

To: Councillor Mike Rowley, Cabinet Member for Citizen Focused Services

Date: 5th April 2022

Report of: Head of Financial Services

Title of Report: Covid Additional Restrictions Fund (CARF) Discretionary Scheme

Summary and recommendations	
Purpose of report:	This report sets out how the Council proposes to use its discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the CARF discretionary discounts, within the relevant eligibility criteria set out by Central Government.
Key decision:	Yes
Cabinet Member:	Councillor Mike Rowley, Citizen Focussed Services
Corporate Priority:	None
Policy Framework:	None

Recommendations:	That the Cabinet Member for Citizen Focused Services resolves to:
<ol style="list-style-type: none"> Approve the scheme at paragraphs 18 – 35 of this report Delegate authority to the Head of Financial Services to determine applications in accordance with the scheme and in consultation with the Cabinet Member for Citizen Focused Services to determine the final model to be used from those shown in Table 1 once all applications have been received. 	

Appendices	
Appendix 1	CARF Scheme Modelling (confidential)

Covid-19 Additional Relief Fund (CARF)

Background

- The **Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill 2021** received Royal Assent on 15th December 2021. Guidance has since been published by the Department for Levelling Up, Housing and Communities (DLUHC) and can be found at:
https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance?utm_medium=email&utm_campaign=govuk-

[notifications&utm_source=80e66d5f-a35d-43e9-b44f-0a16470dd4e5&utm_content=immediately](#)

2. The guidance is intended to support Local Authorities (LA's) in administering CARF and sets out the scope of CARF and the criteria which local authorities should have regard to when determining awards from the fund. The guidance does not replace existing legislation.
3. Funding is available to support those businesses affected by the pandemic that are ineligible for existing support linked to business rates. The £1.5 billion funding pot has been allocated to local authorities based upon the estimated rateable value in each local authority rating list which falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per sector. An explanation of the allocation methodology, categories and definitions can be found in the guidance above.

Purpose

4. This report sets out how Oxford City Council (the Council) proposes to use its discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the discretionary discounts, originally announced in the 3 March 2021 budget but not implemented until 15 December 2021, within the relevant eligibility criteria set out by Central Government.
5. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
6. The Council expects this relief to be applied to business rates accounts from April 2022 to September 2022.

Legislation

7. The Government is not changing the legislation relating to the business rates reliefs available to properties. Instead, the Government will, in line with the eligibility criteria set out in the guidance, reimburse local authorities where relief is granted in paragraph 4 above.
8. The Guidance given by the Government is not mandatory and the Council needs to adopt a local scheme and determine in each individual case whether, having regard to the guidance and their own local scheme, to grant relief under section 47.
9. CARF will reduce chargeable amounts in respect of the 2021/22 financial year only.

Funding the Scheme

10. The Council's share of the funding is £8,849,052. Central government will fully reimburse local authorities for discretionary relief awards via Section 31 grant, which comply with this guidance up to the maximum level of the allocations.

11. Any expenditure above the funding allocation above has to be funded by the Council itself.
12. Should funding be left after all successful applications have been awarded, the Council will consider topping up the award to those businesses in receipt of awards to ensure 100% of the funding is allocated.
13. Any underpayment of the Council's allocation will be recovered by Central Government.
14. New Burdens funding will be available to support the costs of administering CARF although the council has not been notified of the amount that it will receive. The Government will conduct an assessment of the expected reasonable additional costs associated with the implementation of the policy.

Reporting and Monitoring the Scheme

15. The loss of income resulting from the relief for each billing authority and major precepting authority will be reconciled against the on account payments made over the course of the year and any difference will be paid or recovered.
16. The DLUHC will undertake a regular DELTA collection exercise. This will be used to monitor implementation progress. The Council are already using this process for other grants, and will put in place arrangements to support this data collection process for CARF.
17. The Council will need to monitor and report the take-up of the scheme at Parliamentary constituency level and local authority level, and by the Special Category code of the hereditaments.

Oxford City Council's Covid-19 Additional Relief Fund Scheme

18. In relation to the Discretionary CARF Scheme, the Council will have regard to the guidance issued. The Council's scheme has been drawn up to provide the widest benefit to those businesses who have not had any previous support and is based on schemes implemented by other authorities. The Council's scheme will:
 - a) 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) 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) direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 19. 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.
- 20. The Council will determine the level of relief for individual hereditaments.
- 21. CARF should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where billing authorities have provided relief using their wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.
- 22. Former categories of discretionary relief prior to the Localism Act should be applied first in the sequence of discretionary reliefs and, therefore, before any relief provided under the COVID-19 Additional Relief Fund (CARF).
- 23. The Council can use its discretionary powers to offer further discounts outside of this scheme. However, where an authority applies a locally funded relief, this must be applied after CARF.

