

<b>Committee:</b> Barbican Residential Committee - For information	<b>Dated:</b> 9 December 2022
<b>Subject:</b> Barbican Commercial Arrears	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	All
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>Report of:</b> Director of Community & Children's Services	<b>For Information</b>
<b>Report author:</b> Rebecca Bello House Officer Barbican Estate Department of Community and Children's Services	

### Summary

This report, which is presented annually, is for information and to advise Members of the current arrears in respect of commercial property tenants on the Barbican Estate and the action being taken with these arrears.

### Recommendation

Members are asked to:

- Note the report.

### Main Report

#### Background

1. Commercial tenants are billed quarterly in advance in June, September, December and March.
2. A further analysis of the arrears is contained in Appendix 1 which is Non-Public.

#### Current Position

3. Debt £275,535

		<b>Number of commercial tenants</b>
Charges raised for period	£2,049,596	24

Target level of gross arrears: 2%

This is the target set previously when reporting commercial arrears.

Actual level of gross arrears: 13.4%

*Age Analysis of Debt:*

*Value of debts*

3-6 months	£ 147,326.95	9
6-12 months	£ 73,927.44	5
12-24 months	£ 31,193.94	4
Over 24 months	£ 23,087.53	4
<b>Total</b>	<b>£ 275,535.86</b>	

*Action taken*

Amounts referred to Comptroller for recovery action	£ 0
Amounts in dispute	£ 0
Amounts to be written off	£ 0

**Net debt outstanding** £ 275,535.86

4. Of the 24 commercial tenants, 11 have arrears and unpaid invoices varying between three and over 24 months old.

Previous reported arrears:

2018 level of arrears 1.2% with arrears at £21,798.06  
2019 level of arrears 0.7% with arrears at £11,514.12  
Arrears were not reported in 2020  
2021 level of arrears 8.7% with arrears at £172,951.60  
2022 level of arrears 13.4% with arrears at £275,535.86

5. This increase in arrears since figures were last reported in January 2022 demonstrates the longstanding and continued impact of COVID-19 on tenant's payment of rent and other charges. Rent deferrals and rent free periods were offered to qualifying tenants up to and including the March 2021 quarter and a number of tenants have now cleared their deferred rent arrears. Five of the 11 tenants with arrears covered in this report had previously agreed either a full or partial rent deferral in recognition of the effect of the pandemic and some tenants also benefitted from a rent free period. Officers from the Barbican Estate Office (BEO) are agreeing rent repayment plans with tenants where applicable and chasing payment of unpaid invoices.
6. £128,385.59 of the debt is owed by another City of London Department and the BEO are liaising with Officers in this Department to arrange payment. Since the arrears figures were generated, Officers have been advised by the Finance team that City-Procurement have processed payments for invoices amounting to

£99,556.08 for this particular Department. These payments are yet to be applied to the rent account and once done so, this will leave arrears of £28,829.51. There had been an issue with invoicing and balances on historic invoices giving rise to these arrears which Officers will resolve to clear the remaining debt.

7. As of 25 November 2022, the amount of £128,385.59 owed by a City of London Department has been paid and credited to the rent account and as such the rent account is no longer in arrears. When this amount is removed from the total arrears reported, this gives arrears for November 2022 at £147,150.

Therefore, 2022 level of arrears are now 7.2% with arrears at £147,150

8. A further amount of £2,405 is owed by another City of London Department and is rent due for the current period. Officers are liaising with the Department concerned to have the invoice paid.
9. There are 11 tenants with arrears and five of these were qualifying tenants offered rent deferrals during the pandemic. Of these five tenants, repayment schemes have been agreed with three and discussions continue with the remaining two tenants yet to agree repayment plans for their arrears. Should agreement not be reached with these tenants then the arrears will be referred to the Comptroller and City Solicitor for recovery.
10. The BEO will continue to progress agreeing repayment plans and to obtain payment from the 11 tenants who have arrears, including monitoring payments made under the plans. It is the intention of Officers to try and reach agreement as soon as possible to have arrears cleared.
11. Officers will continue to press for agreement on repayment plans and further details of the arrears are set out in Appendix 1 which is Non-Public.

## **Appendices**

- Non-Public Appendix 1 – Commercial Arrears

## **Background Papers**

- Barbican Residential Committee January 2022 - Barbican Commercial Arrears
- Barbican Residential Committee December 2019 - Barbican Commercial Arrears
- Barbican Residential Committee December 2018 - Barbican Commercial Arrears

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