

Report to the Cabinet

Report reference: C-014-2009/10

Date of meeting: 13 July 2009



**Epping Forest
District Council**

Portfolio: Legal and Estates.

Subject: Consideration of Rent Deferment for the Shops in Loughton Broadway.

Responsible Officer: Chris Pasterfield (01992 564124).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) To consider what action to take in response to the request by Full Council to look at a rent deferment scheme for Council tenants in the shops at the Broadway Loughton until the Town Centre Enhancement Scheme is completed.

(2) To consider what action to take in response to a request by Full Council to consider the possibility helping all Council tenants in shops and commercial premises during the recession.

Executive Summary:

This report follows the referral of a motion by full Council for the Cabinet to consider a rent deferment scheme for tenants of the shops at the Broadway Loughton and to consider providing assistance to all tenants of shops and commercial premises during the recession. The report also assesses the implications for the Council should Cabinet wish to adopt the motion.

Reasons for Proposed Decision:

To ensure that tenants at The Broadway Loughton are assisted during the Town Centre Enhancement Works and all tenants are assisted where possible during the recession and to remain viable until trade improves.

Other Options for Action:

To continue with the procedures adopted within Corporate Support Services (Estates Section) and Finance Directorates to monitor individual tenants who are having payment difficulties and to enter into stage payments to assist with cash flow.

Report:

1. Following consideration of a motion in relation to Council tenants of shops in the Broadway Loughton the Council at its meeting on 28 May 2009 resolved as follows:

(a) notes the trading difficulties currently being experienced by the shop traders at the Broadway, Loughton due firstly to the effect of necessary works being carried out to improve the infrastructure and secondly the exceptional challenges of the current economic climate;

(b) recognises that the Leader and Portfolio Holder have tried to support the traders through a difficult time;

(c) agrees that the Cabinet look at a rent deferment scheme for Council tenants in the shops in the Broadway to the value of 8 weeks rent during the period until the Town Centre Enhancement Scheme is completed with the deferred rent being paid back within the following 9 months;

(d) asks the Cabinet to review these arrangements after 6 months;

(e) notes that any tenants already in difficulties are able to pay their rent monthly on application to the Council;

(f) asks the Cabinet at its next meeting to look at the possibilities of helping all the Council's tenants in shops and commercial premises during the recession.

2. The Town Centre Enhancement works at the Broadway are scheduled for completion by 24 July 2009 after which only minor snagging works will be carried out.

3. There are currently 60 shop tenants in the Broadway of which 20 are currently in arrears or have arrangements to make monthly or weekly rental payments and of these 20, 6 are struggling and have been given further time to pay.

4. If all 60 tenants at the Broadway accepted the offer of an 8 week rent deferment it would total in the region of £156,219.25 being deferred to be paid back over the following nine months in addition to the rent due for the 3 quarters in question. This would obviously have an impact on revenue income for the Council until all arrears had been repaid.

5. The Council currently has a total of 76 shops in the portfolio (excluding The Broadway) with a total rent roll of £620,504. An 8 week deferment for the total would therefore be £95,462.

6. The Council has 24 industrial units at Brooker Road and Oakwood Hill which are rack rented and have an annual rent roll of £223,472. An 8 week deferment for the total would therefore be £34,380.

7. Ground rent commercial tenants have not been included in this exercise as they are only paying the Council a small percentage of the open market rent.

8. It is likely that deferring rent for some tenants will complicate their arrears situation and may affect their ability to repay the debt which could result in the Council losing rent if they ultimately default.

9. The rent invoice administrative resource is currently part time at four days per week and amending invoices will be a time consuming process as each one will have to be done individually and monitored for future collection.

10. Tenants will be eligible this year for the Business Rates Deferral Scheme which allows for 60% of the 5% increase to be deferred over two years on application from the rate payer. Regulations for administration are scheduled for publication in July 09.

Resource Implications:

Reduction in cash flow during the period of any deferment scheme.

It should be noted that all shops are held in the HRA Fund and that the industrial units are held in the General Fund.

Legal and Governance Implications:

The Council will not be able to take action against tenants for arrears during the period of deferment.

Safer, Cleaner and Greener Implications:

No implications.

Consultation Undertaken:

None.

Background Papers:

Nil.

Impact Assessments:

There are no equalities issues.