Particulars of the scheme

- 24. The Council expects the scheme to be operational from April 2022 until September 2022. It is anticipated that a closing date for applications could be 30th June 2022, with this being extended as necessary if applications are slow to come in.
- 25. The Council will adjust accounts for all changes in circumstances that occur in relation to rates payable in the financial year 2021/22, for example, a backdated change to the rateable value of the hereditament. This change of circumstances could arise during the year in question or during a later year.
- 26. The Council will make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible or reduces the value of the award, the relevant rates demand notice will be amended in the year to reflect the loss of the relief. Relief will only be awarded subject to a property's continuing eligibility.
- 27. CARF will be awarded for the Financial Year 2021/22 only.
- 28. The Council will award a percentage relief to each property it considers to have been affected by Covid and has been unable to adapt.
- 29. The Council will exclude certain categories of properties if it considers them to have been unaffected by Covid-19.
- 30. The ratepayer will need to have been a ratepayer on 1st April 2021 and in occupation throughout the 2021/22 financial year. They will need to be able to

demonstrate that 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.

31. Accounts will need to be provided to evidence the effects of Coronavirus on the business.
32. Based on data held by the authority on businesses that would fit the criteria given in the Government guidance, modelling has been undertaken to identify the percentage of funding against the chargeable business rates for 2021-22 that the authority could apply, together with a cap on the overall amount to be received by any one business. Additionally the Council has looked at schemes drawn up by other councils.
33. Based on analysis of the number of businesses who may qualify for CARF four potential models are given in Table 1 below based on different allocation criteria:

Table 1 : Example Models				
	Model 1	Model 2	Model 3	Model 4
Criteria	35% of rates liability with £100K cap	38% of rates liability with £100K cap	40% of rates liability with £50K cap	43% of rates liability with £50K cap
Total amount of CARF given	£7,822,871.87	£8,381,975.18	£7,821,128.31	£8,286,444.25
Percentage of Councils funding allocation	88.40%	94.72%	88.39%	93.64%

Each model assumes 100% take up of those business that are eligible but in each model a balance of the Council's allocation remains, to pay to businesses that may be missing from the model. A decision will be taken after the initial take up to agree the percentage award to ensure that all the Councils allocation of £8.8 million is paid out in full. At this stage it is likely that Model 2 will be applied but there may be a small uplift on the %age of business rates liability that is eligible, once all applications have been received.

34. The Council will expect an application form to be completed to verify that the Business has suffered a loss and been unable to adapt, and will advise ratepayers of the award of the relief by issuing a revised demand notice showing the amount of the award, with details of opting out and subsidy requirements. If payment has already been paid in full, the credit will be transferred into 2022/23, and a revised bill issued. If a ratepayer requests a refund, this will be complied with.

Exclusions

35. To support local businesses hardest hit, and to achieve the intentions laid down by Government, the Council will exclude the following businesses / hereditaments:

- Unoccupied hereditaments
- Hereditaments which do not need constant attendance by operatives, crew or staff to function (such as parking spaces, advertising boards, communication masts, ATMs, telecommunication network or energy infrastructure, solar panels, and small storage units such as lockers, storeroom, garages, lock-ups and land used for storage).
- Public bodies including:
 - I. Government departments, legislative bodies, and the armed forces
 - II. Local government including parish and town council
 - III. Local authority owned companies
- NHS including NHS and Foundation Trusts, practitioners who provide services under contract to the NHS
- Maintained schools, Academy Schools and Further / Higher Education Institutions
- Fire
- Police
- Government and Justice
- Banks and Financial Institutions
- Betting and Gambling
- Businesses in administration, liquidation or subject to a strike off notice on companies house will not benefit from this relief
- Businesses who entered into a CVA or IVA during the course of 2020/21 will likewise be ineligible for relief
- Businesses who have not been significantly impacted by the coronavirus pandemic
- Those in receipt of 100% Small Business Rates Relief
- Where a business would have been eligible for retail relief in 2021/22 for the premises concerned but has not received it either due to exceeding capping/subsidy levels nationally or opted out of the retail relief scheme they will not be eligible for relief under our Discretionary CARF scheme
- The Council will not award relief on any property where it is advised on or after 15 December 2021 that a premises was re-occupied prior to the 1st April 2021. This is to prevent businesses who previously advised the property was empty (in order to benefit from periods of 100% empty relief) from subsequently claiming to be occupied to benefit from the new discretionary relief. The Council will accept information that it has received prior to 15 December 2021 but not yet processed.
- Properties not in the business rates list on 15 December 2021 or in the rating list with a 0 (nil) rateable value on that date due to refurbishment works are ineligible for the CARF scheme even where the Valuation Office Agency later update the rating list which would see the property rated (or rateable value increased above 0/nil) from 15 December 2021 or before.
- Valuation Office Agency changes to the rateable value of a premises made after 15 December 2021 (whether increased or reduced) will be disregarded for the purposes of this award. Awards will not be retrospectively amended to

