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| DECISION NO: | <i>For Member Services use only</i> |
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| Concurrence No: | 066422 |
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| Action under delegated authority of Chief Executive | |
| Action under delegated authority of Director of Finance and Cabinet Member for Finance | X |
| Action taken by Chief Executive in consultation with Cabinet Member(s) | |

Subject: Covid 19-rent deferrals / rent reductions

Signature and designation of officer(s) taking action:

| | |
|-----------------|---------------------|
| 27/10/2020 | 14/10/20 |
| Chief Executive | Director of Finance |
| Date | Date |
| | |
| | Date |
| | Head of Finance |

Name of Cabinet Member(s) Consulted:

I have been consulted and concur with the proposals set out below:

05/11/2020

| | |
|----------------------------|------------------------------|
| Councillor Mr Paul Mason | |
| Cabinet Member for Finance | Signature: _____ Date: _____ |
| Councillor | |
| Cabinet Member for | Signature: _____ Date: _____ |

Name of any member who has declared a conflict of interest in relation to this decision: _____

THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE

The report overleaf sets out the decision to be taken, the reasons for the decision, and the details of alternative options, if any, considered and rejected.

Officer decisions are available for public inspection, both at the Borough Offices and on the Council's website. Officer decisions are kept for a period of six years at the Borough Offices and for six months on the website after the decision is made. Background papers are available for four years.

RECOMMENDED that approval be given for the Acting Head of Property, in consultation with the Director of Finance, to negotiate a further three month rental deferment and /or rent reduction, up to a maximum of 50%, with those commercial tenants who are experiencing extreme financial difficulty due to Covid-19.

Purpose

To approve a further three month deferment of rent and /or a rent reduction up to a maximum of 50%, on a case by case basis, for those commercial tenants who have been the most severely financially impacted by Covid-19.

Background

By way of concurrence 066399 it was agreed that those commercial tenants suffering financial hardship due to Covid-19 would be granted a three month deferment of rent. Whilst this deferment, together with other measures including the business grants have assisted many commercial tenants, there are some tenants who are continuing to suffer extreme financial hardship. These tend to be new tenants, those tenants that were not eligible for a grant or those that were forced to close and have only recently reopened.

It is proposed to grant these additional rental concessions to only a limited number of tenants and would be subject to them providing substantive financial information proving their extreme financial hardship.

Each case would be judged on its own merits by the Head/Acting Head of Property, in consultation with the Director of Finance, and in most cases would result in a further three month rent deferment as a rent reduction would be the last resort. To date the Council only intends to grant a rental concession to one tenant (Kid Mania at Fairways) amounting to £17,400 +VAT (50% reduction for 6 months.) They run a soft play centre and were one of the last businesses to reopen following lock down and are now trading at less than 50% capacity. Furthermore, they were not entitled to any government grant as their RV exceeds £51,000. Going forward as the full financial impact of Covid-19 becomes apparent there may be concessions granted to other tenants, especially if there is a further lock down.

In addition to the tenant's financial position, other factors such as the marketability of the property together with the potential void costs (loss of rent, service charges, rates etc.) would be considered.

Financial, Legal and Risk Management Implications

A further three month deferment of rent would result in the rent being received at a later date than budgeted for in 2021/2022.

A rent reduction would result in an initial loss of rent to the Council, however by assisting to keep the tenant trading, ultimately it would reduce the risk of an empty property and the associated greater loss of rent together with costs such as business rates.

Alternative Options Considered and Rejected

The Council could chose not to grant a further three month rent deferment / rent reduction which could lead to the closure of the business. This would result in empty properties, a loss of income and increased costs such as business rates and service charges.

Contribution to the Council's Objectives and Environmental Sustainability Priorities

The three month rental deferment/rent reduction helps to support business growth and thriving town centres (Ambition Broxbourne).

Conclusion

It is recommended that a three month rental deferment / rent reduction (up to a maximum of 50%) is granted, on a case by case basis, to the few commercial tenants who are suffering extreme financial hardship due to Covid-19.

Contact Officer: Sarah High

Ext:5768

Date 9.9.20

Action reported to the Cabinet on:
