

QBR1 2021/22 – June 2021 – Advance Q&A

Income Monitoring – Agenda Page 13

Property questions from **Ian Harper**
How many units are empty?

Tom Phillips, Estates Manager

There are 25 vacant demises across the entire estate equating to 8,657 sq. ft of the approximate 83,914 sq. ft total floor area reflecting 10.32%.

- Seven office suites within Caddsdow (1,892 sq. ft) however Suites E and G are used by TDC and Barns unit 5 has a lease commencing Sep 21 therefore 835 sq. ft is technical vacancy;
- Unit 21 Caddsdow has just become vacant as tenant outgrew (1,194 sq. ft);
- Unit 3 Caddsdow Blue is vacant under offer awaiting internal works (1,033 sq. ft);
- **Total vacancy within Caddsdow 4,119 sq. ft (9.31%);**
- Three office suites at Manor Offices Holsworthy (1,013 sq. ft) 31.29% unit 18 (256 sq. ft) is being let with a lease to commence in September. The lift has been out of order for 18 months and uneconomical to repair which has hampered performance;
- Three TDC Holsworthy industrial workshop units that are unlettable due to insufficient EPC rating (1,902 sq. ft) 38.75%;
- 8a Cooper St office which is technical vacancy subject to change of use to be used by TDC (409 sq. ft); and
- Nine office suites at Hubbastone Road (1,214 sq. ft) 72.43%

Therefore, across our circa 84,000 sq. ft commercial estate, 8,657 sq. ft (c.10%) is vacant but over half 5,005 sq. ft (c.6.0%) is technical vacancy, strategic, under offer or contracted / future let.

Note – the above analysis excludes Fish Docks

I cannot readily assess what the vacancy rate represents in terms of lost income or ERV but this is something I am implementing ASAP so it can be measured as will our income versus ERV performance.

Have we reduced rents for any tenants to help?

Tom Phillips, Estates Manager

No. We gave rent concessions as part of Covid support packages, but this was by way of deferment. For vacant units we reduce rents if units are vacant for 6 months plus but bring them up to asking rent by stepping over 3 years

What is the forecast for occupation of units?

Tom Phillips, Estates Manager

This is difficult to gauge, demand has turned off for offices during lockdowns and we are hoping over the next 24-month period occupancy will steadily return back to historic levels of high 90s%. I do not believe there will be a sudden bounce back, equally I do not think the

office market will remain turned off such that structural vacancy is a likelihood. There is likely to be a flight / return to quality. The industrial market has enjoyed better fortunes and although unit 21 has just become vacant (441 sq. ft) we have effectively 0% vacancy (technical vacancy for unlettable stock) and a waiting list for units.

Property questions from **Steve Dengate**

Corporate Property & Caddsdwn - this has been a growing line on the income received over the last few years. Do we feel this income area has the capacity to grow further or is it levelling off?

Tom Phillips, Estates Manager

This increase on gross revenue terms has been distorted by Caddsdwn Blue being developed and becoming let and income producing, therefore this is not a like-for-like comparison. However, we have seen organic growth in rental tones across the estate and opportunities to increase rents have been taken by careful estate and tenant management. Going forward the total revenue should grow as office vacancy reduces and meeting room bookings return. There should be further organic growth driven by increasing industrial rents marginally due to supply and demand pressures which should continue in the medium term (5yrs). Other rental growth from across the commercial estate would have to be generated by acquisition or development / redevelopment activity for example to bring the TDC units back online.

Have we run an impact assessment yet on office demand and changes to this as a consequence of COVID-19?

Tom Phillips, Estates Manager

Not as far as I am aware. The office market switched off almost overnight and the impact of this can be seen by our current voids in office stock and fall in revenue and irrecoverable void costs. The future is uncertain, and it is unlikely to turn back on as quickly as it turned off. As mentioned above I do not believe there is structural change within the industry and there will be a return to office. However, there will be a flight to quality and an early tendency to full service or Cat + plus type accommodation that is in good condition. Multi-let office recovery may lag single let or own-front-door buildings as occupiers' aversion to mixing may continue for a while yet.

By way of example Office 18 Manor Offices was vacated in May 2020 (due to covid – tenant started working from home as life coach/accountant). Therefore, vacant for 14 months. This has now been re-let and the agreed rental level is the same £2,329.60 per annum. No rent-free period or other incentive was granted.

Planning question from **Ian Harper**

Underspend on planning, note that the amount shown is £370,000 yet if you calculate from the income monitoring section the difference is £148,683.

David Heyes, Finance Manager

The £370k is a forecast for the full year, the £148k favourable variance is just for the first 3 months, there was a large renewable application at the start of the year circa £100k.

Planning income is difficult to predict, as it can be heavily influenced by one or two large applications.

Theme 1 – Local Economy – Agenda Pages 16-21

Page 16 – Attracting Inward Investment –Question from Ian Harper

Theme 1 - Inward Investment - a target of 18 jobs is shown, could an indication as to the type, sector being targeted?

Page 16 – Attracting Inward Investment –Question from Councillor Langford

Regarding the aim to create at least 18 new jobs. I am interested to know a little more about this aim. Is there any idea at this stage about what type of jobs these might be? How will we know that this initiative has created the jobs? If we are on target at present does this mean some new jobs have already been created or that other mechanisms are in place?