reflect these changes or where other reliefs are awarded or reduced after the date of award.

- All awards are final, except where subsequent / retrospective evidence comes to light showing the award was based on fraud or error. In these cases, the Council reserves the right to revoke or reduce the support after an award is made. In addition, the Council reserves the right to ask for additional evidence or withhold support where it has a reasonable belief that the information it holds is not correct.

Evidence required

36. To demonstrate a business has been adversely affected by the pandemic and that they have been unable to adapt adequately to the impact, Oxford City Council's local scheme requires businesses to be able to evidence income losses against pre Covid-19 income levels. To evidence losses, applicants will be required to submit a minimum of the following (but not limited to):

- Formal accounts for 2019/20 (pre pandemic)
- Formal accounts for 2020/21
- Either formal accounts for 2021/22 (where possible) or a detailed financial statement from their accountant for the 2021/22 period where formal accounts are not ready. This financial statement must be signed as a statement of fact by the accountant in the event of evidence coming to light the submission was not accurate and relief therefore incorrectly claimed
- 2021/22 Business bank statements for all business-related bank accounts for the applicant (including separate holding, saving and trading accounts where applicable)
- 2020/21 Business bank statements for all business-related bank accounts for the applicant (including separate holding, saving and trading accounts where applicable)
- 2019/20 Business bank statements for all business-related bank accounts for the applicant (including separate holding, saving and trading accounts where applicable)

Businesses will be required to provide evidence of actual occupation and trading from the premises they are seeking relief against. Failure to provide suitable evidence will mean the applicant is ineligible for relief.

- Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking off notice at the date of award are not eligible for our discretionary CARF scheme.

Subsidy rules

37. 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.
38. The Council will ask ratepayers on the application form if they are in breach of the subsidy allowances.
39. As part of awarding CARF, the Council will ask businesses to keep necessary documentation to evidence this.
40. The guidance provides sample paragraphs and these will be sent to ratepayers alongside a revised demand notice, so that they have the ability to advise the Council if they have reached subsidy limits and wish to refuse the CARF.

Risk Implications

Risks	Mitigations
IT solution is not in place to meet the requirements of the scheme	Civica are currently working on this and the Council also uses the Ascendant Grant Assurance portal which is used by a number of authorities and will allow an application to be made via the portal for eligible businesses. This will mean that the administration process is minimised
An overspend or underspend vs the budget	The Council has modelled the options carefully in devising this scheme to maximise the relief available to support as many businesses in need as possible. It is not expected that all businesses currently potentially in scope will evidence eligibility. It is possible the scheme could result in an underspend of the funding, in which case top ups would be awarded to ensure 100% of government funding was allocated. This would be subject to a further Member decision.
Risk of fraud and error with recipients receiving relief despite exceeding capping levels	The scheme allows for the reduction or revoking of a relief amount which safeguards the Council regarding any fraudulent or erroneous claims post award. As the Council has laid out our eligibility criteria and a retrospective removal is based on the applicant not meeting eligibility criteria rather than the scheme itself changing or ending, it is able to remove the relief in year. The traditional 1 years notice of

	revoking or removing an award based on the scheme changing or being removed would not apply in these circumstances
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Report author	Tanya Bandekar
Job title	Service Manager, Revenues and Benefits
Service area or department	Revenues and Benefits
Telephone	01865 252281
e-mail	tbandekar@oxford.gov.uk

Background Papers: None
