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**Chief Finance Officers of English Billing Authorities**

**FOR THE ATTENTION OF THE BUSINESS RATES SECTION**

Dear Chief Finance Officer

**Business Rates Information Letter (2/2022): DELTA Data Collection Exercise, COVID-19 Additional Relief Fund (CARF), Billing Authority Allocations, and CARF Frequently Asked Questions**

This is the second business rates information letter to be issued by the Department for Levelling Up, Housing and Communities this year. Previous letters are available on the internet at:

<https://www.gov.uk/government/collections/business-rates-information-letters>

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/busratesinformationletters/>.

**This letter covers:**

- **DELTA Data Collection Exercise - COVID-19 Additional Relief Fund and Retail Hospitality and Leisure**
- **COVID-19 Additional Relief Fund – Billing Authority Allocations**
- **COVID-19 Additional Relief Fund – Frequently Asked Questions**
- **Local Authority Response**

## **DELTA Data Collection Exercise - COVID-19 Additional Relief Fund (CARF) 2021/22 and Retail, Hospitality and Leisure Relief (RHL) 2022/23 schemes**

As set out in the guidance on the relevant schemes, the Department for Levelling Up, Housing and Communities will shortly begin a data collection exercise for both the CARF and RHL schemes using DELTA. This will be used to monitor the progress and implementation of both schemes.

On the CARF scheme, authorities will be asked to confirm the dates that local schemes were approved, the cumulative value of relief awarded to date against specific property types, and the number of awards made.

Authorities should therefore ensure arrangements are in place to provide the necessary information for both schemes.

### **COVID-19 Additional Relief Fund (CARF) – Billing Authority Allocations**

In December 2021, the Department published guidance for authorities and billing authority allocations for the CARF scheme. The Department will shortly send authorities the relevant grant determination for the scheme and award authorities their allocation, in full, as published, in mid-March.

### **COVID-19 Additional Relief Fund (CARF) – Frequently Asked Questions**

Guidance for local authorities on the CARF scheme can be found at: <https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>.

Authorities have raised questions about the operation of the scheme. Annex A therefore sets out responses to the frequently asked questions (FAQs). For the avoidance of doubt, the FAQs are intended to help authorities for example, by clarifying allocations and award process, however there are no changes to the published guidance, and it is for authorities to design and administer their own local schemes having regard to it.

As always, the interpretation of guidance and legislation governing the business rates system, including the award of relief is for billing authorities. It is therefore for billing authorities to decide whether to apply the relief in the light of the circumstances of the ratepayer and their own schemes, having regard to the guidance.

### **Local Authority Response**

The Department recognises the significant workload authorities are under and is grateful for all their continued efforts in supporting their local businesses and communities.

## **Q&A on the COVID-19 Additional Relief Fund (CARF) scheme**

### **Q1. For the purpose of discretionary rate relief schemes, how should authorities treat entities which are subject to sanctions?**

Local authorities should ensure they are not crediting the COVID-19 Additional Relief Fund or any other discretionary business rates relief to the account of those businesses or persons on the HMT Sanctions list here:

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

## **Payment of CARF allocations to authorities and period relief can be applied to**

### **Q2. When will the allocations be paid to local authorities?**

Central government will award authorities their allocations, as published, in full, in mid-March 2022. The associated grant determination will be sent to local authorities shortly.

### **Q3. What period should the relief apply against?**

The relief must only be applied against a 2021/22 liability.

### **Q4. The guidance states the relief is applicable for the 2021/2022 year is this correct or should it be 2022/2023?**

As set out in guidance, CARF relief can only be applied to reduce chargeable amounts in respect of 2021/22. The relief can be awarded in 2022/23 provided it is in respect of a 2021/22 liability and the demand notice must clearly show that relief is awarded against a 2021/22 liability.

Alternatively, under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 a ratepayer may, if eligible, request a refund.

### **Q5. Will local authorities be compensated if they award the relief against 2022/23 bills?**

No. Local authorities will not be compensated for any CARF relief awarded against a 2022/23 liability. Any CARF relief awarded by authorities against 2022/23 liabilities will be clawed back.

### **Q6. If LAs award funding above their designated allocations will the additional costs be met by central government?**

No. The allocations set out alongside the guidance are the full and final amounts. Authorities will not be compensated for awarding relief above their designated allocations.

### **Q7. How should billing authorities record this against their NNDR returns?**

After the end of the year, billing authorities will be asked to provide outturn data on the actual total cost of providing the relief via the NNDR3 forms for 2021/22.

The loss of income resulting from the relief for each billing authority and major precepting authority will be reconciled against payments made and any difference will be recovered.

### **Scheme delivery and eligibility criteria**

### **Q8. Does a local authority need to set up an application process?**

Authorities are responsible for the design of their own schemes having regard to the guidance. Authorities are not required to use an application process.

### **Q9. What is the deadline for authorities to award relief?**

The Government recognises that authorities will need to design and approve local schemes, nevertheless we strongly encourage authorities to consider what steps could be taken to streamline the process in order to urgently develop and operationalise local schemes and deliver support as quickly as possible.

Local authorities must take their own legal advice on the interpretation of legislation including the award of relief.

