



Policy for the granting of COVID-19 Additional Relief Fund Discretionary Non-Domestic Rate Relief

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1.0 Purpose of the Policy

- 1.1 The purpose of this policy is to determine the level of discretionary relief payable under the Council's COVID-19 Additional Relief Fund (CARF) scheme.
- 1.2 Central Government has provided the authority with funding to assist those ratepayers whose businesses have been (and continue to be) affected by the pandemic but that are ineligible for existing support linked to business rates.
- 1.3 The Government has not changed the legislation relating to the business rates reliefs available to properties. Instead, the Government will, in line with the eligibility criteria set out in this policy, reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988.
- 1.4 Whilst funding is provided by Central Government, it is for the Council to decide its own local scheme and determine in each individual case whether to grant this particular relief.
- 1.5 Relief under the CARF scheme will only be available to reduce chargeable amounts in respect of the 2021/22 financial year.
- 1.6 This document outlines the following areas:
 - Details of the criteria for receiving Discretionary Reliefs under the COVID-19 Additional Relief Fund (CARF) scheme;
 - The Council's policy for the granting the relief;
 - General guidance on granting and administering the reliefs and awards;
 - Subsidy Controls applicable; and
 - The Council's Scheme of Delegation.
- 1.7 Where ratepayers apply for, or receive the relief they will be granted (or not granted) relief under the COVID-19 Additional Relief Fund (CARF) scheme in line with the following policy.

2.0 Discretionary Relief – Legislative Background

Introduction

- 2.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to top-up cases where ratepayers already receive mandatory relief.
- 2.2 Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations.
- 2.3 The range of bodies, which are eligible for discretionary rate relief, is wide and not all of the criteria laid down by the legislation will be applicable in each case.
- 2.4 The Council will expect all businesses to provide such information and evidence as required in order to determine whether relief should be awarded.
- 2.5 There is no statutory appeal process or Tribunal against any decision made by the Council although, as with any decision of a public authority, decisions can be reviewed by Judicial Review. The authority will however, upon request, review decisions made. Details of the internal review process are given within this policy.
- 2.6 The decision to grant or not to grant discretionary relief is a matter purely for the Council.

3.0 Eligibility for discretionary relief under the COVID-19 Additional Relief Fund (CARF) scheme

- 3.1 Whilst the Council has determined its own scheme, the Department for Levelling Up, Housing and Communities has stated that, in order for the Council to receive the allocated funding, it must:
 - (a) **not** award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Expanded 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.

- 3.2 In line with section 47(8) of the Local Government Finance Act 1988, the Council must not grant any relief to itself or to either local or major precepting authorities.
- 3.3 The relief will be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where the Council has provided relief using its wider discretionary relief powers introduced by the Localism Act 2011 which are not funded by section 31 grants.
- 3.4 Where any reduction or remission is granted to a ratepayer under S49 Local Government Finance Act 1988 (where hardship is proven to the Council), then there will be no requirement to grant CARF Discretionary Rate Relief for that amount.
- 3.5 In certain cases, the order in which relief is granted is specified. Mandatory relief shall be granted in all cases where the relevant criteria are met irrespective of whether discretionary relief can be granted or not.

4.0 Discretionary Relief to be awarded under the COVID-19 Additional Relief Fund.

- 4.1 Over the past few years, a number of schemes (such as the COVID-19 Additional Relief Fund) have been led by Central Government but without specific legislative changes.
- 4.2 The Council is keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximise any grants receivable.
- 4.3 In view of this, the Council has decided that where a ratepayer meets **all** of the relevant criteria, relief will be 20% of the 2021/22 liability **after** any other reliefs and reductions have been applied.
- 4.4 The criteria for the COVID-19 Additional Relief Fund are as follows:
- (a) The ratepayer is **not** eligible (or would be eligible) for the Expanded Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS);
 - (b) The business must have been adversely affected by the pandemic;
 - (c) The business must be liable for occupied local Non-Domestic Rates; and
 - (i) have either an individual rateable value of less than £1 million; or
 - (ii) in the case of a business with multiple premises, have a total combined rateable value of less than £1 million within Great Britain;
 - (d) The business must not be subject to subsidy controls defined within this policy;

- (e) The business must have a rates liability to the Council for the 2021/22 financial year; and
- (f) Businesses must not be dissolved, subject to any insolvency proceedings or be subject to striking off.

