

28 August 2015

HOUSING COMMITTEE

A meeting of the Housing Committee will be held on **TUESDAY, 22 SEPTEMBER 2015** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **19:00**.



David Hagg
Chief Executive

Please Note: This meeting will be filmed for live or subsequent broadcast via the Council's internet site (www.stroud.gov.uk). By entering the Council Chamber you are consenting to being filmed. The whole of the meeting will be filmed except where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

AGENDA

- 1 **APOLOGIES**
To receive apologies of absence.
- 2 **DECLARATIONS OF INTEREST**
To receive declarations of interest.
- 3 **MINUTES - 23 JUNE 2015**
To approve and sign as a correct record the minutes of the meeting held on 23 June 2015.
- 4 **PUBLIC QUESTION TIME**
The Chair of the Committee will answer any questions from members of the public, submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS
Noon on Thursday 17 September 2015.

Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud, and sent by post, by fax (01453 754957), or by Email: democratic.services@stroud.gov.uk.

- 5 **WORK PROGRAMME**
To consider the Work Programme for 2015/16 and update accordingly.
- 6 **BUDGET MONITORING REPORT - 2015/16 QUARTER 1**
To present to Committee a forecast of the outturn position for the Housing Revenue Account and Capital Programme for 2015/16.
- 7 **FUTURE OF STROUD DISTRICT COUNCIL GARAGE STOCK**
To receive a report to rationalise the Council's garage stock.
- 8 **PERFORMANCE MONITORING**
To receive an update on Performance Monitoring.
- 9 **MEMBERS' QUESTIONS**
See Agenda Item 4 for deadline for submission.

Members of Housing Committee

Councillor Mattie Ross (Chair)	Councillor Liz Peters
Councillor Doina Cornell (Vice-Chair)	Councillor Gary Powell
Councillor Miranda Clifton	Councillor Lesley Reeves
Councillor Gordon Craig	Councillor Mark Rees
Councillor Kevin Cranston	Councillor Emma Sims
Councillor Jonathan Edmunds	Councillor Debbie Young

HOUSING COMMITTEE

23 June 2015

7.00 pm – 9.43 pm

Council Chamber, Ebley Mill, Stroud

Minutes

3

Membership:

Councillor Mattie Ross (Chair)	P	Councillor Liz Peters	P
Councillor Doina Cornell (Vice-Chair)	P	Councillor Gary Powell	P
Councillor Miranda Clifton	P	Councillor Lesley Reeves	P
Councillor Gordon Craig	P	Councillor Mark Rees	P
Councillor Kevin Cranston	P	Councillor Emma Sims	A
Councillor Jonathan Edmunds	P	Councillor Debbie Young	P

P = Present A = Absent

Other Councillors Present:

Councillors Tom Williams and Liz Ashton

Officers Present:

Strategic Head (Corporate Services)	Lead Business Consultant
Head of Housing Contracts (Interim)	Contracts Manager
Head of Housing Management	Business Development Manager
Principal Accountant	

Councillor Mattie Ross welcomed Ian Allan, Chair of Stroud Council Housing Forum.

HC.001 APOLOGIES

Apologies for absence were received from Councillor Emma Sims.

HC.002 DECLARATIONS OF INTEREST

There were none

HC.003 MINUTES

RESOLVED That the Minutes of the Meeting held on 24 March 2015 are confirmed and signed as a correct record.

HC.004 PUBLIC QUESTION TIME

None received.

HC.005 WORK PROGRAMME

The meeting considered the Committee's work programme and updated it accordingly.

The Task and Finish Group on the effectiveness of tenant consultation mechanisms were asked to give an update to Committee in December.

Committee considered a joint meeting of Housing and Community and Licensing Committees should take place to discuss the impact of Welfare Reform, Universal Credit, Social Sector Size Criteria and Discretionary Housing Payments.

RESOLVED To note the work programme, subject to the inclusion of the above in the 2015/16 work programme.

HC.006 PERFORMANCE FOR 2014/15

Councillors Lesley Reeves and Debbie Young did not give a report as this was done at the previous Housing Committee. There had not been a monitoring meeting since that time and Councillor Young asked that the meetings be scheduled two to three weeks before Housing Committee in future.

HC.007 APPOINTMENTS OF PERFORMANCE MONITORING REPRESENTATIVES

RESOLVED Councillors Gordon Craig and Debbie Young were appointed the representatives for 2015/16.

