

## **Covid Additional Relief Fund (CARF)**

### **Government Guidance**

On 25 March the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The guidance on the scheme was only published in December. 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 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 using discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to this guidance and their own local scheme, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22.

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 must, if they are funding the relief from the section 31 grant:

- 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 their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

The relief should be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.

### **Funding**

The Council received £4,787,440 in funding for this scheme. Awards are in the form of a reduction to business rates bills for 2021/22 only and not cash payments.

### **Approach**

The Council will invite any business that pays business rates and that has not received or eligible to receive Extended Retail Discount (covering Retail, Hospitality and Leisure) or Nursery Discount to make an application if they meet the criteria.

There will be a 21 days application window

Businesses will have to detail and where appropriate evidence that they have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

Evidence will be required to validate the claim. This information will include, bank details for the business, evidence of trading, evidence or declaration that the business has been adversely affected by the pandemic and have been unable to adapt

Businesses will be required to confirm that they meet the criteria of the scheme, and that the amount of relief is not in excess of the Subsidy Control Arrangements.

There will be pre and post payment checks undertaken.

### **Level of relief**

The level of relief cannot be determined until all applications have been reviewed and approved.

To determine the value of relief the following calculation will be made.

The rateable values (RV) of all successful applications will be totalled. The funding available will then be divided by the total of the RV to determine the percentage reduction based on the rateable value.

It is estimated that 2250 businesses may be eligible and the total rateable value for these is £80,000,000.

Examples,

Total RV of all successful applications £80,000,000  
Funding available £4,787,440

$RV = £80,000,000 \times \text{poundage } (£0.499) = £39,920,000$   
 $\% \text{ reduction is } £4,787,440 / £39,920,000 \times 100 = 11.99\%$

(Note: the standard poundage £0.512 and small business multiplier is £0.499)

The % reduction will be based on the rateable value. If the RV of a business is £20,000 they will receive a 11.99% of the rateable value x poundage (0.499) = £1,196.60 relief.

The relief will be calculated after all other statutory reliefs have been applied and the relief will be capped where the business rates bill is reduced to zero. The award of relief will not generate a negative balance payable.

All reliefs will be allocated to the 2021/22 rates bill. If after the relief is awarded the balance for the year is in credit due to payments having been made, this credit will be transferred to the 2022/23 bill and instalments recalculated.

Refunds will not be issued as a result of this process.

### **Additional Information**

If a business pays business rates on more than one Merton property they can apply for all business premises

Businesses that do not pay business rates can not apply

### **Exclusions from the CARF scheme**

Businesses that are in administration, are insolvent, struck off or where a striking-off notice has been made are not eligible for funding under these schemes

Advertising boarding /stations

Phone masks

Telephone kiosks

Bus garages and premises

Car parks

Car parking spaces

Private schools

Businesses that cannot detail and where appropriate evidence that they have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

### **Decision making**

If the information requested is not provided, after working with the applicants, the application will be refused.

Decisions on applications and awards will be made by the Head of Revenues and Benefits

The Director of Corporate Services will oversee the process.

The applicant will be notified of the decision by email and will receive a revised business rates bill if successful.

The progress and results from the scheme will be reported to BEIS and successful applicants may be published on our website

### **Appeals**

Merton is not required to provide a right of appeal against any decision as this is because grants awarded under the Additional Restrictions Grant scheme are discretionary awards.

However, Merton will work with applicants to make sure they provide the necessary evidence to support a successful application.

The Council operates a complaints process for dissatisfied service.