


<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>CABINET</b></p> <p align="center"><b>7 MARCH 2016</b></p>	
<p><b>GARAGE REVIEW – AMENDMENT OF LICENCE, CHARGING AND LETTINGS POLICY</b></p>	
<p><b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director: Nilavra Mukerji, Director of Housing Services</b></p>	
<p><b>Report Author:</b>  Paul Danek - Central Services Manager  Housing Department  3rd Floor, Hammersmith Town Hall Extension  King Street, London, W6 9JU</p>	<p><b>Contact Details:</b>  Tel: 020 8753 1926  E-mail:  paul.danek@lbhf.gov.uk</p>

## **1. EXECUTIVE SUMMARY**

- 1.1. This report seeks approval to amend the current garage licence agreement, and to make changes to the current garage charging policy. Subject to Cabinet approval, the changes will be implemented for April 2016.
- 1.2. Amendments to the garage licence agreement are necessary to enable the Council to remove unauthorised / abandoned vehicles from garages when appropriate. The current licence agreement does not clearly set out this provision.
- 1.3. The proposed changes in the current garage charging policy are set out at 2.3. The changes proposed are in line with the Council's aim to support social inclusion, and deliver efficient, customer focussed services.
- 1.4. It is anticipated that the above measures will enable the service to bring more garages back into use and generate additional HRA revenue. At present, of the 1,275 garages in the borough, 35% (446) are lying empty. If half of these can be

brought back into use, an additional £267k pa could be generated for the Housing Revenue Account.

- 1.5. The report does not propose any change to the standard charges of £75 per calendar month (pcm) for motorcycle garages, and £100 pcm for car garages.
- 1.6. Subject to Cabinet agreement, the changes to the licence and charging policy will be implemented for April 2016.
- 1.7. The focus for the service in the next 6 months will be to continue to improve management and service delivery, and getting more garages let. Cabinet will receive an update in October, which will also consider the longer term options and a draft business plan for the service.

## **2. RECOMMENDATIONS**

- 2.1. To agree the amended garage licence agreement as set out at Appendix 1.
- 2.2. To agree that all existing garage licences be varied as above by service of an appropriate Notice, ensuring consistency between existing and new licences.
- 2.3. To amend the current garage charging policy (see Appendix 2) to:
  - 2.3.1. Apply the same net charge to all new private resident licencees as is applied to Council tenants and leaseholders, and their household members. New private garage licences will attract VAT at 20% on this net charge. This change will not apply to existing private residents renting a garage from us.
  - 2.3.2. Offer all LBHF blue badge holders irrespective of tenure, a 25% discount on the garage charge upon application.
  - 2.3.3. Offer all LBHF residents in receipt of a state pension irrespective of tenure, a 10% discount on the garage charge upon application.
  - 2.3.4. Where an LBHF has a Blue Badge and in receipt of state pension, the larger of the 2 discounts will be applied (ie 25% for the Blue Badge).
  - 2.3.5. Agree a fairer charging policy for double garages, introducing a 25% 'shared amenity' discount per licencee where a garage is shared with another licence holder, and to increase charges for new licencees to the equivalent to 2 garages where the new licencee wants exclusive use of a double garage. The proposed reduction will apply to current eligible licencees. The proposed increase will not be applied to existing sole licencees of double garages.
  - 2.3.6. Promote affordability and take up, reducing the requirement to pay 4 months in advance to 2 months in advance at sign up for Council tenants and leaseholders, and their household members, and then to

stay at least 1 month in advance. This will apply to all licences let after September 2013, subject to the provisions in 5.3.

- 2.4. To note that the change at 2.3.6 will not apply to private residents (4 months in advance payment at sign up, with the requirement to stay at least 3 months in advance will continue), nor to Council tenants and leaseholders with licences pre September 2013 (1 month requirement will continue).
- 2.5. To give delegated authority for the Cabinet Member for Housing to agree alternative uses for existing garage sites where there is persistent low demand and these have been deemed unsuitable for hidden homes.

### **3. REASONS FOR DECISION**

- 3.1 The current garage licence agreement does not allow the Council to remove unauthorised or abandoned vehicles from garages. This causes significant management issues when a garage needs to be cleared. The proposed changes to the garage licence will enable the Council to undertake such clearances when required, and more efficiently.
- 3.2 The reduction in the advance payment requirement at sign up from 4 to 2 months in advance should increase affordability and therefore encourage more take up.
- 3.3 The proposed changes in the charging policy will provide an approach more consistent with the Council's commitment to delivering efficiency and promoting social inclusion through greater fairness and affordability.
- 3.4 The proposed changes are expected to yield some increased take up and therefore generate additional income for the HRA

### **4. INTRODUCTION AND BACKGROUND**

- 4.1. The Housing Service currently has 1,275 garages for storage of domestic vehicles, including 54 motorbike and 58 double garages. These are available to rent to anyone living in the borough, but priority is given to council tenants, leaseholders and disabled residents (LBHF blue badge holders).
- 4.2. In September 2013, based on the findings of a review, garage charges were increased from £13.69 to £23.08 per week for cars, and from £9.68 to £17.31 per week for motorbikes. At the same time, an advance payment scheme was introduced, requiring all new licences to be set up with charges paid 4 months in advance at sign up with accounts maintained no less than 3 months in advance following this.
- 4.3. These changes had the effect of both increasing the void rate from 20% to 35% as some residents returned their garages, but also increasing total revenue for the HRA by approximately 14% (from £854k in 12/13 to £981k in 14/15).
- 4.4. From an initial assessment, it is clear that there has been little or no work undertaken to promote or manage garages effectively in the past few years, other than a review being undertaken. The management and delivery of the service

needs significant improvement before it is possible to look at the long term prospects, and develop a business plan for the service. The proposed changes to the licence agreement and limited changes to the charging policy are part of an initial drive to manage the service more efficiently, improve customer service, and promote more take up and greater affordability.

