



**Policy /Guidance for the granting of Covid -19 Additional Relief Fund (CARF) Section 47
Discretionary Non-Domestic Rate Relief**

Introduction

1. This guidance supports the application of Covid-19 Additional Relief to eligible business rates accounts within the London Borough of Hillingdon and provides the basis for the allocation of the monies received from central government to fund relief to assist ratepayers whose businesses have been affected by the pandemic but that have been ineligible for existing support linked to business rates such, as the Extended Retail Discount and Nursery Discount.
2. There has not been a change in legislation as the government have asked the Council to create a discretionary scheme under Section 47 of the Local Government Finance Act 1988.
3. The level of funding available has been determined by central government and Hillingdon is to receive a fund of £12.63m to distribute amongst businesses that meet the eligibility criteria of the local scheme.
4. Relief under the CARF scheme will only be applied to reduce the rates liability for the 21/22 financial year.

Scope and eligibility

5. The Government guidance issued in December 2021 gives the Council discretion over the design of the grant scheme in Hillingdon and determining the relief for individual hereditaments. Its decisions regarding the scheme will be final.
6. In developing the scheme, the Council has determined that in order to benefit from the full funding from the government the Council 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 their support towards ratepayers who have been adversely impacted by the pandemic and have been unable to adequately adapt to that impact.
7. In addition, the Council will not be awarding Covid-19 relief where an amount has been awarded in respect or part occupied relief under Section 44a or an award has been made for Hardship has been made for the period covering 1 April 2020 to 31 March 2022.
 8. Any relief awarded will be applied after mandatory reliefs and other discretionary reliefs have been applied.
 9. The relief will be in the scope of Subsidy Control as set out by Government. The onus will be on organisations to determine if accepting an award of relief would cause them to exceed the allowances referred to in the subsidy control regulations.

The Council's Approach

10. The government have calculated the amount of the award to London Borough of Hillingdon in respect of this relief based on the Local Rating List and the government's GVA (Gross Value Added) measure of the impact of the pandemic on the various sectors of the economy as calculated by the Office of National Statistics (ONS). The GVA measures the economic output by sector, similar to the Gross Domestic Product (GDP) and has been deemed by the government as the best mechanism to measure the financial impact on a sector.
11. Following a review of the Council's rating list and a further consideration in the context of local knowledge the Council has adopted an approach of awarding CARF on the basis that follows the government's GVA measurement per sector, applying the same percentage that the GVA data calculates for the hereditament as the core principle of the award.
12. Using this principle and calculation, the Council will be auto awarding all businesses in scope of the local scheme.
13. Prior to the auto-awarding of relief the Council has identified the following groups as being outside the scope of the local CARF scheme (in addition to those covered in Paragraph 6 of this guidance)
 - a. Hereditaments that are not occupied by staff e.g., advertising rights, phone kiosks
 - b. Hospitals, NHS clinic, GP surgeries and other medical related hereditaments.
 - c. University, colleges and school hereditaments

- d. All hereditaments owned by the Council or other government departments are also deemed out of scope.
 - e. Hereditaments which appear to be in sectors where the GVA reduction is 1% or 2% are also excluded. The values of such awards were deemed immaterial to an organisations financial standing.
14. In addition, prior to undertaking the process the Council has identified a few businesses through local knowledge and the experience of delivering the various covid relief and grants schemes, which have been assigned incorrectly to sectors. The Council has based the award for these businesses on the relevant sector.
15. The Council has identified approximately 2,500 hereditaments in scope for this award from the Local Rating List of 9,000. Approximately 50% are excluded from the scheme because they are entitled to other reliefs with another 1,000 excluded because they are empty or owned by the Council and a further 1,000 would receive less than 2% relief (see 13 e. and are excluded).
16. Businesses that vacated premises during the period 1 April 2021 to 31 March 2022 that meet the eligibility criteria during their periods of rates liability will qualify for this relief.

Implementation

17. Each property on the Council's Rating List is assigned a special category description known as a SCAT code. The Government has aligned these SCAT codes with Standard Industrial Classification codes (SIC) when distributing the funding to local authorities. Businesses can find their SCAT code on the VOA website [Find a business rates valuation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
18. The Government's CARF guidance including SIC and SCAT code categories can be found here (attach PDF) [COVID-19 Additional Relief Fund \(CARF\): local authority guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
19. The initial process of this scheme will ensure that the vast majority of the funding will be applied to accounts using the % linked to the GVA data for the sector associated with the SIC codes and related to the SCAT code assigned by the Valuation Office Agency.
20. The Council will initially be applying 80% of the GVA percentage to allow a fund for businesses who wish to request a review of the sector indicators provided by the VOA on which the allocation is based.
21. The Council will be applying the initial assessment of the CARF to accounts during April 2022 and will issue revised bills in June showing the relief awarded and revised instalments due from July 2022.

22. Businesses will have a 6-week window from 16 June 2022 to apply for a review of the % awarded if they believe that their business has been incorrectly assigned to an inappropriate sector or that they have not been awarded CARF and believe that they meet the eligibility criteria. The application forms to do so will be available on the Council's website.
23. The Council will consider any applications for a review of the relief and once assessed will notify applicants of its decision. This will be in the form of an amended bill with revised instalments.
24. It is the Council's intention to redistribute any remaining funds after the initial allocation and review, amongst eligible applicants.

Subsidy Control

25. There is a requirement for all reliefs made under this scheme to comply with the UK's domestic and international subsidy control guidance Subsidy Control compliant. please see the further guidance on this at this link <https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>
26. To the extent that a Local Authority 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 Local Authority 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

27. 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.

28. 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 Further Allowance

- a. 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:
 - b. 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% uncovered costs (although this 70% limit does not apply to small businesses with fewer than 50 employees and less than £9 million turnover where the limit is instead 90%), and
 - c. the enterprise has shown a decline in turnover during the eligible period of at least 30% compared to the same period in 2019.
29. A notice will be sent with each revised bill to allow ratepayers to advise the authority, on a self-assessment basis, whether they are in breach of the above allowances and therefore wish to reject the award of CARF.
30. The Government and the London Borough of Hillingdon will not tolerate any business falsifying their records or providing false evidence to gain this discount.

31. Percentages of Awards for the Hillingdon Scheme

SIC Code	Definition	Redistributed Award
B	Mining and Quarrying	8%
C	Manufacturing	10%
G	Wholesale and Retail	8%
I	Hospitality	62%
J	Information and Communication	7%
M	Professional Services	8%
N	Administrative Services	24%
P	Education	23%
R	Arts, Entertainment and Recreation	38%
X	J-N: Information, Communication, Financial Intermediation, Real Estate and Business Services	7%
Y	Transport	37%

Other information

32. Any decision that the Council makes in respect of the distribution of this grant is final. There is no right of appeal under this scheme.
33. The Council does not accept any liability for any issues that may arise for businesses applying for, receiving, or not receiving a CARF award under this scheme.