

Garage Management Update

Housing Committee Tuesday, 4 October 2022

Report of: Executive Head of Communities

Purpose: For decision & information

Publication status: Open

Wards affected: All

Executive summary:

This report

- Provides a progress update to Councillors on the delivery of the garage management strategy
 - Requests Councillor support to progress work in line with the site-specific recommendations
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This report supports the Council's priority of:

Creating the homes, infrastructure and environment we need

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Recommendation to Committee:

A That the Committee notes the report and approves the progression of work in line with the site-specific recommendations of Appendix A.

B That the Committee gives delegated authority to the Executive Head of Communities (in consultation with the Chair and Vice-Chair of this Committee), where a long-leasehold sale of the garage at Ward Lane or the garages at Clifton Close is considered advantageous, to negotiate the best possible terms and proceed to sell these properties.

Reason for recommendation:

In March 2021 Officers presented a new Garage Management Strategy to this Committee. Some garage sites represented and continue to represent a liability to the Council, due to high void levels, poor/unsafe condition and/or vulnerability to fly-tipping, crime, land encroachment etc. Some sites also represent an opportunity for regeneration or redevelopment. Officers have made some site-specific recommendations within the report and request approval from the Committee to continue working in line with these recommendations. Garage sites, when properly managed, have the potential to support HRA finances and contribute positively to local communities. Surplus sites that have a clear and viable alternative use also have the potential to support HRA finances, either via rental income, or a one-off capital receipt.

Introduction and background

- 1 In March 2021 Officers presented a Garage Management Strategy, which sought to provide a framework for the future operation and development of Council garage sites. The primary objective was to “maximise the use, suitability and sustainability of the garage portfolio, to maintain and improve income levels and contribute to general environmental improvement” by:
 - Reviewing the location, condition and demand for the Council’s garage stock
 - Generating a planned review and maintenance programme of improvements to garage sites to ensure their future sustainability
 - Providing a framework of management actions, aimed at providing sustainable garage sites and demonstrating value for money
 - Considering changes of use (including repurposing, development or sales opportunities) as appropriate

Each site was to be assessed with a view to pursuing one of four options; repair & re-let; alternative use; sale, or development. At the time of the last report, despite high demand for garages, 319 of 707 garages (approximately 45%) were void with only 381 (54%) let. Officers reported a target of £100,000 of additional rental income in the 21/22 financial year, through a combination of increased rental income and sales. The March 2021 report also presented a garage management policy, which was supported by councillors. Councillors requested an action plan setting out how the additional rental income would be generated, and consideration of appropriate security lighting for at-risk sites.

- 2 Long-term sickness within the assets team has impacted progress with garage sales, alternative use appraisals and site evaluations. However, in November 2021 the asset management team were able to recruit a case officer, which has enabled garage lettings and the management of

the garage waiting list to transfer to the asset management team. Whilst staff resource to deliver the strategic changes at pace are still limited, the recruitment of the case officer has enabled significant progress to be made with day-to-day lettings and repairs. The repairs process has been reviewed and a more efficient process has been identified and is being implemented. The value that some of our regular contractors provide is also being tested. For example, we are working on the procurement of two garage door contractors and creation of a service level agreement for garage door and lock repairs/replacements. Where possible we will work with local contractors. The lettings process has also been improved to improve speed and efficiency. For example, documents can now be signed electronically via Docusign and keys are now collected at reception, saving Officer time.

- 3 The tables below provide a summary of the current position. The portfolio is now 647 garages of which 463 (72%) are let and 184 are vacant (28%). The current weekly rent for a garage (excluding VAT, and water/sewerage charges) is £13.54. Therefore, Officers are pleased to report that the annual equivalent rent has increased significantly, as per below table. The year-end OutTurn for 2021/22 for rental income for garages is £263,000.

Date	Number garages let	Weekly Rent	Annual equivalent rent (number garages x weekly rent x 52)
March 2021	381	£13.00	£257,556
August 2022	463	£13.54	£325,989
Change	+82		+£68,433

- 4 It is worth noting that, whilst Officers have been able to increase the number of let garages during 2022, Officers are also noting an increase in garage arrears, and an increase in the number of garages being handed back to the Council, due to the cost-of-living crisis.
- 5 We are nearing completion of the sale of one stand-alone garage and are working toward the sale of a further four (one at Ward Lane and three at Clifton Close). Capital receipts from garage sales are a source of additional income. With respect to Ward Lane and Clifton Close, if we sell these as freehold sites, due to the relatively low value, authority is not required from Committee. However, it may be advantageous to sell these as long leasehold sites. Long leasehold sales over 75 years require the approval of this Committee. We would therefore like to seek delegated authority from this Committee, should we reach agreement with a prospective purchaser to sell the Ward Lane garage or the Clifton

Close garages on a long leasehold basis, that authority to proceed with the sale be delegated to the Executive Head of Communities, in consultation with the Chair and Vice Chair of this Committee.

- 6 The following garages have been either demolished or are being vacated ready for demolition or declared surplus, and earmarked for alternative use:

Block Demolished/Declared Surplus/Earmarked for Alternative Use
Banstead Road, Caterham
Wolfs Wood, Hurst Green
Hollow Lane, Dormansland
New Farthingdale, Dormansland
Silkham Road, Oxted
Holt Wood, Chelsham
Rochester Gardens, Caterham
St Catherine's Cross, Bletchingley

Site specific updates and recommendations

Please see Appendix A.

Consultation

Officers will always consult with ward councillors and, where appropriate, the public, before making any changes to the use of a garage site.

Key implications

Comments of the Chief Finance Officer

The Housing Revenue Account has been under-recovering on the Garage stock rental income in previous years. It is positive to see that we are now turning this around and it is starting to generate the levels of income we should be getting for the Garage assets. In doing this there will be more funds available to reinvest in the HRA stock in future years. This progress should be maintained to continue to improve the position. The arrears position will be monitored and

action taken where appropriate, as part of the wider review of debt recovery under way, as reported to S&R committee on 30th June 2022.

Comments of the Head of Legal Services

There are no legal implications arising from this report other than the Council needs to ensure that its assets are maintained and used in a way that enables income to be maximised where possible.

Equality

There are no equality implications arising from the contents of this report.

Climate change

There are no significant environmental/sustainability implications associated with this report. Options for provision of electric vehicle charging points and solar powered lighting should be considered within the scope of specific site appraisals.

Appendices

Appendix 'A' – Site Specific Updates

Background papers

Report to Housing Committee, 11th March 2021

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