HC.008 APPOINTMENT OF OUTSIDE BODIES 2015/16

Councillor Liz Ashton was the representative for Home Start Stroud and Dursley and gave a report on the progress of the organisation and how it helps the local communities.

Representatives were sought for Care and Repair Stroud and Home Start Stroud and Dursley.

RESOLVED To make the following appointments

**Councillor Gary Powell – Care and Repair Stroud
Councillor Liz Ashton – Home Start Stroud and Dursley**

HC.009 NEW HOMES AND REGENERATION PROGRAMME UPDATE

The Business Development Manager gave an update on the schemes in the programme:

- Littlecombe – 10 properties were agreed for shared ownership, 3 sold with reservations on the others.
- Minchinhampton – 7 out of the 9 properties for shared ownership have been reserved.
- Top of Town, Stroud is due to complete in November, beginning to concentrate on Phase 2.
- Mankley Road, Leonard Stanley – contract has been awarded to Lovell Partnership.
- Chapel Street, Cam – Planning permission has now been received.
- Fountain Crescent – There is now an opportunity to purchase more land which would increase the scheme of 21 new homes.

Members commented that local people should always be able to afford to live in the area. The Local Lettings Policy would be discussed at an information evening on 8 July 2015. The Business Improvement Manager explained there was an opportunity to bid for additional grant funding which would enable the scheme to increase the supply of more affordable homes.

- RESOLVED**
- (a) **To note the current progress with the New Homes & Regeneration Programme.**
 - (b) **To approve SDC's bid to the Homes and Communities Agency (HCA) through their Continuous Market Engagement (CME) process at the appropriate time for any units in the programme that do not currently have an allocation of grant funding, noting in particular the requirement to charge an affordable rent on new build homes, but not for existing residents returning to new homes.**

HC.010 HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2014/15

The Principal Accountant presented his report.

Discussion took place on decent homes and void properties, the cost of getting the homes up to standard and whether there would be value in renovating non-traditional properties.

RESOLVED **To note the position of actual income and expenditure on the HRA for 2014/15 as set out in table.**

RECOMMENDED **To Strategy and Resources Committee that HRA revenue and capital budgets for 2015/16 be increased by revenue carry forwards of £71k and capital slippage of £1,423k, as listed in table 5.**

HC.011 NEW HOUSING CONTRACTS FOR NORTH AND SOUTH OF THE DISTRICT

The Head of Housing Contracts presented his report and introduced the Empty Homes Manager who had been leading in setting up the contracts.

Committee were informed of two new housing contracts to be let in March 2016 for the north and south of the district, to a maximum value of £80m, which incorporated a number of contracts currently in place. The Empty Homes Manager explained the contracts are in the early stages. Officers are currently preparing the PPQ for issuing on OJEU.

Discussion took place on whether priority will be given to contractors who would offer local apprenticeships. If the council required contractors to offer a high level of apprenticeships within the schemes it should be understood that the tender price would increase. The current contract requires one apprentice per £million of the contract value. The work of contractors would be monitored closely and response times for faults would be built into the contract. The Empty Homes Manager was asked a question regarding timber specification; an answer was to be given to Members following the meeting.

RESOLVED **that delegated authority is given to the Head of Housing Contracts in consultation with the Strategic Head (Finance and Business Services) to carry out the procurement outlined in the report.**

HC.012 **INVESTMENT IN INFORMATION AND BUSINESS PROCESS IMPROVEMENT TO SUPPORT TENANT SERVICES**

The Lead Business Consultant presented his report. He explained that there is a small team of staff from the HRA and General Fund. The project is to look at the business processes in Tenant Services and the best way to deliver these services. Once this work had been done, an IT system would be procured to back up the processes.

Communication with Members on this project would be through information sheets.

- RESOLVED:**
- (a) To approve the programme of business and ICT investments as outlined in the report.**
 - (b) To agree the utilisation of the budgeted reserves for the project.**
 - (c) To approve the communication strategy for updates to members and stakeholders.**

HC.013 **SHELTERED HOUSING ASSET REVIEW**

The Head of Housing Management gave a presentation on the review, to ascertain how the Council moves forward to bring the properties to an acceptable standard for sheltered housing. Members would receive a further report on the project in September.

