

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
7 NOVEMBER 2007

PROPERTY VOIDS AND DEBTS

1.0 PURPOSE OF REPORT

- 1.1 To inform Members of the position regarding void properties for the period 1 February 2007 to 30 September 2007 and debts for the four quarters ending on the September 2007 quarter day.

VOID PROPERTIES

2.0 BACKGROUND

- 2.1 The situation regarding void properties as at 31 January 2007 was reported to the Scrutiny Committee – Economy on 1 March 2007.
- 2.2 For the purpose of the report a void is defined as any unused or unlet land or building which is not used for the provision of services but with the following assumptions:
- Includes commercial properties and undeveloped and surplus land
 - Excludes parks and community spaces, allotments and garden plots, grazing land, all highway land, pavement cafes, showcases, parking spaces and Council houses.
- 2.3 Any property remaining un-let for more than one year is treated as a long-term void for the purposes of this report.

3.0 LONG TERM VOIDS

- 3.1 Since the last report six long-term void properties have been removed from the list. The Development Agreement for the former Electricity Building on Haven Road was entered into in August 2007 and works of conversion and refurbishment are now underway. The four unlet shops at Beacon Lane (three of which were long-term voids) have been let to Wilkies Stores. That operator will be vacating the freestanding unit at 88B Beacon Lane during October 2007. Marketing has commenced with a good level of interest for this unit. The first floor offices at 50/53A South Street have recently been let to Gemini Taxis. Works to the Custom House are complete and the AFU should be in occupation by the date Scrutiny meet.
- 3.2 A letting for 118 Cowick Street had been agreed earlier this year, but fell through. This shop is now let subject to contract for retail sale and supply of clothes to the elderly.
- 3.3 The long-term voids as at 30 September 2007 are summarised in Table A below.

Table A
Long term voids

Address	Area m ² Approx	Rental Value £	Date Vacated	Notes
118 Cowick Street	65	6,250	25/03/05	See note 3.2
Total	65	6,250		

4.0 SHORT TERM VOIDS

- 4.1 Since the last report, the first floor offices at 115 Sidwell Street have been let to a welfare support organisation.
- 4.2 The former Sharps unit at 1 South Street is let to Warrens.
- 4.3 The new shop unit at 87 Fore Street, created as part of the reconfiguration of the former St George's Market, is let to Rainbow Trading.
- 4.4 The retail unit at 81 South Street has been let for the sale of celebration cakes.
- 4.5 The new convenience store at Kinnerton Way secured by the Council as part of the community provision at this site is now let to Nearby Stores but is not yet trading.
- 4.6 The shop at 91 Wonford Street is likely to form part of a redevelopment scheme for which discussions between Housing Services and a RSL are progressing. It had been occupied until recently by TVRS but is now vacant and is unlikely to be re-let prior to a scheme proceeding.
- 4.7 120/121 Sidwell Street was handed back to the Council as the previous tenant, Olan Mills Ltd, had gone into administration and the lease was subsequently disclaimed. This double unit in a secondary position is proving very difficult to let. It has been placed with external Agents.
- 4.8 A new void is at 88 Fore Street where the previous tenant, The Card Shop, went into administration, with the unit being handed back to the Council. Marketing has produced a range of interest but no commitment as yet.
- 4.9 The short-term voids as at 30 September 2007 are summarised in Table B below.

Table B
Short term voids

Address	Area m ² Approx	Rental Value £	Date Vacated/Available	Notes
91 Wonford Street	40	1,300	20/12/06	See note 4.6
120/121 Sidwell Street	135	29,600	18/01/07	See note 4.7
88 Fore Street	85	42,800	25/01/07	See note 4.8
Total	260	73,700		

5.0 UNDEVELOPED AND SURPLUS LAND

5.1 Since the last report no land in this category has been disposed of.

Table C

Land	Area Hectares	Descriptions	Comments
Exhibition Fields (Eastern Fields)	2.6	Development site	Linked to infrastructure provision

6.0 CONCLUSION

6.1 The position on void units compared to the four previous reports is:

Table D

	No of Void Units	Total Area of Void Units in m ²	Annual Rental of Void Units (£)
July 2005	12	2,711	154,900
January 2006	14	2,740	161,700
July 2006	13	2,964	210,750
January 2007	15	2,301	202,100
September 2007	4	325	79,950

6.2 The position on long-term voids is very positive with only one property in this category, which is let subject to contract. Of the short-term voids, one is being held for development, with the remaining two being marketed hard. The retail property market continues to be generally strong with relatively few un-let units. Well-placed units do let with effective marketing, but units in poorer locations have proved more difficult to let.

6.3 The rental value of current voids amounts to approximately 2.2% of the total rental value of the commercial portfolio. This is very low for a large and varied property base.

RENT AND DEBT COLLECTION

7.0 BACKGROUND

The table overleaf summarises the amount of rent invoiced for each of the four quarters up to the quarter ended 28 September 2007, and the outstanding amounts at various points up to the date of compilation, the 30 September 2007. The first three columns of the table summarise the invoices as sent; the fourth column the amount of rent outstanding at 28 days, along with the percentage of the original total which these figures reflect; the fifth at 90 days, and the final one as at the date of compilation of this table.

8.0 PERFORMANCE INDICATORS

- 8.1 Targets have been set for debt management where the rent is billed on a quarterly basis. The Council has agreed that debts outstanding 90 days after billing should be less than 2% of the total sum invoiced.

9.0 CURRENT POSITION

- 9.1 £95,688 outstanding at 90 days, representing 3.4% of the total invoiced on the M01 to M05 Cost Centres during the 4 quarters ending the 28 September 2007 is a large increase on the amount outstanding in the last report made to Committee in March 2007, the figures then being £30,628 and 1.16% respectively.
- 9.2 Of this unusually high amount of £95,688 outstanding at 90 days, over £55,000 was owed (and still is) by just 7 tenants – including some £16,500 due from an ex-tenant in respect of dilapidations to his premises, interest and County Court costs on the Judgement obtained against him. Of the remaining 6 tenants, one (owing approximately £12,000 up to and including 28 September) is hoping to sell his business very shortly and settle the debt and the other 5 are either making agreed payments to clear substantial “one-off” invoices in respect of back rent due following late rent reviews, or, being “serial debtors”, have had their outstanding rents collected by Bailiffs who are currently holding approximately £7,800 to the Council’s account.
- 9.3 Committee will note that as at the 30 September (i.e. 2 days after the 90 day “deadline”), the total outstanding had dropped to £56,982 or 2.02% of the total originally invoiced. Even though this figure is still higher than officers would wish, it is far closer to the usual picture at the 90 day stage.

10.0 RECOMMENDED that:

- 10.1 The Report on Voids and Debts be noted.

**COMMERCIAL DEBT RAISED AND OUTSTANDING
AS AT 30 SEPTEMBER 2007**

Summary	Items	Amount	Outstanding at 28 days	Outstanding at 90 days	Outstanding as at 30.09.07
		£	£	£	£
Billed September 2006	255	811,455	103,527	8,162	0
% outstanding			12.76%	1.01%	0.00%
Billed December 2006	298	644,521	117,012	23,007	0
% outstanding			18.15%	3.57%	0.00%
Billed March 2007	247	660,619	149,093	10,227	7,615
% outstanding			22.57%	1.55%	1.15%
Billed June 2007	253	698,870	116,837	54,292	49,367
% outstanding			16.72%	7.77%	7.06%
Total	1,053	2,815,465	486,469	95,688	56,982
% outstanding			17.28%	3.40%	2.02%

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Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:- None