### **Q10. Do authorities need to award support before the end of March 2022?**

The Government strongly encourages local authorities to consider what steps they can take to speed the delivery of local schemes. However, relief can be awarded after the end of March 2022 against a 2021/22 liability.

Local authorities and ratepayers can agree that a credit against the 2021/22 liability, is shown on bills for 2022/23. Alternatively, under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 a ratepayer may, if eligible, request a refund.

### **Q11. There is a legislative bar meaning that relief cannot be awarded for the financial year 2021/22 after the end of September 2022, what happens if relief has not been awarded by that time?**

The Government strongly encourages local authorities to quickly put in place their local schemes and award support to eligible businesses. Any unallocated funds will be reconciled and collected via the NNDR process. Local authorities will not be compensated for any CARF relief awarded against 2022/23 liabilities.

Local authorities must take their own legal advice on the interpretation of legislation including the award of relief.

**Q12. What are the eligibility criteria for the CARF scheme?**

Local authorities are responsible for designing their own local discretionary schemes, having regard to the guidance, and assessing those businesses adversely affected by the pandemic. Paragraph 12 of the guidance sets out the eligibility criteria for the scheme. Local authorities will be compensated for awarding support in-line with the guidance.

**Q13. Does a local authority need evidence of financial loss from the ratepayer in order to qualify for support?**

Authorities are responsible for designing their own schemes and may wish to consider what evidence is used to qualify for support as part of their local scheme.

**Q14. If there is a change of circumstances, can a local authority adjust an award of support?**

Depending upon how local authorities choose to award CARF, the amount of relief awarded may need to be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

**Q15. For what period can relief be awarded?**

The relief applies on a daily basis provided the hereditament remains eligible and meets the guidance criteria. As set out in the guidance, when making an award for CARF, local authorities should ensure in the conditions of the award that the relief are subject to the property's continuing eligibility.

**Q16. What is the potential period of eligibility, i.e the period in which we have to consider any periods where a property is empty. Is it 1/4/21 - 31/3/22?**

The guidance at paragraph 12 sets out the eligibility requirements. Authorities must 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).

**Q17. What if a property is unoccupied for part only of a year?**

The relief applies on a daily basis rate provided the hereditament remains eligible and meets the guidance criteria . As set out in the guidance when making an award for CARF, local authorities should ensure in the conditions of the award that the relief is subject to the property's continuing eligibility.

**Q18. What are the reporting requirements?**

As set out in the guidance, DLUHC will ask authorities to provide information on the delivery of local relief schemes and award of support through DELTA. This should be held at local authority and constituency level. Further information of the detailed reporting requirements will be set out in due course.

**Q19. Paragraph 12c says “direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.” What do you mean by adequately adapt?**

Authorities are responsible for designing their own local schemes, having regard to guidance and their own local circumstances. They will need to determine how they assess impact of the pandemic on their local business as part of their local scheme design.

**Q20. If a business has opted out of the support linked to business rates are they eligible for CARF?**

No. As set out in the guidance if a business was eligible for support linked to the expanded retail discount, nursery discount or the Airport and Ground Operations Support Scheme (AGOSS), they are not eligible for CARF support, regardless of whether they have opted out of support.

**Q21. If a business is on the Small Business Rates (SBR) sliding scale but gets no other reliefs, do they qualify for CARF?**

If it meets the eligibility requirement in guidance and the local authorities scheme criteria, authorities may decide to award relief to those in Small Business Rates relief sliding scale.

**Q22. Can a local authority award relief against the hereditaments it occupies?**

No. As set out in the guidance and in line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the relief 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.

**Q23. What will the post-payment verification/audit requirements of this scheme be?**

The guidance sets out the requirements. Additionally, local authorities may wish to ask ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the relevant subsidy control allowances.

Where authorities are delivering CARF via applications then this declaration can be requested as part of the application process – sample paragraphs are included as part of the guidance. Local authorities should ask businesses to keep necessary documentation to evidence this.

#### **Q24. Is CARF relief subject to the Subsidy Control?**

As set out in the guidance, discretionary rate relief to ratepayers is likely to amount to a subsidy. Any relief provided by Local Authorities under the CARF Scheme will therefore need to comply with the UK's domestic and international subsidy control obligations.

Authorities may wish to review BEIS guidance for public authorities which explains the subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCA), World Trade Organisation rules on subsidies, and other international subsidy control commitments). <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments#section-1>

The guidance also includes suggested sample text which authorities may wish to use for their local CARF scheme.

#### **Q25. What are transparency requirements?**

As set out in the guidance, local authorities must also ensure the transparency obligations under Article 369 of the TCA are complied with. The transparency database can be found at <https://manageuksubsidies.beis.gov.uk/>

For access to and any further questions on the database, authorities can contact the BEIS subsidy control team at [subsidycontrol@beis.gov.uk](mailto:subsidycontrol@beis.gov.uk).

Where Local Authorities have further questions about subsidy control or any of the above allowance and obligations, they should seek advice from their legal department in the first instance.

#### **Q 26. Will the Government meet the costs incurred by local authorities in implementing the scheme?**

The Government recognises that the implementation of this scheme will place an additional burden on local authorities. In accordance with the New Burdens doctrine the Government will shortly conduct an assessment of the expected reasonable additional costs associated with the implementation of the policy.