The Chair of Stroud Council Housing Forum commented that he thought the Council were too cautious when working with tenants and were a very good landlord, tenants would accept change.

HC.014 **SUPPORTING TENANTS IN PARTNERSHIP WITH THE STROUD VALLEYS CREDIT UNION**

The Head of Housing Contracts presented the report. Universal credit would be introduced in Stroud in 2015, the Council wants to ensure that tenants are being given the best opportunity to manage their benefits. The credit union would help people to manage a 'jam jar' account and would be able to set up direct debits.

It was proposed that the £11,000 would be taken from the Environmental fund which is a fund for tenants to help them make their communities a good place to live. Members requested that they receive a report on the spending of the Environmental Fund and a business plan on how the Credit Union would help tenants.

After a long discussion an amendment was made to the decision, which was proposed and seconded

- RESOLVED** **Following a discussion with the Stroud Valley Credit Union and the presentation of a business plan, the budget will be made available after a further report to Stroud Council Housing Forum and Housing Committee, has been presented and approved.**

Meeting ended at 9.43 pm.

Agenda Item 5

2015/16 WORK PROGRAMME FOR HOUSING COMMITTEE

Date of meeting	Matter to be considered (i.e. insert report / project title)	Notes (e.g. lead member and officer)
23.06.2015	i. Work Programme 2015/16	Leads: Chair and Strategic Head Corporate Services
	ii. Council New Homes and Regeneration Programme Update	Lead: Business Development Manager
	iii. Housing Revenue Account Outturn 2014/15	Lead: Principal Accountant
	iv. Performance for 2014/15.	Lead: Cllrs Debbie Young and Lesley Reeves
	v. New Housing Contracts for North and South of the District	Lead: Head of Housing Contracts
	vi. Investment in Information and Business Processes to Support Tenant Services	Lead: Business Consultant
	vii. Sheltered Housing Asset Review	Lead: Head of Housing Management
	viii. Supporting Tenants via the Stroud Valleys Credit Union	Lead: Head of Housing Management
22.09.15	i. Work Programme	Leads: Chair and Strategic Head Corporate Services
	ii. Council New Homes and Regeneration Programme Update – Information Sheet	Lead: Business Development Manager
	iii. Budget Monitoring Report 2015/16 Q1	Lead: Principal Accountant
	iv. Future of SDC Garage Stock	Lead: Head of Housing Contracts
	v. Performance Monitoring verbal update	Leads: Cllrs Debbie Young and Gordon Craig
6.10.15	i. Sheltered Housing Assets Report	Lead: Head of Housing Management
22.12.15	i. Work Programme	Leads: Chair and Strategic Head Corporate Services
	ii. Council New Homes and Regeneration Programme Update	Lead: Business Development Manager
	iii. HRA Revised Budget 2015/16 and Original Estimates 2016/17	Lead: Principal Accountant
	iv. Budget Monitoring Report 2015/16 Q2	Lead: Principal Accountant

22.12.15 – Cont.	v. Right to Buy and Photovoltaic Panels	Head of Housing Contracts
	vi. Review of Queen’s Court, Thrupp	Lead: Principal Estates Surveyor
02.02.16	i. Budget Monitoring Report 2015/16	Lead: Accountancy Manager
29.03.16	ii. Work Programme	Leads: Chair and Strategic Head Corporate Services
	iii. Council New Homes and Regeneration Programme Update	Business Development Manager
	iv. Budget Monitoring Report 2015/16 (Q3)	Principal Accountant
	v. Corporate Asset Management Plan	Leads: Head of Housing Contracts, Head of Asset Management (joint)

Information sheets (to be sent to committee members)

Date sent (ref no.)	Topic	Notes (e.g. responsible officer)
23.6.15 H-2015/16 - 001	Shared ownership scheme	Kevin Pring
18.6.15 H-2015/16 – 002	Tenancy Agreements and Conditions	Nick Jermyn
21.7.15 H-2015/16 – 003	Local Connection and Allocation of Affordable Housing	Laura Stephen

Task and Finish Groups

Title	Membership	Date Established
To review The effectiveness of the tenant consultation mechanisms in place		

