

Committee: Environment

Agenda Item

Date: 23 January 2007

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Title: **GOLD ENTERPRISE ZONE, ELSENHAM**

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Summary

- 1 This report advises the Committee of the current situation regarding lettings and empty industrial units at the Gold Enterprise Zone, Elsenham up to 31 January 2007.

Recommendations

- 2 That members note the current situation.

Background Papers

- 4 Legal and operational files relating to the Gold Enterprise Zone.

Impact

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Communication/Consultation	N/A
Community Safety	Site has CCTV coverage
Equalities	N/A
Finance	Reserves have been approved to cover revenue shortfall
Human Rights	N/A
Legal implications	Council is legally bound until November 2009
Ward-specific impacts	Elsenham
Workforce/Workplace	No new resources required

Situation

- 6 Committee Members have requested regular updates regarding the Gold Enterprise Zone industrial estate in Elsenham.
- 7 The Council entered into a 25 year lease for the 18 units at the Gold Enterprise Zone in Elsenham in the 1980s for the purpose of providing starter units for small businesses. The lease expires in November 2009 when the site reverts back to the owners.
- 8 The lease is such that the Council has to pay 90% of the total rental value to the Landlord. The rent payable to the Landlord is £107,000 pa, which is 90% of the total rental value of £119,000.
- 9 The Council is obliged to keep the property in good and substantial repair during the lease term. It must also hand the property back to the Landlord in that condition at the end of the lease. If the Council does not comply with these obligations the Landlord can carry out any necessary work and recover the cost from the Council.
- 10 Over the years it has proved difficult to let the units and currently 7 units are unoccupied.
- 11 The Council has made provision in the budget to cover the shortfall of income. This will be achieved by the use of reserves where required.

Marketing

- 12 Officers are continuing to work with the Managing Agent, Mullucks, to maximise lettings. Activity at the Gold Enterprise Zone is high in comparison with other areas of the market.

State of the Market

- 13 There is a steady, if low, level of enquiry for industrial properties generally. The run up to Christmas generally sees a drop in activity however it is anticipated that this will increase during January with enquiries from those parties whose New Year resolution is to relocate their business.

Activity

- 14 Since the last report to Committee in November a further 3 units have been let as follows: Units 1 and 3 to Bubbles Bathrooms Ltd and Unit 6 to Shaw Interiors (6 month temporary lease). In addition leases are being negotiated on 3 units: 12, 20 and 22.

15 Schedule of activity is set out below:

Unit	Sq ft	Payee
1	1200	Bubbles Bathrooms Ltd (as of 11 Jan 07)
2	633	Hampton Ltd
3	933	Bubbles Bathrooms Ltd (as of 6 Dec 06)
4	633	Vacant (as of 13 Dec 06)
5	933	Vacant
6	633	Shaw Interiors (as of 2 Jan 07)
7	933	Vacant
8	633	GS Controls
10	1200	ACES
12	1200	(under offer)
14	754	Vacant
16	754	Ord & Baer
18	754	Cleanaway
20	754	(under offer)
22	754	(under offer)
24	754	(used by Felsted Aid – no income)
26	754	TAG Aviation
28	754	Sprayavia

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Units will continue to remain empty	HIGH	HIGH	Council manages revenue shortfall by use of reserves (if necessary)