- 4.5. Work has commenced to bring garages back into use, and the current focus is to identify and progress garages where only clearances and or minor repairs are needed. A lettings campaign has been initiated, and further marketing and promotion will be undertaken over the coming months.

## **5. PROPOSAL AND ISSUES**

### **Licence and charging**

- 5.1. Council tenants and leaseholders or their household members are not required to pay VAT and must only pay the net garage charge. Private residents are however liable to pay VAT, and should therefore pay this on top of the net garage charge. Based on a review of accounts, a lower net garage charge has been levied on private residents, resulting in less actual revenue being collected from private residents on a per unit basis than Council tenants and leaseholders. It is therefore proposed that a standard net garage charge be applied consistently across the portfolio to all to new licence holders, and VAT added where applicable (see Appendix 2).
- 5.2. The proposed changes in charging policy are intended to provide a fairer and more affordable approach to charging, which will hopefully also generate greater take up. Based on an assessment of current accounts, the loss in income from the pensioner discount has been calculated as £17k pa, based on 141 garage users currently of pensionable age. This should be more than offset by increased take up resulting from the marketing and promotional activity. Letting an additional 15 car garages at full rent would make up this shortfall. There is currently no data available on disability, but the effect on existing licences is expected to be minimal.
- 5.3. It is anticipated that reducing the advance payment requirement for Council tenants and leaseholders and their household members from 4 months to 2 months at sign up with accounts maintained at least one month in advance following this will make garages more affordable and increase lettability. In order to be eligible, existing tenants and leaseholders will need to have maintained a good rent / service charge account, without arrears for at least 6 months, and with a regular pattern of payment.
- 5.4. The above reduction is not being applied to private residents at present, where the requirement will remain at 4 months in advance. Further consideration to extending the provision in 5.3 to private residents will be given as part of the report in October.

## **6. CONSULTATION**

- 6.1. There are no statutory requirements to consult on the proposed changes to the licence agreement or the charging policy.
- 6.2. A presentation was given to the Housing Representatives Forum (HRF) in September at the start of the review, which was well received, with positive suggestions being made. The suggestions around incorporating a discount for blue badge holders and pensioners have been incorporated in the proposals. Comments at this meeting have also helped to shape the lettings campaign being undertaken. A further report was provided to HRF in December 2015.
- 6.3. A notice of variation (providing 7 days notice) will be sent to licence holders together with a copy of the revised licence should the recommendations be agreed by cabinet.
- 6.4. Any future proposals will be developed in consultation with residents.

## **7. EQUALITY IMPLICATIONS**

- 7.1. Introduction of discounts for age and disability will require effective verification and maintenance of records. An Equality Impact Assessment has been completed and is set out at Appendix 3.

## **8. LEGAL IMPLICATIONS**

- 8.1. Notice of change of terms will need to be given to all existing tenants as per 6.3.
- 8.2. Implications verified/completed by: David Walker, Principal Solicitor, 020 7361 2211

## **9. FINANCIAL AND RESOURCES IMPLICATIONS**

- 9.1. This report sets out changes to the garages licencing agreement and charging policy. The main changes are an increase in the net garage licence charge before VAT for private residents; discounted garage licence charges for blue badge holders, pensioners and where residents share a double garage; and an increase in the garage licence charge for sole users of double garages.
- 9.2. The report refers to the intention to reduce the current void rate from 35% to 17.5%. Based on the new garage licence charging policy, it is expected that annual income of between £897k at current void rates and £1,140k at a void rate of 17.5% could be expected. The current 2015/16 budget for garages income is £936k. These forecasts take account of the plan to transfer 61 existing garages to the Hidden Homes programme.
- 9.3. The report also makes reference to the removal of unauthorised/abandoned vehicles and contents. These costs will need to be contained within existing Estate Services budgets.

9.4. Implications verified/completed by Danny Rochford, Head of Finance 020 8753 4023).

## **11. IMPLICATIONS FOR BUSINESS**

11.1 As this reports relates to the management of garages for domestic use, there are no anticipated implications for businesses within the borough.

## **12. RISK MANAGEMENT**

12.1 Housing Services manage risk within the corporate framework. Risks are reviewed periodically by the Senior Leadership Team. The proposed changes to the current garage licence agreement, and the charging policy present no strategically significant risks other than the loss of revenue highlighted in 5.2 which is a Strategic Risk on the Shared Services Risk Register, risk number 1 Financial Management of in year and medium term budgets and the ongoing challenge of reshaping and delivering council services, within significantly reduced funding levels and increased demand pressures

21.1 Implications verified by: Michael Sloniowski Shared Services Risk Manager telephone 020 0753 2587

## **13. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

13.1 There are no direct procurement or IT strategy implications contained in this report.

13.2 Implications verified/completed by: (Robert Hillman, Procurement Consultant, x1538)

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

#### **LIST OF APPENDICES:**

- 1. *Revised Garage Licence Agreement***
- 2. *Comparison of current and proposed charges***
- 3. *Equality Impact Assessment***