5.0 Excluded hereditaments

5.1 The Council has decided that the following will be excluded from relief under the Council's COVID-19 Additional Relief Fund (CARF) scheme:

- Accounts where a hereditament or a business has multiple hereditaments /properties with a total Rateable Value of **over** £1 million;
- Businesses that would be excluded from the relief due to Subsidy Controls
- Telephone, radio, and communication masts;
- Properties that receive 100% Small Business Rates Relief;
- Properties which are deemed unoccupied (as per DLUHC guidance);
- Properties that receive both Mandatory and Discretionary Relief totalling 100%;
- Properties that receive Expanded Retail Discount at 66% (as per DLUHC guidance);
- Retail, Hospitality and Leisure properties that would have otherwise been eligible for Expanded Retail Discount but do not/did not receive this, such as shops, sports clubs, banks, restaurants etc (as per DLUHC guidance)
- Nurseries who received Nursery Discount until 30th June 2021;
- Hereditaments with a zero Rateable Value as they have no business rates to pay for 2021/22
- Solihull MBC/Solihull Community Housing and Mell Square Limited properties (as per DLUHC guidance) in line with S47(8) of the Local Government Finance Act 1988; and
- Premises occupied by any Government Department or the NHS, including NHS Trusts and the like.

6.0 Subsidy Control

6.1 The Council's COVID-19 Additional Relief Fund (CARF) scheme is subject to the subsidies chapter within the UK-EU Trade and Cooperation Agreement (TCA). However, for CARF there is an exemption for subsidies under the value of approximately £2,243,000 per economic actor (broadly speaking, for example, a holding company and its subsidiaries).

6.2 This allowance comprises 325,000 Special Drawing Rights (at current exchange rates about £343,000) for Small Amounts of Financial Assistance and a further £1,900,000 for COVID-19 related subsidy.

6.3 Therefore, to be awarded CARF the ratepayer must not have claimed over the period 2019/20 to 2021/22 more than £2,243,000 from schemes which fell within the Small Amounts of Financial Assistance or COVID-19 related allowances.

- 6.4 Any COVID-19 business grants a ratepayer has received from local government generally and the 2019/20 Retail Relief should count towards this limit, but the ratepayer should not count any Extended Retail Discount they have received since 1 April 2020.
- 6.5 Further details of subsidy control can be found at:
<https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>
- 6.6 The ratepayer will need to indicate to the Council:
- if they have not to date received any subsidy which fell within the Small Amounts of Financial Assistance or COVID-19 related allowances; or
 - if the ratepayer has received other such subsidies, they will be required to provide the name and total value of those subsidies.
- 6.7 A ratepayer must not receive CARF if they have already exceeded the £2,243,000 allowance. However, the Council will still consider applications for support under the CARF scheme if they have reached this limit provided, they can evidence that they:
- (a) Intend to use the support to fund uncovered fixed costs (costs not covered by profits for insurance etc) during the period of COVID-19. Economic actors may claim for up to 70% of their uncovered costs (although this 70% limit does not apply to small businesses with less than 50 employees and less than £9 million turnover where the limit is instead 90%); and
 - (b) Have shown a decline in turnover of at least 30% within the April 2020 to March 2021 period, compared to the same 2019 to 2020 period.
- 6.8 The ratepayer may claim up to a further £10 million of additional allowance (on top of the £2,243,000) if they meet the above tests and they have not claimed any other support from the additional allowance up to an aggregate £10 million limit (such as from the COVID-19 business grants).
- 6.9 Government and the Council will not tolerate any business falsifying their records or providing false evidence to gain this relief including claiming support above these thresholds.
- 6.10 A ratepayer who falsely applies for any relief or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006.

