

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 8 SEPTEMBER 2020

PUBLIC REPORT: Y

EXEMPT: N

Report Title	Variations to Charges for Council tenants
KEY DECISION	No
Report Author	Jan Falconer – Interim Economic Development Specialist
Purpose of Report	To consider providing additional support for the Council's tenants and as part of the COVID 19 recovery.
Reason for Decision	To ensure the sustainability and to assist in building greater resilience as they move into recovery.
Portfolio Holder	Councillor J Hallam
Corporate Priorities	The Place: CO1, CO2 The People: CO6, CO7
Financial Implications	Short term reduction in income to protect medium to long term income to the Council from HIC businesses.
Risk Management Implications	To mitigate loss of businesses tenancy; reducing risk of losing businesses from the HIC and the ongoing costs of repairs and maintenance at the HIC which will still fall on the Council even with varied charges levied on the businesses.
Environmental Implications	None as far as this report is concerned.
Legal Implications	As set out in the body of this report.
Equality Implications	None as far as this report is concerned.
Data Protection Implications	None as far as this report is concerned.
Consultation	Internal consultation with the portfolio holder.
Options	Option 1 – Agree the variation to charges as set out in the body of this report; or Option 2 – Not to continue the support after 30 June and revert to the pre-existing position.
Background Papers	N/A
Recommendation	To agree the variation of charges as set out in paragraphs 3.1, 3.2 and 3.3 below.

1. Introduction

- 1.1 During the COVID19 Crisis and taking into account the guidance issued by the government, the Council offered support to its tenants by offering a waiver or a deferral of rent from 1 April – 30 June 2020.
- 1.2 The Council waived the rent for this period for its tenants who are community organisations and its business tenants would be offered a three-month deferral of rent upon application. The detail of this is set out in 2.1 below.
- 1.3 The licensee as the Harborough Innovation Centre (“HIC”) were also offered a deferral of rent for this three month period as well as a waiver of certain additional fees such as ICT and telephone charges due to the majority of the licensees working remotely due to the pandemic.
- 1.4 As part of the recovery process, it is proposed that the Council should consider continuing a level of support to its tenants on the basis set out below.

2. Key Facts

Community Tenants

- 2.1. When COVID19 lockdown came into force, it was agreed as an emergency measure that charities and community groups holding leases or licences with the Council would receive a rental waiver from 1st April to 30th June 2020 (save those on a de minimis level of charge). The rent/fee would be invoiced as normal, but no debt would then be followed up on for this period and the charge would be credited to the business’s account post event. The cost to the Council for the April -June quarter was £5,658.
- 2.2 It is suggested that a further waiver of rent is approved for the three months from 1 July - 30 September 2020 to support those organisations during the initial recovery stage, and that this is reviewed on a case by case basis thereafter.

Commercial Tenants

- 2.3 Commercial tenants have, to date, on application, been offered a rent deferral for the three-month period (1st April to 30th June) in response to the COVID 19 lockdown. Full repayment of these fees is to be made by affected businesses by 30th September 2021. This arrangement is to be extended until 30 September 2020 on the same basis. This would not have a cost impact on the Council however would impact on cashflow as the repayment is spread over two financial years.

The Harborough Innovation Centre

- 2.4 As a result of the COVID19 lockdown, in April 2020 the Council offered its businesses with license fees in the HIC a 3-month license fee deferral. The Council also waived the Information Technology (IT) Fees levied on the HIC business (largely because at the time the new system had not been fully installed); and Telephone Charges were also deferred (as most businesses had diverted their phones to alternative contact numbers). We charged for fees undertaken on a user pays basis.
- 2.5 Of the 43 businesses in the HIC prior to lockdown, 2 businesses have since left and one has become a virtual business. Four businesses have continued to trade from the HIC. Since June 2020 there has been a slow, but steady return of businesses and now there are 12 businesses regularly trading from the HIC. However, there are 3 businesses who are planning to move on and 3 new businesses keen to take up residence at the HIC.
- 2.6 The aim is to rebuild HIC occupancy in line with the mission and values of the HIC. To enable this to happen, the Council needs to continue to support its existing tenants

and encourage new tenants into the HIC. Given the challenges businesses are experiencing during the Covid-19 pandemic, the HIC needs to be flexible and be able to provide new and creative opportunities in line with the requirements of new businesses and ventures. It is proposed that rental charges for the three-month period from 1 July -30 September 2020 are deferred on the basis set out in 3.1 and 3.2 below. In addition, it is proposed that a number of interim changes are made to the ancillary service charges, which are set out in 3.3 below.

3. Changes in Fees and Charges to 31 March 2021

3.1 With respect to existing licensee at the HIC, licence fees to be deferred for a further three-month period until 30 September 2020 with full repayment by 30 September 2021.

3.2 In addition existing licensees who already benefit from an agreed licence discount will continue to receive this until 31 March 2021. Thereafter the discount will be reduced by 50% for the period 1 April 2021 until 31 March 2022 with all licence discounts removed from 1 April 2022.

3.3 Proposed HIC Changes in Charges to all resident Businesses:

- It is proposed that the following ancillary charges are waived for existing and any new licensee until 31 March 2021:
- ICT and WIFI Access Fees
- Phone Charges
- Meeting Room costs (subject to full costs being recovered for non-attendance at pre booked room)

The cost to the Council if these proposals relating to the HIC are approved is set out in the table in paragraph 3.4 below.

3.4 *Monthly budget impact*

The budgeted licence fee was based on 90%+ occupancy and includes non-domestic rates. The forecast represents actual occupancy as of July 2020 less non-domestic rates. A demonstration of good faith potentially will yield loyalty and the desire on the part of HIC businesses to stay in the HIC rather than leave. The forecast monthly budget impact of giving effect to the proposed changes to charges in this report is set out in the table below:

Monthly 2020-21	Budget	Forecast (based on actuals) 2021-22	Forecast with proposed changes: period 2020-21	Forecast with proposed changes: period 2021-22
License Fee	£50,564	£27,523	£27,523	£40,000
Additional Income	£9,228	£9,228	£2,000	£10,000
Expenses	£48,087	£38,111	£38,111	£38,111
Net surplus (net loss)	£11,705	(£1,360)	(£8,588)	£11,889

Non-Domestic Rates (NNDR) are not paid for vacant rooms.