Sean Kearney – Head of Communities and Place

The overall position statement in the QBR is inaccurate, caused by difficulties mapping each of the business plan actions to the Strategic Plan.

Page 16 – Attracting Inward Investment –Question from Ian Harper

Looking at the Devon Delivers web site it is very much about attracting new companies to Devon, is Torrridge targeting new business's if so what sectors and are any inducements being offered?

Sean Kearney – Head of Communities and Place

We don't provide financial incentives but do try to provide soft landing support, through advice, guidance, networking, and business support. We are currently scoping how we might develop and deliver a client management approach to enquiries that tracks a customer journey and ensured that all possible support is made available.

Page 16 – Attracting Inward Investment –Question from Ian Harper

The Economic team should be congratulated for their work and development of the strategies being brought forward, however, could an indication be given to what is currently being done to address the various economic issues affecting Torrridge at this moment.

Sean Kearney – Head of Communities and Place

Amongst other things we have been:

- Progressing the various projects identified in the Road to Recovery Prospectus,
- Managing and administering the Welcome Back arrangements and funding,
- Delivering grant funding support to business and individuals affected by the pandemic,
- Administering the hardship fund,
- Participating in the team Devon approach to Covid recovery and economic development by promoting our distinct offer and problem to address,
- Applying for funding to unlock development (Levelling Up, One Public Estate, Community Renewal fund, etc),
- Underpinning the work associated with the Smart biosphere proposal,
- Actively engaged in discussions to develop the marine offer of the district,
- Working with ND+ to provide a package of business support for the area to help businesses emerge with strength from the pandemic period,
- Investigating the establishment of a Destination Management Organisation with ND+,
- Talking to businesses to understand what they need and how we might try to assist,

- Commenting on and shaping planning applications to reflect the needs of our economy
- Launching the Beach App,
- Establishing Great Torrington Work hub.

Theme 2 – Communities, Health & Housing – Agenda Pages 22-25

Page 23 – BV064 Empty Properties – Steve Dengate

Should this be moved just to be reviewed in the annual QBR4 Addendum analysis rather than leave it on a zero indicator?

Jon Walter – Strategy, Performance & ICT Manager

I would suggest that the Committee discuss this suggestion on 17th September during the review of the new QBR format.

Page 23 – LE546 Disability Grants – Steve Dengate

When do we feel we will have the indicators in a robust format on which to report on a quarterly basis?

Janet Williams – Public Health & Housing Manager

Hopefully by the end of this calendar year. Our own staffing issues have been resolved but we are having some issues getting the data we need from South Hams (due to a combination of their own staffing issues and them going over to a new case management system). It's not a case of direct transfer, as we use different case management systems, so we need them to extract the key dates from their records which will then have to be manually entered into ours – along with a massive case file data transfer. I sent a chaser last week, but the case manager was on leave. Hopefully I'll hear soon about their plans/timescales for providing us what we need.

Page 24 – NI156 Temporary Accommodation – Ian Harper

Is Torridge looking at the work being carried out by Mid Devon and Cornwall to address the initial issues of homelessness and affordable housing?

Janet Williams – Public Health & Housing Manager

One of the items on my business plan this year is a temporary accommodation strategy. We will be looking at options such modular buildings, as well as other means such as property purchase, trying to up our private sector leasing scheme, and any good ideas we can borrow from elsewhere.

Regarding modular solutions, the wider strategy will look at all the issues in context and on the basis of need and projections. Any proposed solutions will require Ward Member support as location has been a sticking point in the past.

Page 24 – NI155 Affordable Housing – Ian Harper

noted that there is no longer a target for affordable houses, 42 last year yet HEDNA estimate 171 needed each year.

Shaun Harrington – Planning Manager

The targets are outlined in our Housing & Economic Needs Assessment (HEDNA) which is a document in the evidence base for the Local Plan. This will need to be reviewed as part of our Local Plan Review process, and therefore this figure has potential to change. However, currently they remain the same as last year (171).

Page 26 – Housing Benefit Delays – Councillor Langford

I am assuming, as in previous reports, that the HB delays have not impacted negatively on the ability of individuals to access housing. Is that correct?

Jo Wells – Revenues & Benefits Manager

The Housing Benefit processing delays are specifically as a result of a specific housing association, delaying providing relevant information to the Council. These delays have no impact on individuals having access to housing, but the Benefits team are happy to discuss issues with landlords if this is required. Working age customers (the majority of new claimants) are now processed via Universal Credit which is not administered by the Council.

General Topics

Performance Reporting Question from Steve Dengate

Can we consider incorporating in some way the Coop Wellbeing Index Scores (as reported in Agenda Item 3 - Members Bulletin 09/08/21) for Torridge either individual ones or the full Dashboard. This could perhaps go after Performance Highlights and before Income Monitoring. Comments could be given on activity being undertaken to improve the index score. The methodology of the Index would need consideration first to ensure it aligns with our own practice to enable reporting to occur.

Jon Walter – Strategy, Performance & ICT Manager

I am not sure if we want to use this index as it is not clear how its calculated or how valid it is – I know Chris Fuller has concerns about their ranking of our Economy being over optimistic. There are lots of different reports like this that are produced, and it might not be wise to pick a single model. I think we are better reporting on our own measures in the QBR and also looking at the benchmark figures against our nearest neighbours. We are considering whether to use some of the Coop Wellbeing Scores in our next Torridge Profile when it is updated.