



North Tyneside Council

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COVID-19 Additional Relief Fund
(CARF)

Background

On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. Guidance to Local Authorities was subsequently issued in December 2021. The funding is available to support those businesses affected by the pandemic but who are ineligible for existing support linked to business rates.

North Tyneside Council has been allocated £3,404,925 of this funding. The Government have advised that Local Authorities should adopt a local scheme and determine eligibility for support, which will be applied as a business rate relief under Section 47 of the Local Government Finance Act 1988.

Qualifying Criteria

The relief is available to reduce chargeable amounts in respect of the 2021/22 financial year only. North Tyneside Council's funding under this scheme means that a relief amount equating to 49% of rates liability will be awarded on business rates accounts that meet the qualifying criteria.

In line with Central Government guidelines, Local Authorities must:

- not award relief to ratepayers who for the same period of the relief are or would have been eligible for the Expanded Retail Discount (covering Retail, Hospitality and Leisure) or the Nursery Discount.
- 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
- direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

Businesses that have applied to us for hardship relief in 2021/22 may also be eligible for support if they meet the other qualifying criteria (rateable value exclusion will not apply).

Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by local authorities under the CARF Scheme will need to comply with the UK's

domestic and international subsidy control obligations (see “Exclusions to our scheme” below).

Exclusions to our scheme

Relief will be awarded automatically to eligible properties – there will be no application process.

Relief will not be paid to the following categories of ratepayer / property:

- Ratepayers who were eligible for “Expanded Retail Discount” during 2021/22.
- Properties within the retail sector (shops, public houses, restaurants, petrol filling stations, retail warehouses, car showrooms, supermarkets, superstores, betting shops etc).
- Ratepayers who were eligible for “Nursery Discount” during 2021/22.
- Hereditaments that are not buildings (apart from advertising rights who we are supporting)
- Ratepayers who are in administration, insolvent or where a striking-off notice has been made.
- Properties which are unoccupied.
- Ratepayers who have now vacated.
- National companies/chains which have multiple hereditaments and who would appear to be already outside of the allowable limits on subsidy in order to comply with the UK’s domestic and international subsidy control obligations (subsidies chapter of the UK-EU Trade and Cooperation Agreement (TCS)).
- Properties with a rateable value of £100,000 or more.
- Properties where the ratepayer is North Tyneside Council (or any other billing/precepting authority) or whereby North Tyneside Council defrays any rates due.
- Government buildings / political party offices.
- NHS properties, surgeries, health centres and hospitals.
- Banks/building societies.
- Education establishments.

Notice Periods

Under regulations made under Section 47 of the Local Government Finance Act 1988, local authorities must give at least 12 months’ notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills (other than to comply with any international agreement). Such a revocation or variation can only take effect at the end of a financial year but, within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible or reduces the value of the award, the relevant bill can be amended in the year to reflect the loss of the relief.

Our scheme is based upon our business rate records as of 1 June 2022. We do not propose to amend the amount of relief awarded if there are any future changes to liability (such as alterations to the rating list etc).

Subsidy Control

Providing discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by local authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations (see "Exclusions to our scheme" above).

This scheme is covered by three possible subsidy allowances:

Small Amounts of Financial Assistance Allowance - you're allowed up to 325,000 Special Drawing Rights (£343,000 as at 9 December 2021) in Small Amounts of Financial Assistance in a three-year period (consisting of the current financial year and the two previous financial years).

COVID-19 Additional Relief Fund Allowance - 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 you to receive additional relief of up to a further £1,900,000 for COVID-19 related losses.

This may be combined with the Small Amounts of Financial Assistance Allowance to permit you 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 - if you have reached your limits under the Small Amounts of Financial Assistance Allowance and COVID-19 Additional Relief Fund Allowance, you may be able to access a further allowance of funding under these scheme rules of up to £10,000,000 as a COVID-19 Additional Relief Fund Further Allowance under the CARF scheme.

Further guidance on subsidy allowance can be found at <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>

Decisions

All decisions in the granting of any relief under this policy will be made under the approval of the Cabinet Member for Finance, in accordance with the Council's scheme of delegated powers.