

## COVID19 Additional Rates Relief Fund (CARF) Update

Date: 27/09/22

Report of: Chief Officer Culture & Economy

Report to: Director of City Development

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

- £1.5bn was made available by government nationally in January 2021 through the CARF scheme to support businesses in 2021/22 who were excluded from other forms of Rate Relief (Extended Retail Discount, Nurseries Discount or the Airport and Ground Operations Support Scheme (AGOSS)).
- The Leeds CARF allocation was £24,058,069. Key features of CARF are that the scheme provides relief to rate paying businesses in 2021/22 who can demonstrate an ongoing Covid-19 impact on their business. Any relief awarded must be granted by the Council by the 30 September 2022.
- LCC launched its local CARF assistance scheme in FEB 2022. The relief was capped at up to 75% of the Business Rates Costs up to a maximum of £105,000 per business/group of linked entities for businesses which could demonstrate a 25% loss of turnover. The decision relating to the launch of the CARF scheme is [D55000 'COVID-19 Additional Relief Fund \(CARF\)'](#).
- 739 applications have been received since February with 309 being approved for Rate Relief and 381 rejected as not meeting the criteria for the Scheme.
- The CARF scheme has been heavily promoted to rate paying businesses in Leeds within the constraints of government guidance, to encourage greater demand.
- To date, we have issued £5.917m to eligible businesses in Leeds.
- To maximise take up of our CARF allocation, whilst adhering to the guidance issued by government, it is proposed that we automatically issue a further £4,778,290.05 in rates relief to 808 businesses where we have strong evidence that they have suffered from a Covid-19 related impact on their business in 2021/22.

### Recommendations

- a) To issue £4,778,290.25 to the 808 eligible businesses outlined in this report (255 top-up awards to existing CARF beneficiaries and 553 awards to businesses which are in arrears on their 21/22 Rates accounts and therefore able to demonstrate a lasting Covid-19 impact on their business)

## What is this report about?

- 1 £1.5bn was made available by government nationally in January 2021 through the CARF scheme to support businesses excluded from other forms of Rate Relief (Extended Retail Discount, Nurseries Discount or the Airport and Ground Operations Support Scheme (AGOSS)).
- 2 The Leeds CARF allocation was £24,058,069. Key features of CARF are that the scheme provides relief to rate paying businesses in 2021/22 who can demonstrate an ongoing Covid-19 related impact on their business. Any relief awarded must be implemented by the 30 September 2022.
- 3 LCC launched its local CARF assistance scheme in February 2022. The relief was capped at up to 75% of the Business Rates Costs up to a maximum of £105,000 per business/group of linked entities for businesses which could demonstrate a 25% loss of turnover. The decision relating to the launch of the CARF scheme is [D55000 'COVID-19 Additional Relief Fund \(CARF\)'](#).
- 4 The CARF scheme has been heavily promoted to rate paying businesses in Leeds.
- 5 The CARF scheme has now been open to applications since February 2022 and to date the Council has received 739 applications of which:
  - 315 are already in receipt of rates relief & are ineligible for further assistance
  - 66 are ineligible after formal appraisal (Insufficient reduction in income)
  - 309 have been approved for Rates Relief worth a total of £5.917m
  - 33 are in appraisal /or waiting to be appraised
- 6 The scheme is now closed to new applications and we have a significant CARF allocation remaining which after the 30<sup>th</sup> September 2022 must be returned to central government. Take up of the scheme has not been as high as anticipated because a large proportion of businesses who are still suffering a Covid-19 related impact are already in receipt of rates relief and hence under the guidance issued by government are not eligible for CARF related assistance.
- 7 To maximise the take up of the CARF Scheme in Leeds it is proposed that automatic payments are made to the following businesses :

Sector	Award Criteria	Beneficiaries	Cost	Av. £ Per Beneficiary
Existing successful applicants	Automatically top-up all existing successful applicants up to 100% relief from 75% relief to a max of £105,000	255	£1,022,773.99	£4,010.88
Rate Payers in Arrears	Automatically award rate relief to all accounts in arrears from 21/22 that are not in receipt of other forms of business rates relief	553	£3,755,516.26	£6,791.17
<b>TOTAL</b>		<b>808</b>	<b>£4,778,290.25</b>	<b>£5,401.03</b>

## What impact will this proposal have?

- 8 The proposal above will increase CARF take up from £5.917m to £10.695m and will increase the number of businesses assisted from 309 to 862.
- 9 Providing further business rates relief will help rate paying businesses. This in turn will help to protect local jobs and business rates income.

## How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

10 It supports inclusive growth by safeguarding existing employment and supporting business growth within the city. This helps people in Leeds avoid falling into poverty which could have detrimental effects on their wellbeing.

## What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted?

Yes

No

11 Cllr. Jonathan Pryor, Executive Member for Economy, Culture and Education (Deputy Leader of Leeds City Council) was consulted on these proposals in September 2022.

12 The Council's audit team were also consulted on these proposals and consultation with neighbouring West Yorkshire local authorities was undertaken to help to shape these proposals.

## What are the resource implications?

13 Approx. £4.8m of CARF funds will need to be issued to 808 businesses on an individual basis via the Councils financial management systems by the Business Rates Team.

## What are the key risks and how are they being managed?

14 There is a risk that some payments may be issued to businesses that are no longer solvent or no longer occupy the premises the relief is being issued against. Solvency checks have been undertaken by the CARF and the Business Rates team using online credit checking databases to minimise this risk.

15 That beneficiaries of this fund exceed subsidy control limits. Businesses will be issued with terms that clearly state that they should inform the Council if they are not in a position to accept a discretionary rates relief award. This will minimise the associated risk.

## What are the legal implications?

16 The Government have stated that it is for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to the relevant government guidance and their local scheme whether they are in a position to award rate relief under section 47 of the Local Government Finance Act 1988. The relief is available to reduce chargeable amounts in respect of 2021/22 only. This proposal is in line with that guidance.

## Options, timescales and measuring success

### What other options were considered?

17 To issue automatic payments to a wider selection of businesses across the city. This option was deemed to be not in accordance with government guidance and hence could expose the Council to the potential clawback of rate relief funds.

**How will success be measured?**

18 By providing additional rate relief support to 255 businesses and helping a further 553 businesses who are in arrears with their 21/22 business rates accounts.

**What is the timetable and who will be responsible for implementation?**

19 Mark Amson, Head of Revenues will be accountable for the Rate Relief Awards working with officers in the Economic Development Service. Under the relevant legislation any decision with regards to the award of discretionary rate relief awards in 2021/22 must be made by the 30 September 2022.

**Appendices**

- N/A

**Background papers**

- N/A