

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
1 MARCH 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 August 2006 to 31 January 2007 and debts for the four quarters ending on 24 December 2006.

VOID PROPERTIES

2.0 BACKGROUND

- 2.1 The situation regarding void properties as at 31 July 2006 was reported to the Scrutiny Committee – Economy on 7 September 2006.

- 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 two long-term void properties have been let. The former market hall at the St Georges building is now occupied by Foodeaze. Following a very high quality fit out, this space is trading as a food hall with an exciting fresh and international food offer, a restaurant of some 60 covers and the Foodeaze Academy (a cookery school). Topsham Lock Cottage is now let to AS Watersports as an outdoor activity and education centre with bunkhouse accommodation.

- 3.2 The former Electricity Generating Building is under offer as part of the Phase I proposals for the Canal Basin. Completion of the Development Agreement and commencement of conversion works is imminent. The scheme will provide retail and restaurant units and a hotel reception on the ground floor frontage with hotel suites above. The turbine hall to the rear will be an exhibition and gallery space and will provide a breakout area for the restaurant offer. The scheme also includes a new retail and residential block on the adjoining site.

- 3.3 At Beacon Lane, terms have been agreed with Wilkies Stores, the convenience

store operator at number 88B, for them to vacate that unit, and take a much larger trading space within the run of shops at numbers 92 – 98. The hairdresser, currently at number 92, has agreed to move to number 90. Once this is achieved, a new void will arise at 88B. The prospects of re-letting the freestanding unit are good. Tenders for the necessary reconfiguration work were higher than anticipated, but an addition to the capital programme has now been approved by Executive to allow the scheme to proceed. It is anticipated that work will commence in early April and be complete by the end of June.

- 3.4 The Custom House is to be occupied by the Archaeological Field Unit, once works to facilitate this occupation are carried out. A tender for the work has been accepted and the contractor is set to commence the project on 12 March and complete by mid August.
- 3.5 118 Cowick Street is let, subject to contract, and in solicitors' hands.
- 3.6 The first floor offices at 50/53 South Street are now let, subject to contract, to Foodeaze.
- 3.7 The long-term voids as at 31 January 2007 are summarised in Table A below.

Table A
Long term voids

Address	Area m² Approx	Rental Value £	Date Vacated	Notes
Former Electricity Generating Building	940	10,000	10/06/02	See note 3.2
90 Beacon Lane	47	4,500	27/07/04	See note 3.3
94 Beacon Lane	47	4,500	01/06/04	Ditto
96 Beacon Lane	47	4,500	30/09/04	Ditto
Custom House	246	Nil	01/09/91	See note 3.4
118 Cowick Street	65	7,000	25/03/05	See note 3.5
50/53 South Street	76	4,000	01/10/05	See note 3.6
Total	1,468	34,500		

4.0 SHORT TERM VOIDS

- 4.1 Since the last report, the second floor offices at 115 Sidwell Street have been let to the previous tenant of a smaller office area on the first floor, which is now void.
- 4.2 The former Sharps unit at 1 South Street is let to Warrens subject to contract and planning consent.
- 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 subject to contract.
- 4.4 The retail unit at 81 South Street was taken back by the Council at the end of last November and is now on the market following the carrying out of some remedial work.

- 4.5 The new convenience store at Kinnerton Way secured by the Council as part of the community provision at this site has been marketed and is now under offer.
- 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 has recently been handed back to the Council as the previous tenant, Olan Mills Ltd, has gone into administration and the lease has subsequently been disclaimed.
- 4.8 The short-term voids as at 31 January 2007 are summarised in Table B below.

Table B
Short term voids

Address	Area m ² Approx	Rental Value £	Date Vacated/Available	Notes
1 South Street	260	50,000	31/07/06	See note 4.2
98 Beacon Lane	47	4,500	23/06/06	See Note 3.3
115 Sidwell Street (first floor part)	21	2,300	06/10/06	On the market
87 Fore Street	144	45,000	01/07/06	See note 4.3
81 South Street	66	19,000	27/11/06	See note 4.4
Kinnerton Way	120	18,000	15/11/06	See note 4.5
91 Wonford Street	40	1,300	20/12/06	See note 4.6
120/121 Sidwell Street	135	27,500	18/01/07	See note 4.7
Total	833	167,600		

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 m²	Annual Rental of Void Units (£)
July 2004	16	1,641	68,710
December 2004	16	1,655	89,660
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

- 6.2 The position on long-term voids is very positive with proposals in place for each property in this category. Of the short-term voids, lettings are agreed for a good number of these with the remainder being recent vacancies. 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 much more difficult to let.
- 6.3 The rental value of current voids amounts to approximately 5.5 % of the total rental value of the commercial portfolio. This is to be expected 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 24 December 2006, and the outstanding amounts at various points up to the date of compilation, the 29 January 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 £30,628 outstanding at 90 days, representing 1.16% of the total invoiced on the M01 to M05 Cost Centres during the 4 quarters ending the 24 December 2006 is a slight reduction on the amount outstanding in the last report made to Committee in September 2006, the figures then being £32,081 and 1.17% respectively.

- 9.2 However, hidden within these figures are various amounts which sit as credits or overpayments against certain invoices: some of these will in due course be returned to the tenants as overpayments and some will be reallocated as payments against the correct invoices, but whilst they sit within the system their presence necessarily results in inaccurate “Outstanding” figures – note especially where 0.00% has been entered: there are bound to be some outstanding invoices here but the total debt is outweighed by certain other invoices having been overpaid, and the resulting credits being temporarily held in the System.
- 9.3 The figure of 44.70% outstanding on the March 2006 Quarter after 28 days arises from a large number of payments although made being held temporarily unallocated during April. The figure is misleading, and would have been greatly reduced shortly afterwards. In addition, certain properties were the subject of “one off” invoiced amounts during this quarter in respect of back charges following Rent Reviews, and this has tended to distort the total in the Amount column for March.
- 9.4 The drop in the total invoices raised after March is due to rationalisation, whereby some properties which had been receiving two invoices up to the March quarter (in respect of Rent and, separately, Insurance) thereafter have been receiving a single joint invoice.

10.0 RECOMMENDED that:

- 10.1 The Report on Voids and Debts be noted.

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

Summary	Items	Amount	Outstanding at 28 days	Outstanding at 90 days	Outstanding as at 30.01.07
		£	£	£	£
Billed December 2005	296	588,143	49,615	0	0
% outstanding			8.44%	0.00%	0.00%
Billed March 2006	293	853,560	381,516	14,373	0
% outstanding			44.70%	1.68%	0.00%
Billed June 2006	252	586,712	115,367	8,093	0
% outstanding			19.66%	1.38%	0.00%
Billed September 2006	254	620,518	103,527	8,162	2,475
% outstanding			16.68%	1.32%	0.40%
Total	1,095	2,648,933	650,025	30,628	2,475
% outstanding			24.54%	1.16%	0.09%

**DAVID PROSSER
HEAD OF ESTATES SERVICES
ECONOMY & DEVELOPMENT DIRECTORATE**

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