STROUD DISTRICT COUNCIL

AGENDA

ITEM NO

HOUSING COMMITTEE

22 SEPTEMBER 2015

6

Report Title	HRA Budget monitoring report Q1 2015/16
Purpose of Report	To present to the Housing Committee a forecast of the outturn position for the Housing Revenue Account and Capital Programme for 2015/16.
Decision(s)	The Committee RESOLVES a) to note the outturn forecast for the HRA Revenue budget and the Capital programme for 2015/16 b) To recommend to Strategy and Resources to approve the virements detailed in table 2
Consultation and Feedback	Budget holders have been consulted about issues in their budget areas. Their feedback has been incorporated into the report to explain differences between budget and forecast outturn income and expenditure.
Financial Implications and Risk Assessment	Expenditure should be made to budget to ensure the revenue and capital programmes continue to deliver on the planned timescales. Ian Garrett, Principal Accountant Tel: 01453 754344 ian.garrett@stroud.gov.uk
Legal Implications	No legal issues to report Karen Trickey, Legal services manager and monitoring officer Tel: 01453 754369 Email: Karen.trickey@stroud.gov.uk
Report Author	Ian Garrett, Principal Accountant Tel: 01453 754344 ian.garrett@stroud.gov.uk
Options	None
Performance Management Follow Up	Budgets will be monitored on a monthly basis by budget holders, supported by Finance. Further updates will be reported to the Committee in December 2015, February 2016 and an outturn report in June 2016.
Background Papers/ Appendices	None Appendices A and B

Background

1. This report provides the first budget monitoring position for the financial year 2015/16. Its purpose is to notify members of any significant forecast variances to the budget, highlight any key issues and to inform members of any actions that are required to be taken.
2. The outturn forecasts are calculated based upon a combination of the actual financial performance up to the 30th June 2015, plus an assessment of known and predicted variables for the coming year. At this relatively early point in the year there inherently remains a degree of uncertainty as to whether the assumptions used in forecasting will occur as expected. That uncertainty should decrease as the year progresses and more information on financial performance becomes available and a greater understanding of any variables is achieved.

HRA Budget position

3. The original HRA budget for 2015/16 was for a net spend of £1,041k. Following approval of carry forwards and slippage by Housing Committee in June, the revised budget is £2,530k.
4. The latest forecast as shown in Table 1 shows a projected net under spend of (£1,328k). This is a variance of (£3,859k) to the budgeted position of £2,530k. The variance is comprised of (£190k) of revenue variations, which are detailed in Appendix A. A further (£3,669k) of the variation is attributable to capital expenditure and is detailed in Appendix B.

Table 1 – HRA budget position

	2015/16 Original Budget (£'000)	2015/16 Latest Budget (£'000)	2015/16 Forecast Outturn (£'000)	2015/16 Outturn Variance (£'000)
Housing Committee				
Expenditure				
Supervision & Management	4,860	4,933	4,933	0
Sheltered Housing	826	830	830	0
Repairs and Maintenance	4,129	4,139	4,018	(121)
Gross Capital Expenditure NB&D	11,126	12,549	9,192	(3,356)
Gross Capital Expenditure - Other	10,127	10,127	9,815	(312)
Support Service Charges	333	316	316	0
Other Income and Expenditure	3,745	3,741	3,741	0
Gross Expenditure	35,145	36,634	32,845	(3,789)
Income (Rents & Charges)	(22,515)	(22,515)	(22,515)	0
Net Housing Expenditure	12,630	14,120	10,330	(3,789)
Funding (Borrowing, Grants)	(11,589)	(11,589)	(11,658)	(69)
TOTAL HRA	1,041	2,530	(1,328)	(3,859)

Areas of risk and uncertainty

5. The forecast net under spend in table 1 is based on a range of assumptions and estimated outcomes. Some of the issues that can affect this forecast are:

- budgets that are reactive in nature, e.g. response and void repairs
- the timing of complex projects such as new homes and regeneration projects and renewable energy projects
- seasonal factors such as severe weather preventing contractors undertaking work
- the uncertainty in timing of income from shared ownership sales, government grants and Right to Buy Sales

Virement requests

6. Due to a number reasons it maybe considered appropriate to request to vire, i.e. transfer funding from one budget to another. Virements between £20k and £50k can be approved directly by Housing Committee. Those above £50k require a recommendation to Strategy and Resources committee to approve. Listed below in table 2 is the current list of virements for consideration to approve directly or to recommend to Strategy and Resources for approval.

