

Report to Safer Neighbourhoods and Active Communities Scrutiny Board

31st March 2022

Subject:	Garage Rents
Director:	Gillian Douglas - Director of Housing
Contact Officer:	Nigel Collumbell – Service Manager (Housing Management)


1 Recommendations

- 1.1 That the Scrutiny Board considers the impact of the decision to increase Garage Rents
- 1.2 That the Scrutiny Board considers and comments on the information presented and the interventions in place to mitigate risks arising from the increase in charges.

2 Reasons for Recommendations

- 2.1 This report has been brought to scrutiny because the Council has received a number of comments suggesting it should re-consider its decision to increase Garage Rents by the agreed amount for 2022/23.

3 How does this deliver objectives of the Corporate Plan?

	<p>Quality homes in thriving neighbourhoods</p> <p>Making best use of our garage stock is an important contribution to the sense of place in our neighbourhoods. Derelict garage sites can be a source of nuisance and ASB having a negative impact on our communities. Well used sites provide a sense of community and a value for money option for households who need additional storage away from their residential property.</p>
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4 Context and Key Issues

- 4.1 Cabinet approved on 15th December 2021 the recommendation to increase rental charges for garage sites by £4.13 per week to £11.00 per week with effect from April 2022.
- 4.2 Garages are held within the Council's General Fund property portfolio meaning any increase in income has a favourable impact on General Fund budget pressures. Equally any loss of income would have an unfavourable impact on the same budget pressures. The increase in charges will generate additional income of approximately £398,000.
- 4.3 Garages are rented to both Council Housing Tenants and Private Homeowners. Private Homeowners and Council Tenants renting more than one garage represent the highest proportion of tenants at 56% and are charged a higher rate because VAT is applied.
- 4.4 A large proportion of garage tenants use the facility as a much cheaper alternative to storage costs. Private garage rental is estimated at £24 per week. Hire of a similar size storage unit is estimated at £39 per square meter. When compared with neighbouring Local Authorities, current garage rents in Sandwell are significantly lower. The table below shows comparison of current charges (new charges for Sandwell in red)

Council	£ per week Tenants	£ per week non-tenants
Sandwell	£6.87 (£11.00)	£8.24 (£13.20)
Wolverhampton	£4.53 (within 0.3 miles of property)	£7.79
	£5.44 0.3 miles +	
Dudley	£5.30	£6.36
North Warwickshire	£6.58	£7.90
Redditch	£9.50	£11.20
Birmingham	£10.83	£13
Private rental (Non LA)	£24 (avg)	£24 (avg)
Storage space of the same size (approx. 128 sq ft)	£39 (avg)	£39 (avg)



- 4.5 Garage Tenants were formally notified of the changes to the rent in February 2022. Since the notification just 26 tenants have terminated their tenancies, whilst at the same time 14 new garage tenancies have been accepted. The net reduction in current tenancies is 0.47% of the overall garage stock (2939).
- 4.6 A large proportion (864) of our garage stock is void, a desk-top review has been carried out to assess work required to let and those sites where alternative uses may need to be considered. The table below provides a summary the status of these empty garages.

Status of Garage	Number of Garages
Demolition or Disposal	154
Lock Change Required	129
Minor Repair Work Required	267
Significant Repair Work Required	95
Ready to Let – No Demand	75
Ready to Let – Demand	144

- 4.7 We currently have 2218 residents registered on our waiting lists for garages. This fluctuates significantly by site with variation of demand from 1 applicant, up to 125 applicants. Allocation of garages during the pandemic have been difficult and a low priority leading to backlogs of repairs and administration that resources will be allocated to address.
- 4.8 The additional income projected from the rent increase assumes the number of current tenancies remains stable, any empty properties that can be brought back into use will deliver additional income that has not been forecast in budgets.

5 Alternative Options

- 5.1 Alternative options for delivering savings to the General Fund for 2022/23 were considered as part of the wider budget setting process and not considered appropriate. The additional income from Garage rents prevents the need to reduce other General Fund services, including those supporting vulnerable residents.



6 Implications

Resources:	The increase in charges delivers additional income of approximately £398k to the General Fund.
Legal and Governance:	The decision to increase garage rents was approved at Cabinet on 15 th December 2021
Risk:	The rent increase could impact on demand placing future income at risk. This report sets out the mitigation to that risk. At £11 per week, the annual income per garage is £572, meaning this risk would only materialise if significant number of garage tenants ended their tenancies and no one on the waiting lists took up the offer of a new tenancy.
Equality:	There are no equality matters arising from the rent increase. The allocation of garages are not based on any need assessment, they are allocated in date order of applications and not considered to be an essential service that being unable to access would have any adverse impact on residents with protected characteristics. Monitoring of terminations leading up to and post implementation of the new charges will determine if there have been any unintended consequences that require additional mitigation to be considered.
Health and Wellbeing:	No direct implication for health and wellbeing have been identified.
Social Value	There is no direct impact on social value arising from this matter. Opportunities to maximise social value will be considered for those garage sites where major repairs are required and / or garage sites that are considered unviable and alternative uses need to be found.

7. Appendices

Appendix One:



8. Background Papers

None

