

PROPOSED SUPPORT TO BUSINESSES – RENT RELIEF POLICY

1. Issue.

As a result of the current situation caused by the COVID-19 pandemic, many of the Council's tenants will have difficulty meeting their liabilities as tenants. Difficulties will include:

- affording rental payments;
- affording Business Rates;
- affording to meet repair and maintenance requirements;
- affording to meet service, staffing and supplier costs

Depending on the sector in which the tenant's business operates, the difficulties may be accentuated if the business has had to close, either due to lack of custom, shortage of workforce or due to enforced closure.

2. Recommendation.

It is recommended that a 3 month rental holiday / rent free period be offered, upon request (on the assumption that the current conditions are expected to last for 12 weeks) with a review on 1st June.

Each application for relief will need to be treated on its own merits, but should be done in accordance with a standardised and responsive approach that enables tenants to understand how their case will be dealt with.

Each tenant is to sign a standard template document confirming their understanding that, despite the rent holiday offered to them, they will remain responsible for the security, repair, and maintenance of the property in accordance with the terms of their lease

The Council will suspend any enforcement action on existing or newly arising rental debt until the situation returns to normal. This is consistent with the latest Government regulations which places a moratorium on the forfeiture of commercial leases prior to 30th June.

3. Timings.

The policy can effectively be enacted immediately, with a further 3 working days required to create standard responses and templates.

4. Funding.

Worst case financial implications (loss of income) to LBB over three months are estimated to be:

- a) From tenants likely to be closed or suffer reduced turnover
 - Retail £137,886
 - Community (i.e. D1 users such as a nursery) £38,670

- Sports and leisure £199,106
- Other private organisations £74,850
- Charities – not assessed

Sub-total: £450,512

b) From all other tenants, not likely affected: £724,368

Total quarterly income (a & b combined) £1,174,880

Implementation.

CSG Property Services will set up a log of all tenant applications for rent relief, with the following information to be recorded:

- Property Address
- Name of tenant
- Tenant contact details
- Amount of annual rent
- Brief tenancy details – such as when the lease term expires
- Tenant's repair and maintenance responsibilities
- Whether there are any arrears on the system

Applicants will receive a standardised response advising them that the Council is considering all cases of hardship created by the current pandemic situation and will look at how it can alleviate the pressure on tenants through waiving, rent and other property commitments, dependant on individual circumstances.

For each application, CSG property Services will prepare for the Council an assessment of the case as follows:

- An analysis will be produced that indicates the financial implications to the Council.
- An assessment will be made of whether the tenant's business is being forced to close by the COVID-19 pandemic or face a reduced turnover
- The current position on rent arrears will be drawn to the Council's attention.
- The existence of any pre-existing subsidies will also be drawn to the Council's attention.

A recommendation will then be made to the Council as to what it may wish to do in this situation.

A separate Chief Officer Decision will be used in each case to record the decisions.

5. Background.

Council services that are either fully funded or subsidised and do not obtain their funds through trading in the market have not been included in this assessment.

Other options for relief that were considered but are not currently recommended are:

- **Deferred rental payments.** Rent for the three months March-June 2020 could be 'rolled up' and paid following the end of the pandemic arrangements. Payment could then be either in a lump sum or via a payment plan over an agreed period of time. This option has been discounted because of the significant financial impact that it will have on businesses, post epidemic.
- **Rent reduction.** Where tenants are not forced to close but are nevertheless suffering reduced turnover as a result of the pandemic situation, the Council may be willing to offer a temporary reduction in rent, either to be repaid or as an ex-gratia gesture. This option has been discounted because of the difficulty that would arise maintaining a consistent and fair approach to all tenants that seek assistance.