Table 2 – Virement requests

Value to £'000	Value from (£,000)	Budget name	Reason for virement
180		Capital – Electrical	Work needed to bring some properties up to current regulations. (See paragraph 14 for full explanation)
	180	Capital – Non Traditional Properties	Less investment required in Non Traditional than anticipated (See paragraph 15 for full explanation)

Capital Programme

7. The fourth year of self financing sees a continuation of the extensive programme of improvements to existing stock and investment in new housing. The total capital programme of £22.675m is detailed below in table 3. For clarity, the budgets are split between those for work on new homes and those for work on existing stock.

Table 3 – Capital programme

	2015/16 Original Budget (£'000)	2015/16 Revised Budget (£'000)	2015/16 Outturn (£'000)	2015/16 Outturn Variance (£'000)
Housing Committee				
New Build & Development				
Minchinhampton	19	19	53	34
Berkeley	247	407	408	2
Chapel Street, Cam	578	580	240	(340)
Hillside, Coaley	270	454	308	(146)
Littlecombe	1,945	1,945	1,897	(49)
Purchase of Properties	0	4	0	(4)
Southbank, Woodchester	349	578	305	(274)
The Corriett	259	429	387	(42)
Moseley Crescent	0	0	0	0
Wharfdale Way	392	397	12	(386)
Development-Leonard Stanley	4,096	4,750	2,890	(1,860)
Development-Top of Town Phase 1	2,792	2,806	1,742	(1,064)
Development-Top of Town Phase 2	0	0	326	326
Fountain Crescent	0	0	450	450
Contingency	179	180	175	(5)
TOTAL New Build & Development	11,126	12,549	9,193	(3,356)
Other Schemes				
Central Heating	1,598	1,598	1,598	0
Disabled Adaptations	250	250	250	0
Estate Works	800	800	800	0
Kitchens and Bathrooms	2,025	2,025	2,025	0
Major Voids	1,400	1,400	1,400	0
Professional Fees	50	50	50	0
Roofing	600	600	600	0
Scheme Renovations	430	430	430	0
Asbestos / Radon	400	400	400	0
Doors and Windows	500	500	500	0
Electrical Works	120	120	300	180
Renewable Heating	805	805	805	0
Non-Traditional Properties	550	550	370	(180)
Gas In-House Provider	47	47	47	0
Door entry	100	100	100	0
Suited Locks	140	140	140	0
Gas installs	312	312	0	(312)
TOTAL Other Schemes	10,127	10,127	9,815	(312)
TOTAL Capital Expenditure	21,252	22,675	19,007	(3,668)

Due to the volume of information in this report, it would be helpful if members with questions on matters could contact the report author or the appropriate service manager before the meet

Appendix A –Revenue variations in excess of £20k

**Repairs and Maintenance – Gas Servicing and Maintenance -
£121k under spend**

8. A review of costs for the in-house provider for Gas servicing have achieved a saving of £121k in 2015/16.

Funding – (£69)k less income

9. Revisions to the new build and regeneration programme have resulted in the anticipated income from both HCA grant and shared ownership sales being re-phased and hence there is some decrease in year in anticipated income.

Appendix B – Capital Variations in excess of £20k

New Homes and Regeneration (£3,356)k under spend

10. Overall the New Homes and Regeneration Programme is progressing well with 8 contracts on site and negotiations progressing well for the subsequent phases at Top of Town in Stroud. To date 26 completions have taken place with a further 42 properties due to be completed by the end of November.

Leonard Stanley (£1,860)k under spend

11. As reported to the New Homes and Regeneration Steering Group and the Housing Committee in June, the scheme at Mankley Road in Leonard Stanley has been delayed in starting due to the need to reach agreement with Severn Trent with regard to the drainage strategy for the site. This was concluded in March which enabled us to finalise the contract sum and to enter into the contract with Lovell Partnership in April 2015. They have been gearing up to start on site including providing information to our planners to satisfy the pre commencement conditions and designing the timber frame. Payments have now started to be made under the contract and a completion date of next September is planned. This has affected the profiling of the scheme with more of the monthly payments falling into 2016/17 than originally planned when budgets were set last year.

