

CORPORATE PROPERTY ACCOUNT - OUTSTANDING DEBT

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1. Purpose

- 1.1 To report on performance in terms of collecting rent and service charge income from properties held by the Corporate Property Account.
- 1.2 The objective of this report is to monitor trends.

2. Summary

- 2.1 The percentage of outstanding debt based on interrogation of the Recurring Charges System as at 7 March 2000 was 2.95 %. For the preceding report the debt was 3.39%. A detailed summary and analysis of outstanding debt is shown in the **Annex** to this report.

3. Action by Property Service

- 3.1 The approach outlined in previous reports will continue. This means continuing to be 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 are being charged interest on late rent and service charge payments where this is permitted under the lease.
- 3.3 Bailiffs have been used to levy distress and the Legal Section will be instructed to start court proceedings if necessary.

4. Background

- 4.1 Similar reports on the profile of debt for non-corporate rented properties have been produced for the appropriate committees.
- 4.2 The total debt has decreased from £24,184.76 to £18,962.60. The total rental income is £642,286.96.

- 4.3 The debt for 1 Dodkin Beanhill remains. The tenant does not seem inclined to discuss the situation although has had the opportunity. The debt procedure is being invoked again and further interest is now being added to the debt. A deadline for clearance of the debt has been set and further action will be taken if the debt remains at that time.
- 4.4 Regarding 4 Dodkin, Beanhill, the debt is now falling slowly and the tenant is sticking to the agreement reached.
- 4.5 The tenant at 2 Harrier Court has just started to pay his rent by Direct Debit. The debt is service charge which it is believed he has overlooked as a result of paying rent by Direct Debit and a reminder has been sent to him.
- 4.6 5 Harrier Court. The tenant has indicated that a cheque has been sent in respect of this debt but it is not yet appearing on the accounts system. The situation is being monitored.
- 4.7 6 Harrier Court. The tenant has indicated that he wishes to assign his lease of these premises. The debt procedure has been invoked and the tenant informed that it will be a condition of the Assignment that his debt is cleared.
- 4.8 With regard to 13 Blackmoor Gate, the tenant of this property has continued to have financial problems and has now gone into liquidation. There was sufficient money in the rent bond to clear the debt at the date of liquidation. Contact has been made with the Liquidator to establish if they intend to disclaim the lease prior to its termination in May 2000.
- 4.9 Telecommunications at Civic Offices – Ionica. The tenant has gone into liquidation and the debt is being chased with the Receivers.
- 4.10 Management Surveyors within the Property Division are monitoring debt effectively as part of their duties. They have discussions with the tenants to ascertain whether they have genuine difficulties and, if so, to work out the best way of dealing with these so that payment of rent and service charge can be kept up to date. This is working with the majority of tenants and will continue to be carried out.

5. **Implications**

5.1 Environmental

5.2 As part of improving communications between ourselves and the tenants we are becoming aware of any defects in and around our properties more quickly and can therefore deal with them sooner.

5.3 Equalities

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

5.4 Financial

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

5.5 Legal

The terms of leases for the commercial properties in local centres will be taken into account when debt recovery procedures are implemented and where permitted, interest will be charged on late payments. It may be necessary to review our use of Bailiffs in the debt procedure in light of the Human Rights Act 1998 which is expected to come into force in October 2000.

5.6 Staff and Accommodation

The Departments commitment to debt recovery and implementation of the approved policy will continue.

6. **Conclusions**

The level of debt has again decreased although fluctuations are expected to continue. The overall debt figure is still below the target figure. Every effort will be made to keep the figure below the target.

Background Papers: None