

Committee: Barbican Residential Committee - For information	Dated: 22 January 2024
Subject: Barbican Commercial Arrears	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	N
Report of: Judith Finlay Director of Community and Children's Services	For Information
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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 £146,897

Charges raised for period £2,060,741
Target level of gross arrears: 2%

Number of commercial tenants

24

This is the target set previously when reporting commercial arrears.

Actual level of gross arrears: 7.1%

Age Analysis of Debt:

Value of debts

3-6 months	£ 44,184.94	4
6-12 months	£ 17,104.96	1
12-24 months	£ 39,907.05	4
Over 24 months	£ 45,700	2
Total	£ 146,896.95	

Action taken

Amounts referred to Comptroller for recovery action	£ 25,848.17	1
Amounts in dispute	£ 0	
Amounts to be written off	£ 0	
Net debt outstanding	£ 121,048.78	

4. Of the 24 commercial tenants, seven 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

2023 level of arrears 7.1% with arrears at £146,896.95

5. The level of arrears demonstrates the continued impact of the pandemic with tenants continuing to make repayments of rent and other charges which alongside increased energy and business operating costs makes this a challenging time for our commercial tenants. 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 seven tenants with arrears covered in this report had previously agreed either a full or a 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) have agreed rent repayment plans with tenants where applicable and are chasing payment of unpaid invoices.
6. There are seven 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 four and these tenants are all making regular monthly payments to clear their arrears. The remaining tenant of the five agreed a repayment plan for their arrears but did not make the payments as agreed and

as such their case has been referred to the Comptroller and City Solicitor for recovery.

7. For the two tenants who have arrears which are not covered by a repayment plan, the BEO will pursue payment with the tenant and they expect to receive payment soon.
8. The BEO will continue to pursue payment from the seven tenants who have arrears and will continue to monitor payments made under the repayment plans. Our tenants are operating in a difficult financial situation, but on the whole they are making regular payments to clear their arrears. 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 December 2022 – Barbican Commercial Arrears
- 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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