

**CONFIDENTIAL PART II ITEM**

**CLIENT PROPERTY ACCOUNT (COMMUNITY AND ENVIRONMENT) -  
OUTSTANDING DEBT**

Accountable Officer: Mark Jones (Head of Legal and Property Services)

Author: Gary Joyce (Management Surveyor) MK 252720

**1. Purpose**

- 1.1 To report on performance in terms of collecting rent and service charge income from properties held by the various Committees other than Corporate Property Account and Housing Revenue Account.
- 1.2 This report will be submitted to Committee on a quarterly basis. The objective is to monitor trends.

**2. Summary**

- 2.1 The percentage of outstanding debt based on interrogation of the Recurring Charges System as at 17 August 1999 was 30.23%. £148,957 (78.46%) of the total debt of £189,883 relates to recurring charges entries where monies are held elsewhere in MKC and as such are not a true third party debt. These relate to managed premises at Denbigh House and Kiln Farm (£131,597) where accounts need to be reconciled for the last few years and where confirmation has been given that an accrual is held in Community and Leisure's budget. Also, Leon School (£17,000) where MKC act as guarantor for the tenant. This peculiar arrangement has arisen as originally the guarantee was given by MKBC. With the transfer of the property the landlord and the guarantor are now the same party. Stripping out these figures the percentage of outstanding debt falls to 6.51%
- 2.2 The above figures have been shown in this report for completeness but will be omitted in future.
- 2.3 A detailed summary and analysis of outstanding debt is **annexed** to the report.

**3. Action by Property Service**

- 3.1 The approach outlined in previous Corporate Property reports will continue to be used as a model. This means being more proactive and tackling debts firmly and sensitively at the 21 day stage. Tenants are being encouraged to discuss real payment difficulties with the Management Surveyors.

- 3.2 Tenants will be charged interest on late rent and service charge payments where these are permitted under the lease.
- 3.3 Where appropriate bailiffs will be used to levy distress or the Legal Section instructed to start court proceedings.

#### 4. **Background**

- 4.1 This is the first report on outstanding debt for Community and Environment Committee properties.
- 4.2 The total debt is £189,833 and the total annual income is £628,080. Details of debts greater than £2000 are set out below.
- 4.3 The situation regarding the debts arising from Denbigh House and Kiln Farm have been set out above but as stated are not a true third party debt. The monies owed have been accrued in Community and Leisure's budget pending a reconciliation of the properties accounts.
- 4.4 The debt at Leon School has been previously explained as an historical anomaly as originally Bucks County Council was the landlord and MKBC was the guarantor for the tenant. Upon Local Government Reorganisation the freehold of the property transferred to MKC and hence the Council is now both the landlord and guarantor.
- 4.5 Regarding the debts at Woughton it has been agreed by Community and Leisure officers to cease demanding rental payments from this tenant whilst proposals are being explored with the tenant to completely restructure the leasing arrangements and allow greater community involvement in the running and use of the club.
- 4.6 At Weston Road, Olney the 74 acres of grazing land lies in the flood plain and is let under a grazing licence to a farmer who has been difficult to contact. The Council's agricultural agents ,Carter Jonas are establishing whether there are other farmers who wish to take this land on before the licensee is advised we will be seeking possession and recovery of outstanding monies.

#### 5. **Implications**

##### 5.1 Environmental

Checks are being carried out to ensure the Council is not left with a large acreage of untended land at Olney.

##### 5.2 Equalities

The Council's Equal Opportunities Policy is taken into consideration when dealing with debt recovery matters.

##### 5.3 Financial

Improvement in debt recovery will assist the Council's cash position.

#### 5.4 Legal

Appropriate legal steps will be taken where necessary

#### 5.5 Staff and Accommodation

Although the Department is currently one surveyor short its commitment to debt recovery and implementation of the approved policy will continue.

### 6. **Conclusions**

The nature of the tenants for Community and Leisure and Environment Committees differs from that of the Corporate properties. Debt identification and subsequent recovery is dealt with in conjunction with officers from Community and Leisure Environment and Estates. In many cases the tenants fulfil a social need and alternatives need to be in place before possession is sought. There are however tenants who operate a business purely as a commercial venture e.g. the factories on First Avenue, Bletchley and swift action without the need for alternatives can be taken in these cases.