



Ministry of Housing,
Communities &
Local Government

Luke Hall MP

*Minister for Regional Growth
and Local Government*



Department for
Business, Energy
& Industrial Strategy

Paul Scully MP

*Minister for Small Business, Consumers and
Labour Markets*

Clive Betts MP
Chair
Housing, Communities and Local Government
Committee

18 May 2021

Dear Clive,

RATING (CORONAVIRUS) AND DIRECTORS DISQUALIFICATION (DISSOLVED COMPANIES) BILL

In your capacity as Chair of the HCLG Committee, we are writing to inform you that the Government last week introduced the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill into the House of Commons. This is a Bill with two distinct measures. The first is a measure which changes the grounds for business rates appeals in the light of the pandemic. The second is a BEIS measure, which will provide for the investigation and, where necessary, the disqualification of unfit directors of companies which have been dissolved. This letter sets out the context and importance of both of these measures.

On 25 March, the Chancellor announced an additional £1.5 billion business rates relief targeted at those businesses that have not already benefited from reliefs worth £16 billion put in place since the start of the pandemic. The Chancellor also announced that the Government would be taking steps to ensure that the impact of COVID-19 and the Government's response to it is not reflected in rateable values (the underlying valuation which partly determines business rates bills) before the next general revaluation in 2023. Subject to Royal Assent, this Bill will ensure that COVID-19, and the restrictions put in place in response to it, are not considered relevant for business rates appeal purposes from the start of the pandemic. The Valuation for Rating (Coronavirus) (England) Regulations 2021, which were laid before Parliament on 25 March, have already ruled out these appeals prospectively.

This approach is the fastest and fairest way of getting support to the ratepayers who need it most and avoids a process of resolving such appeals through the courts. Such a process could take years and would create additional uncertainty for

ratepayers and councils who rely on income from business rates to deliver vital local services. Instead, the introduction of a new £1.5 billion relief will ensure that targeted relief is distributed according to which sectors have been affected the most economically as a direct or indirect result of COVID-19. We will work with and support local government to enable ratepayers to apply for this relief as soon as possible, once the legislation relating to business rates appeals has passed and councils have set up local schemes. The Local Government Association has welcomed the announcement of the £1.5 billion relief fund and the certainty for councils which this Bill will deliver.

The measure relating to the disqualification of unfit directors of dissolved companies closes a legal loophole that currently exists in the insolvency enforcement regime. It will extend the Secretary of State for Business, Energy and Industrial Strategy's powers to investigate company directors for misconduct to include former directors of dissolved companies, along with the sanctions which include being disqualified to act as a company director for a period of time.

Dissolving a company, rather than putting it through a formal insolvency procedure, can prevent the proper distribution of the company's remaining assets to its creditors. It is also a method used to avoid the cost of formal insolvency proceedings and the scrutiny of the former directors' actions that they entail.

This measure is being introduced now to provide an important tool in combatting bounce-back loan fraud. The potential for such fraud is a matter of urgent concern for the Government. The Chancellor announced in Budget 2021 that additional funding and, where necessary, relevant powers would be given to regulators to combat Bounce Back Loan Fraud.

We look forward to working with you on this legislation which will ensure support for businesses across England, as well as making sure we hold unfit directors to account.

Yours ever,



LUKE HALL MP



PAUL SCULLY MP