

Report to the Council

Committee: Cabinet

Date: 28 October 2021

Subject: Finance, Economic Development and Qualis Customer
(Asset Management)

Portfolio Holder: Councillor John Philip

Recommending:

That the report of the Finance, Qualis Client and Economic Development Portfolio Holder be noted.

Asset Management: Firstly, I'd like to report that the Asset Management team were seconded, as planned, to Qualis on October 1st as part of the due diligence exercise.

Epping Forest Shopping Park: Progress is being made on rectification of roofing defects – our specialist drainage and roofing surveyors have agreed a timetable of works with the original contractor McLoughlin & Harvey.

The work is to be completed in two Phases to account for work required to be carried out externally on the roof, outside the retailers normal trading hours and with Health & Safety considerations paramount.

Phase 1 is underway and is scheduled for completion by the end of October, so as not to clash with the traders' run-in to Christmas; Phase 2 will be completed in early Spring 2022 once weather conditions allow external work to be safely completed.

Landmark Building: Units B, C & D are let to a local boxing gym and is now open & trading. The use has been well received and the Tenant has received over 250 applications to become members.

Unit A had been a difficult unit to let due to no rear loading and the fact that it is in the corner of development and is partially beneath the surrounding pavement level. We have been marketing for over a year with no firm interest but due to membership take-up and the award of a BTEC course from a local college, the Boxing Gym operator at Units B, C & D would like to take this space and terms have been agreed at a rent of £30k rising to £35k in year 5. He is currently liaising with the Building Control team regarding his extract system.

Unit E has now been let to a local business operating as a suntan salon and is fully refurbished and open.

Unit F is operating as the public House 'The Hub'. The tenant has submitted the necessary planning and building regulations applications. Following the recent refusal at planning committee, the tenant is working with the Council on the best way to secure consent for its mechanical and engineering works.

Unit G is now let to Wenzel's The Bakers, a good covenant with 60+ stores. The tenant has now completed their fit-out to a high standard and is trading and is trading very well.

Brooker Road Industrial Estate Waltham Abbey: I am pleased to report that a number of Asset Management Initiatives are underway or have come to fruition.

Ground floor 168c Brooker Road as previously reported has been under offer for several months. Delay to completion caused by tenant not providing enough details of their fit out for the accompanying licence to alter. The final details were submitted to Assets 4/10 and so we should be in a position to complete within the next week or two.

The proposed acquisition of Units 152, 153 and 155 Brooker Road and ground lease extension of 180 Brooker Road has taken longer than anticipated. The ground tenant has agreed to pay EFDC a premium of £600,000 for the lease extension, although its bank finance is still awaited to conclude the transaction

Formal planning was granted in late 2020 for a proposed scheme of four modern light industrial units on the site of Units 10, 50, 51 and 60 Cartersfield Road. This proposed scheme was formally approved and therefore budgeted for in the most recent Full Cabinet in February. The Commercial Assets Team is undertaking the process of ending any remaining tenancies, anticipated by September 2022, whilst in the meantime receiving an income from the units of approx. £50,000pa. In conjunction, a formal procurement process for the full project by suitably qualified professional project managers, surveyors and architects will be undertaken, with an ITT currently being drafted.

The long leasehold interest of 114 –116, Brooker Road has been bought in by the Council to procure a strategic land holding in an area of the Brooker Road estate adjoining existing Council assets. A price of £900,000 was paid. The property comprises approx. 11,500 sqft of single storey units which will be leased back to the previous tenant for two years at a peppercorn. The units will be refurbished and re-let at a market rent following expiry of the short term lease.

Tertiary Retail Units

17 Market Square is now on the market following the passing of the former tenant. The agents have received numerous offers in a short amount of time but from businesses that conflict with existing users on the parade or from uses that would not help footfall and so are continuing to show.

15 Market Square - Recently completed for use as a convenience store at a rent of £15,000 pa. This is a £3000 uplift from the former tenant pa.

220 High Road, Loughton – Have recently agreed terms with a Dry-cleaners for a new 10-year lease at £36,000 p.a. (previous rent was £27,250 p.a.)

46 Pyrles Lane – Matter with solicitor terms agreed with South Indian food take-away. Terms agreed for new 20-year lease (no breaks) at £12,750 p.a. (Previous rent £9,108 p.a.). Tenant has submitted planning application for extraction system, that is currently under review by the planning team.

The Broadway, Debden, Loughton

I am pleased to report that on 4 May 2021 the letting of 64 The Broadway completed, meaning that all 68 units on The Broadway are now fully let.

Oakwood Hill Industrial Estate

Unit 27 is under offer for a scrap metal business with no materials to be broken up on site. Rent achieved is £27,500 pa, previous rent £15,500 pa and should complete within the next fortnight.

Civic Offices 2nd floor

The tenant failed to consider planning/listed building consents for their fit out when the Heads of Terms were agreed several months ago. They have come to realise that this will now add on approximately 3 months to their timescales and have requested an additional 3 months rent free incentive. We have liaised between planning/conservation and the tenant on an informal basis hopefully to get the tenant's formal application to a point where rejection should not be an issue. It was agreed under to grant them the additional 3 months rent incentive to the end of April on the condition that the lease term be extended by 3 months for a total term now of 10 years 3 months. In addition, the tenant must also sign an agreement to lease which is currently being drafted. There will be a provision that this is subject to the tenant achieving listed building consent. Via the agreement for lease we are proposing completion on 13 December 2021 however, there is a 6 week cooling off period where the listed building consent may still be challenged and so it is possible that the tenant will not agree to said proposal until after that period has elapsed in the new year.