

1. **PURPOSE OF REPORT**

To provide an update on the level of debt within the Commercial Estate and information on the different sectors that are occupying units.

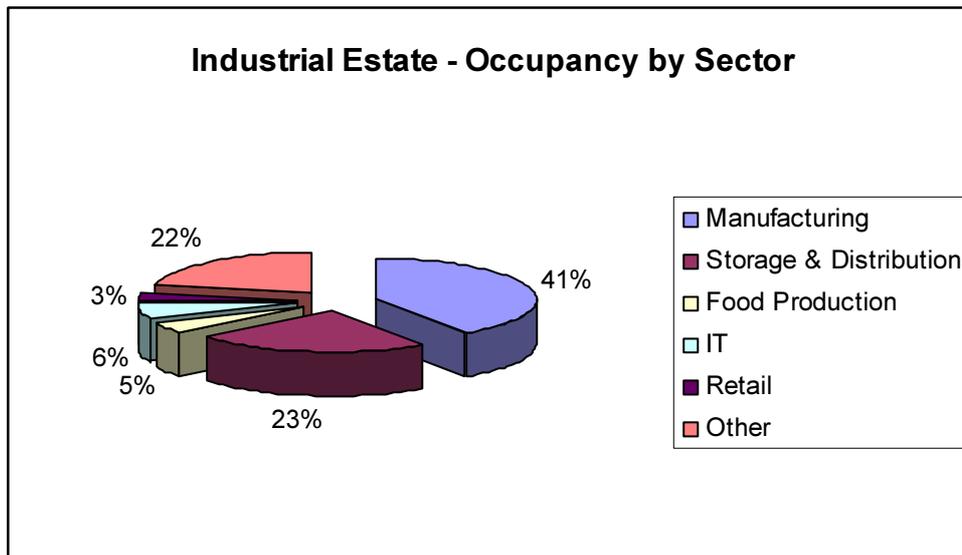
2. **RECOMMENDATION**

That the report is noted.

3. **BACKGROUND TO THE REPORT**

The Commercial Estate Review Report has been produced to update The Finance, Audit and Performance Committee on the level of debt from the portfolio and information on the types of businesses occupying the units. This report was requested following the Commercial Estates Review Update delivered on 26/03/2012.

Types of Business



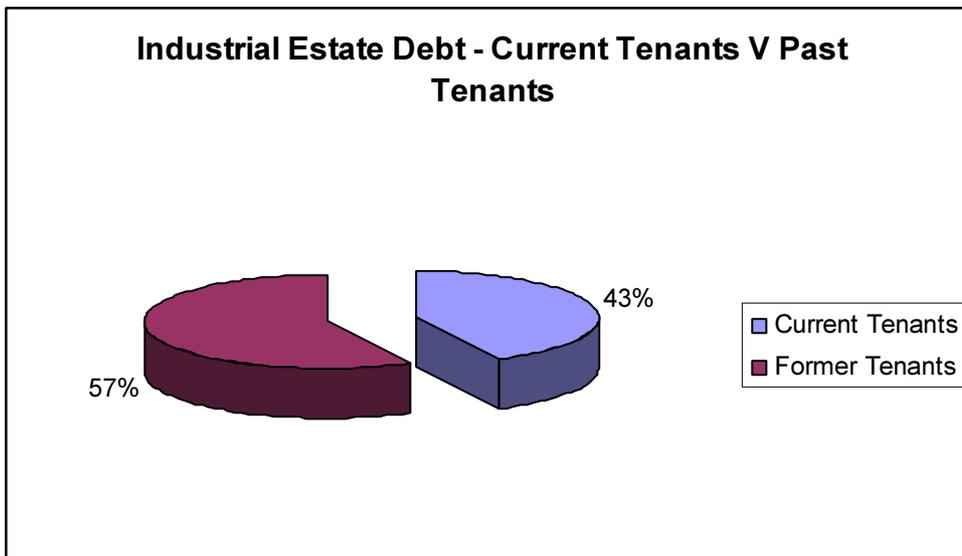
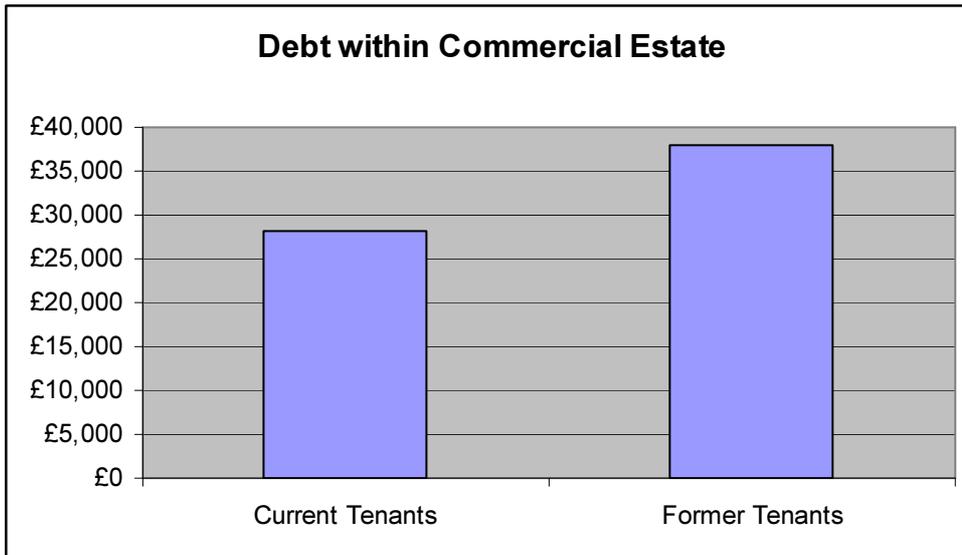
From the above chart, it can be evidenced that the manufacturing sector has the highest occupancy rate within the estate, with a figure of 41%. This is particularly noticeable at Sketchley Meadows, Merrylees and Hinckley Business Park, where a manufacturing base is established.