7.0 Effect on the Council's Finances

- 7.1 As Central Government leads this initiative, funding will be provided through section 31 of the Local Government Act 2003. This is not automatic and Central Government will look to the Council to adopt the recommended approach when granting in these areas.

- 7.2 In order to guarantee funding, the Council will ensure that the criteria in this policy are met in full.

8.0 Administration of Discretionary Relief

- 8.1 The following section outlines the procedures followed by officers in granting, amending, or cancelling discretionary relief and reduction. This is essentially laid down by legislation.¹

Applications and Evidence

- 8.2 The Council will specify how (and if) applications are to be made and received. This may vary from time to time. In the case of CARF an automatic award will be made to those businesses identified as eligible.
- 8.3 Where appropriate, ratepayers are required to provide such evidence necessary to allow the Council to make a decision. Where insufficient information is provided, then no relief will be granted. In some cases, it may be necessary for officers to visit premises and we would expect ratepayers claiming relief to facilitate this where necessary.
- 8.4 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties. Applications will be accepted from ratepayers only.**

Granting of relief

- 8.5 In all cases, the Council will notify the ratepayer of decisions made. Relief will be granted on a daily basis on the understanding that all eligibility criteria are met. Relief will not be awarded for any day that the full eligibility is not met or where there is a change of circumstances which prevents the relief being awarded.
- 8.6 Where an application (if required) is successful or an automatic award made, then the following will be notified to them in writing:
- The amount of relief granted and the date from which it has been granted;
 - If relief has been granted for a specified period, the date on which it will end.
 - The new chargeable amount;
 - The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
 - A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

¹ The Non-Domestic Rating (Discretionary Relief) Regulations 1989

- 8.7 Where relief is not granted, then the following information will be provided, again in writing:
- An explanation of the decision within the context of the Council’s statutory duty; and
 - An explanation of the appeal rights (see below).
- 8.8 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later. Decisions can be made up to 6 months after the end of the financial year for which the application was made. In such cases, the Council *may* backdate its decision. Given the timing of this relief, awards will only be made for the 2021/22 financial year.
- 8.9 Where the granting of the relief results in an account being in credit, the amount will be carried forward and offset against the 2022/23 financial year rates liability unless a refund is specifically requested.

Variation of a decision

- 8.10 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:
- Where the amount is to be increased due to a change in rate charge (excluding rateable value increases) or a change in the Council’s decision which increases the award – this will apply from a date determined by the Council as appropriate;
 - Where the amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief or exemption this will apply from the date of the decrease in rate charge; and
 - Where the amount is to be reduced for any other reason, it will take effect from a date determined by the Council as appropriate;
- 8.11 A decision may be revoked at any time and a one-year period of notice will be given and the change will take effect at the expiry of a financial year. However, the Council will terminate the relief at any time the ratepayer fails to meet **any** of the relevant eligibility criteria.

9.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

- 9.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011. However section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.

- 9.2 The Council's scheme of delegation allows for the Cabinet Member for Resources in conjunction with the Director of Resources and Deputy Chief Executive to review the scheme and make changes to award, revise or revoke any discretionary relief applications.
- 9.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

Reviews

- 9.4 The policy for granting relief will be reviewed where there is a substantial change to the legislation or funding rules. At such time, a revised policy will be brought before the relevant committee of the Council.

Disputes

- 9.5 Where the Council receives a dispute from the ratepayer regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by the Head of Income and Awards. Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.
- 9.6 Where the ratepayer wishes to appeal the decision of the Head of Income and Awards, the case will be considered by the Council's Director of Resources and Deputy Chief Executive whose decision on behalf of the Council will be final.
- 9.7 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will endeavour to explain any decision fully and openly with the ratepayer.

10.0 Reporting changes in circumstances

- 10.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible or in any event within 21 days of the change. This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises comes unoccupied or is used for a purpose other than that determined by the Council as eligible for relief.
- 10.2 Where a change of circumstances is reported which would cease or revise eligibility, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

11.0 Fraud

- 11.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.