

## **Extraordinary Meeting 29<sup>th</sup> June 2020**

### **Item 15 – To agree process for formulating a policy on rentals and licence fees in the aftermath of the Covid-19 pandemic**

The Town Council's third largest source of income is from the rental of property in the town, generating in excess of £200,000 per annum. In addition to this there are a number of licence fees, such as those payable by taxi drivers, private beach hut owners and concessionaires. Unsurprisingly, given the extreme impact of the Covid-19 pandemic a majority of the Council's tenants have made contact to seek guidance on the Council's policy in respect of rental payments.

To date, great care has been taken not to commit the Council to a specific course of action because it appears premature to judge the financial situation of these businesses on the basis of the last three months alone. This is particularly true of those that are dependent on the holiday trade over the peak summer season. Whilst the Council has a legal obligation to seek to maximise its income, the difficult financial situation that many such businesses are facing has been acknowledged and assurances given that the Council will seek to work with its tenants and licensees to identify a way forward that is fair to both parties.

This is an example of a message recently sent to one of the Council's licensees:

'Council is yet to review the collection of rents and licence fees due, and clearly we're some way away from fully understanding the impact of the crisis on the summer season. We will continue to send out invoices and the bottom line at the moment is that the rents/licence fees will fall due as usual. However, we will be happy to discuss the situation with you on an ongoing basis'.

Clearly a range of options are open to Council, including pursuing the full payments of rentals due on the existing timescales, agreeing revised payment schedules, or granting rent reductions. Whatever way forward is identified it must be fair to all council tenants and licensees. A copy of a statement issued by Dorset Council on this matter has been appended to this briefing note for information.

In order to take this matter forward it is proposed that Council appoints a panel to look through the requests that have been received to date, to consider the stance of other local councils and to work with officers to devise a draft policy to be considered by the Policy, Finance and Performance Management Committee.

Some clarification will also be required in respect of payments for boat park spaces and the advertisement boards outside of the Information Centre. It is therefore proposed that consideration of these issues should also be included within the panel's remit.

#### **Decision required:**

To consider the appointment of a panel to work with officers to devise a policy in respect of licence fees, rentals and other commercial income to be considered by the Policy, Finance and Performance Management Committee prior to agreement by Full Council.

Martin Ayres

Town Clerk and Responsible Financial Officer

June 2020

## ***Dorset Council – Commercial Rent Position Statement 20 April 2020***

*Dorset Council recognises the financial impact that the Covid-19 pandemic is having on all business within the County whether they be large or small.*

*Dorset Council is also a business and relies upon the essential income stream it receives from its commercial tenants to provide vital services to the residents of Dorset. The Council is now experiencing a very high demand for many of these services, which is placing a large financial strain on its budgets.*

*The Council wishes to work with all of its tenants in a proactive manner during the current situation and beyond into the recovery phase from Covid-19. The Council will still be invoicing rent when it is due. This is a contractual requirement of the lease, but also this serves as a means for the landlord and tenant to make contact to discuss their respective positions. The council will not take any recovery action during the Covid-19 restriction period. The Council has many commercial tenants, operating in many different sectors, all of whom will feel the effects of Covid-19 in differing degrees. The Council is encouraging all tenants who are experiencing financial hardship and as a result will not be in a position to pay their rent to make contact.*

*At the time of drafting this position statement it is unclear as to when the current restrictions to limit the spread of coronavirus imposed by the Government will be lifted and therefore it is not possible to have a complete picture as to what financial effect this will have on business within the county and the Council's commercial tenants. The Council will review its position in relation to commercial rents only when restrictions have been lifted. This is in line with the approach adopted by other local authorities and commercial landlords. The Council will work with its tenants who are having difficulty making rent payments. The Council is aware of the seasonal nature of some of the industries its tenants operate within and will be guided by this when discussing rent issues.*

*Whilst the Council, on the whole, enjoys a positive working relationship with its tenants, it is within the context of a Landlord and Tenant relationship. The Council's remit, as a commercial landlord, does not extend to providing relief or compensation to its tenants for loss of profits. Any additional measures taken by the Council in its capacity as a commercial landlord will be in relation to rent and the tenant's ability to pay.*