subsidy Controls

- 6.1 CARF is a discretionary relief. As such, it is likely to amount to a subsidy and needs to comply with the UK's domestic and international subsidy control obligations under the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies and other international subsidy control commitments.
- 6.2 Article 364 of the TCA allows an economic actor (eg a holding company and its subsidiaries) to receive up to €325,000 (£343,000 as at 9/12/21) in a three year period. This may be combined with additional relief of £1,900,000 of Covid-19 Additional Relief Fund Allowance (under Article 366 and 364.3 of the TCA) to allow an economic actor to benefit from £2,243,000 of CARF, business grants and other subsidies.
- 6.3 In addition, an economic actor may still be able to receive an additional £10m as a Covid-19 Additional Relief Fund Further Allowance if it satisfies the following conditions:
 - a) the relief relates to uncovered fixed costs (i.e. costs not covered by profits or insurance etc); and,

- b) the enterprise has shown a decline in turnover during an accounting period of at least 30% compared to the same period in 2019.

6.4 Recipients of CARF will be required to sign a declaration that they have not breached any of the relevant subsidy control levels.

7.0 Scheme of Delegation

7.1 The Council has approved this scheme.

7.2 Officers of the Council will administer the scheme and the Director of Connected Chelmsford is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and remains in line with Government guidance.

8.0 Notification of Decisions

8.1 Awards of CARF will be made by officers of the Revenue and Benefits Service using available records and local knowledge of businesses in the area.

8.2 It is possible that some businesses not initially awarded CARF will consider themselves eligible. An application process will be available in these cases. The application process will be publicised on social media, using business mailing lists and via the Council's website.

8.3 All decisions made by the Council will be notified to the applicant either in writing or by email. A decision will be made as soon as practicable after an application is received.

8.4 All business will be required to declare that their circumstances are as reported and that they have not breached subsidy controls as a condition of receipt of CARF assistance.

9.0 Reviews of Decisions

9.1 The Council's 'Complaints Procedure' (<https://www.chelmsford.gov.uk/your-council/have-your-say/complaints/>) will be applied in the event of any request for review or complaint received about this scheme.

10.0 Taxation

- 10.1 CARF will retrospectively reduce business rate liabilities, thereby potentially affecting profit and loss statements. This may give rise to additional tax liabilities. It is the business' responsibility to ensure HMRC are advised appropriately.
- 10.2 The Council will be required to submit details of CARF awards to Government and HMRC upon request.

11.0 Managing the risk of fraud

- 11.1 Neither the Council nor Government will accept any form of fraud or other deliberate manipulation of the scheme. Where any individual misrepresents or falsifies information or contrives to take advantage of the scheme, the Council will remove any CARF awarded and take appropriate legal action.

12.0 Recovery of liabilities incorrectly reduced

- 12.1 If it is established that **any** award has been made incorrectly due to error, misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

13.0 Data Protection and use of data

- 13.1 All information and data provided by CARF recipients shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website. <https://www.chelmsford.gov.uk/your-council/about-our-website/our-privacy-policy-and-privacy-notices/>
- 13.2 Applicants should note that names and addresses of applicants and recipients of payment will be passed to DLUHC for the purposes of scheme monitoring, fraud prevention and detection and accounting purposes.