Top of Town, Phases 1 and 2 (£738)k under spend

12. At Top of Town, we have had to delay the start of Phase 2 until Phase 1 is completed to enable us to use phase 1 for decants. We have also now had approval to negotiate the next phase of Top of Town with the contractor for phase 1, Rydon Construction. The intention is therefore to split phase 2 into two phases to create a rolling programme round the estate. The scheme includes splitting and demolishing 5 of our properties from owner occupied properties and building on the footprint. This requires a number of party wall notices and careful discussions with the neighbouring properties. We also aim to apply for further grant funding for the units that currently do not have an allocation. The revised programming of the scheme has resulted in more of the spend falling into 2016/17 but all of the properties are still due to be completed by the end of 2016/17.

Small sites (£604)k under spend

13. The Council is in contract with WRW for the four small sites but delays have been experienced with Severn Trent. Fishers Road and The Corriett are now progressing well on site and Hillside Coaley and Southbank will be following on.

Please refer to the recent New Homes and Regeneration Programme update report for more detailed information.

Electrical - £180k over spend

14. The periodic electrical inspection programme has identified properties which now require investment in order to bring them up to current regulations. Results of the inspections and testing carried out in the first quarter indicate that a further £180k of capital investment will be required to the end of the financial year to bring additional properties up to date.

Non Traditional Properties – (£180)k under spend

15. Initial results received from stock data modelling, validation surveys and consultant engineers feedback has indicated the level of investment previously projected for this financial year will now not be required immediately and a revision of budget provision in the MTFP following recent government proposals will align spend in this area. Planning and conservation requirements have also delayed a number of investment streams

Gas Installs – (£312)k under spend

16. At an early stage it was anticipated the Gas in-house provider may carry out installations as well as safety checks and servicing and a capital budget was created for this. As the project progressed it was established installation will not form part of the initial work undertaken by the in-house provider and subsequently the installation budget for 2015/16 is no longer required.

Report Title	FUTURE OF SDC GARAGE STOCK
Purpose of Report	To seek delegated authority to rationalise the Council's garage stock by implementing the options set out in the paper
Decision	<p>Housing Committee RESOLVES to delegate authority to the Head of Housing Contracts and Head of Asset Management, in consultation with the Chair of Housing Committee and Ward Councillors to deliver the appropriate options to rationalise the Council's garage stock: as set out in section 3 of this report.</p> <ol style="list-style-type: none"> 1. Redevelopment and/or sale of garage stock for different housing types 2. Phased disposal of garages rather than selling in a single block 3. Sell sites that have low/nil social or economic value to SDC 4. Retain useful or important sites that have potential value to SDC for other council purposes 5. Demolish garages and use for other SDC purposes
Consultation and Feedback	Chair of Housing Committee; Stroud Council Housing Forum
Financial Implications and Risk Assessment	<p>The various options rationalising stock will have a variety of impacts on the finances of the HRA. However, at present it is not possible to quantify the value receipts from disposal of stock until further assessment is undertaken</p> <p>Ian Garrett, Principal Accountant Tel: 01275 754344 Email: ian.garrett@stroud.gov.uk</p>
Legal Implications	There are potentially significant legal risks in adopting the options set out in paragraph 5 of this report.

Legal Implications contin...	<p>Those risks arise from the application of the Right to Buy provisions of the Housing Act 1985 to fixtures which may be interpreted to comprise part of the dwelling the subject of an RTB application. Before adopting the recommendations it would be prudent to obtain further legal advice (possibly in the form of a Counsel's opinion) on the risks involved and any measures which might be taken to reduce or remove those risks.</p> <p>Alan Carr, Solicitor Tel: 01453 754357 Email: alan.carr@stroud.gov.uk</p>
Report Author (s)	<p>Kevin Topping, Head of Housing Contracts Nick Stewart, Principal Estates Surveyor Tel: 01453 754196 Email: Kevin.topping@stroud.gov.uk</p>
Options	<p>Continue retaining and managing the garage stock</p>
Performance Management Follow Up	<p>Biannual briefing papers to members on progress including risks and ongoing management of the preferred options</p>
Background Papers/ Appendices	<p>None</p>

1.0. Background

- 1.1. Stroud District Council, via Tenant Services, manages 775 garages in the district, many of which are located in rural areas, in various conditions and are generally in a declining state of repair. In 2011 we made the decision to change the tenancy rules regarding garage use. We moved from a tenancy agreement that only allowed taxed and insured vehicles to be kept in garages to a tenancy which allowed any form of legal storage with the liability for loss with the tenant should there be damage caused by water ingress for example.
- 1.2. The Council is developing an Asset Strategy which incorporates our garage assets. A number of sites have already been identified as having potential for new homes, others being too small, difficult or not appropriate for development.
- 1.3. This strategy applies only to garages and parking spaces which are let independently of any other tenancies, and for which a separate charge is levied. Any garages or parking spaces managed by the Commercial Team (e.g. garages attached to houses, carports etc) are outside the

scope of this policy and managed according to commercial arrangements.