Greenfields has attracted a more varied tenant base with sectors such as IT, Renewables and Signage/Advertising being more prevalent.

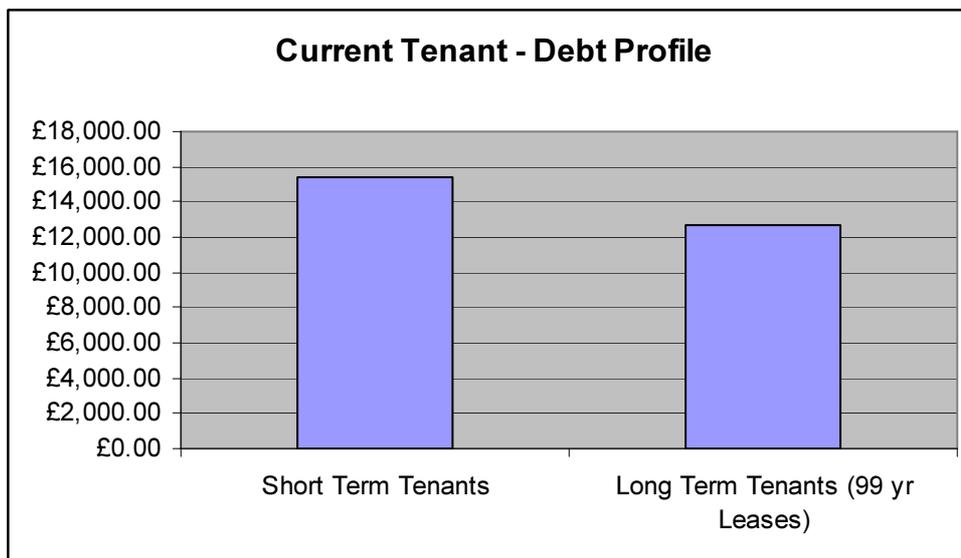
Debt Levels

The debt within the Commercial Estate is currently split between current tenants and former tenants.

Current tenant debt stands at £28,071 whilst former tenant debt is £37,965. Combined together, this represents 7% of the total rent roll, with current tenants equating too 3%.



The current tenant debt can be split between 2 separate profiles, those being short term tenants (those on standard 3 year leases) and long term tenants (99 year ground leases). Debt on the short term leases equates too £15,406, whilst on the longer term leases this figure is £12,665.



Repayment plans are in place for tenants on the debtor list, whilst one of the long leasehold tenants is currently in the process of organising a sale of their unit to repay the arrears.

4. **FINANCIAL IMPLICATIONS (IB)**

There are no implications arising directly from this report.

However members should note that after all debt recovery options have been explored, if a debt write off was approved this would be charged to the general fund therefore have an impact on general fund balances.

5. **LEGAL IMPLICATIONS (AB)**

As the report is for noting only there are no direct legal implications. It should be noted that if payment of outstanding rent is received after eviction proceedings are begun the proceedings will need to be stayed.

6. **CORPORATE PLAN IMPLICATIONS**

Nothing arising directly from this report.

7. **CONSULTATION**

No groups have been consulted in formulating this report.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant Risks		
Risk Description	Mitigating actions	Owner
Prolonged growth within the UK economy fails to materialise, leading to further growth in debts	Following an audit by RSM Tenon on the Commercial Estate, a debt procedure plan has been put in place with the end result being that if no rental payments are received at the end of 4 months then eviction follows. Before this the debt is chased proactively to find out the reasons for arrears and repayment plans put in place where necessary.	SC

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Ensuring services are accessible to all

The Councils commercial property is available throughout the Borough and is marketed by various mediums (from To Let boards through to web based materials) allowing access to the groups that require them.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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