

Committee: Barbican Residential Committee - For information	Dated: 17 February 2025
Subject: Barbican Commercial Arrears (Appendix 1 is Non-public)	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
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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 £163,040

		Number of commercial tenants
Charges raised for period	£2,215,009	24
Target level of gross arrears: 2%		

This is the target set previously when reporting commercial arrears.

Actual level of gross arrears: 7.4%

Age Analysis of Debt:

Value of debts

3-6 months	£ 40,782	7
6-12 months	£ 71,530	6
12-24 months	£ 42,794	3
Over 24 months	£ 7,934	2
Total	£ 163,040	

Action taken

Amounts referred to Comptroller for recovery action	£ 6,231.85	1
Amounts in dispute	£ 6,118.66	1
Amounts to be written off	£ 0	
Net debt outstanding	£ 12,350.51	

4. Of the 24 commercial tenants, ten 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

2024 level of arrears 7.4% with arrears at £163,039.70

5. The level of arrears demonstrates the continued difficult trading conditions the tenants are facing with increased energy and business operating costs making 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 most tenants have now cleared their deferred rent arrears. Four of the ten 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. 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 ten tenants with arrears and two of these are qualifying tenants with rent deferrals remaining from the pandemic. Of these two tenants, repayment schemes have been agreed and one tenant has been making all their regular monthly payments as set out. The remaining tenant with arrears from the pandemic has an agreed a repayment plan but hasn't kept to making their regular payments and as such if they don't take steps to bring the arrears back to the

agreed schedule then their case will be referred to the Comptroller and City Solicitor (C&CS) for recovery.

7. The BEO will pursue payment with the tenants and they expect to receive payment soon in most cases. One tenant has disputed their arrears and the BEO and tenant are liaising on this matter. Another tenant has cleared their Covid deferred payments but has arrears remaining on their account and as they have a poor payment history this account has been referred to C&CS for recovery.
8. The BEO will continue to pursue payment from the ten tenants who have arrears and will continue to monitor payments made under repayment plans. Our tenants are operating in a difficult financial situation, but overall, 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 January 2024 – Barbican Commercial Arrears
- 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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