- 1.4. The condition of the garage stock has declined with property investment having a higher priority. The majority of garage sites have had little, if any, programmed works leaving many in a poor state of disrepair or aesthetically poor due to lack of decoration.
- 1.5. An overall reduction in demand for garage space, under-investment and increased rents have in some cases caused surrounding areas to become run down and a magnet for anti-social or criminal behaviour.
- 1.6. These sites are a major financial drain on the repairs budget and in officer time to manage.

2.0. Current Position

- 2.1. We have 463 occupied garages and 312 vacant units. The high level of vacant garages is due to a general change in demand and rental levels; the 2015 charge is £11.73 per week to Council tenants and £14.08 for owner occupiers (the difference essentially being the VAT element). To date we have already demolished 378 garages as part of our New Build programme or because of their very poor condition.

3.0. Options

- 3.1. **Redevelopment and/or sale of garage stock** – this would extend the Small Sites' project being facilitated by the Corporate Asset Management Team. They use their professional expertise to assess the viability and value of the stock and to make sites available to create a variety of new housing of different types built by SDC, Registered Providers, community trusts or small open market developers. All income from sales stays with the HRA. This would phase out the rent raised from garage lettings and which therefore would not be available for the medium term financial plan. There are sub-options:
 - 3.1.1. **A phased disposal** - rather than disposal in a single block would give time to promote and maximise sites' values forward in a planned manner.
 - 3.1.2. **Sale of small sites of no social or commercial value to SDC** - a further option that will apply to a limited number of sites.
- 3.2. **Retention of useful or important sites** - some sites have value because of their location and relationship to other SDC housing. Others may fit with development plans run by other landowners or developers. Officers would assess the potential of sites by taking account of a wide range of factors and help plan which are better retained for future schemes. Rental income could be maintained in these cases.

3.3 . **Demolish and use for other Council purposes** - as well as housing, SDC occasionally needs land for storage, and other uses. Officers would ensure that such land would be retained and re-used.

4.0. **Implications**

4.1. **Cost of repair** – the average repair cost for a garage can range typically anywhere between £700 to £800 for a new door depending on type (which is a more common fault) to £240 to £340 to make good elements of the garage such as the roof deterioration.

4.2. **Income lost as a result of non occupancy** – based on the lower rent of all of our un-let garages (11.73) the lost income in 2015/16 is £3,659.76 per week or **£190,307.52 pa.**

4.3. **MTFP implications based on assumed income** – assumed income is based around a 3% increase PA. Income over the last two years has been £282,856 for 2013/14 and £277,023 for 2014/15.

4.4. **Complaints** – although some occupiers may want to continue renting garages, this would be offset by a more efficient, businesslike approach to managing our stock and financial commitments which see a reducing gap between spend and income. Phased disposal or re-use mean that changes will be gradual. The garage tenancies are in any event short-term arrangements and may, if required, be ended at any time by giving 28 days notice.

4.5. **Opportunity cost** - the value of rent forgone when selling or re-using garages will be more than offset by the alternative worth of the land for housing or other uses. As an example, 4-6 garages could be redeveloped with two affordable homes which would have a land value in the region of £50,000.

5.0. **Summary**

5.1. The authority has a stock of garages that are declining in terms of financial viability and being fit for purpose. This cannot continue and major changes are required.

5.2. The Council could continue to retain and manage its garage stock. However, this is a position which will have a detrimental effect on finances requiring major investment to maintain our stock to a safe and lettable standard and it is not recommended.

5.3. Alternatively, the Council can rationalise its stock using the options set out in section 3 of this report. Officers can deliver these changes and have a multi-skilled team that can manage the process with member support. It is recommended that that the best course of action is to use a combination of these options that will maximise the overall asset value potential for the Council.