

From: Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Rebecca Spore, Director of Infrastructure

To: Policy and Resources Cabinet Committee – 13 July 2022

Subject: Update on Rent Management as a result of COVID-19.

Classification: Unrestricted with exception of Appendix C that is exempt from publication under paragraph 3 of Part 1 of schedule 12a of the Local Government Act 1972

Past Pathway of Paper: Cabinet Member Decision (20/00048)

Future Pathway of Paper: Not Applicable

Electoral Division: Countywide

Summary:

On 4 May 2020, in response to the COVID-19 lockdown and the likely impact to Kent County Council's (KCC) tenants' businesses, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, took a decision to adopt the COVID-19 Response to Rental Management Policy. This report updates the Committee on the position regarding the COVID-19 Rent Management Policy and the financial impact to KCC to date, which has been minimal to the overall rental income budget.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to **Note** the report.

1. Introduction

- 1.1 The outbreak of COVID-19 was declared by the World Health Organization as a "Global Pandemic" on 11 March 2020 and has impacted global financial markets. Restrictions were implemented by many countries including the UK, leading to trading restrictions that have had a considerable impact on businesses.
- 1.2 The Government offered support packages and enacted legislation to protect businesses. KCC took an aligned approach by adopting the *COVID-19 Response to Rental Management Policy*. Please refer to Appendix A for the Record of Decision 20/00048 and Appendix B for the COVID-19 Response to Rental Management Policy.
- 1.3 The policy enabled KCC to enter into deferred rental payment arrangements with its tenants where there had been an impact on ability to trade and cover costs (such as payment of rent).

- 1.4 A key feature of the policy was that tenants given support would not be placed into a better position than they would have found themselves in had there not been a pandemic. Before agreeing any support, tenants were requested to apply for all government support for which they were entitled, which served many of them as a signpost to its availability.
- 1.5 A standard request form was sent to tenants requesting landlord assistance during the qualification period set out in the policy. This data was reviewed, and some flexibility was accepted for applications since it became apparent that some tenants needed time to consider the necessity for a deferment given other support available.

2. Outcome

- 2.1 In total 25 application forms were received from a potential 173 tenants (equating to about 14% of qualifying tenants) initially seeking support. The number of tenants receiving rent deferment support under this policy was 8 (5% of the total number of qualifying tenants). 17 tenants (about 68% of those who initially applied) decided not to take their request forward, likely following their further investigations into government support.
- 2.2 The decision report that accompanied the policy identified that in a worst case just over £1m of cashflow could have been deferred under the policy arrangement. Just under £140,000 was deferred (under 10% of the qualifying rent role).
- 2.3 5 tenants received a waiver of rent payment totalling £12,660 where their premises could not be accessed (through KCC closing down its premises). An example here would be where there was a café situated in a closed country park.
- 2.4 A breakdown of statistical data including the amount of rent deferred can be found within Appendix C. All tenants placed onto a deferred payment scheme have been able to maintain their agreed repayments.

3. Impact of the Policy

- 3.1 In view of the limited take up, the impact of the policy to KCC has been limited with only marginal cashflow implications. It has however provided a means with which to manage support requests and has ensured that KCC can act responsibly as a landlord with its tenants.
- 3.2 From a tenant's perspective business support from UK government has been comprehensive and many tenants originally applying for the support decided not to take their application forward. However, offering deferment support was taken up by a handful who may otherwise have struggled.

4. Equalities implications

- 4.1 The decision report advised, *‘There should be no negative Equalities Impacts in respect of this policy. Where this policy may ease impacts of Policy Return tenants (e.g. nurseries) there may be some positive impacts in supporting services to groups identified in the Equalities Assessment criteria.’*
- 4.2 At least 3 of the tenants receiving deferment support under the policy are “Policy Return” tenants where there may be some positive impact to the sustainability of these businesses.

5. Conclusions

- 5.1 Only 14% of tenants qualifying under the policy applied for an application with only 5% taking the application forward. The total amount deferred was circa £137,815. These tenants were placed under a repayment agreement and have maintained payments as agreed, with 3 tenants remaining to complete their repayment scheme.

6. Recommendation(s)

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The Policy and Resources Cabinet Committee is asked to **Note** the report.

7. Background Documents

- Appendix A – Record of Decision 20/00048
- Appendix B – COVID-19 Response to Rental Management Policy
- Appendix C – Specific Data (**Exempt**)

8. Contact details

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