



Report for:	Finance and Resources Overview and Scrutiny Committee
Date of meeting:	4 February 2020
Part:	1
If Part II, reason:	

Title of report:	Garage Programme Update
Contact:	<ul style="list-style-type: none"> • Andrew Williams, Portfolio Holder for Corporate and Contracted Services • Margaret Griffiths, Portfolio Holder for Housing • Linda Roberts, AD People, Performance and Innovation, Author/Responsible Officer • James Deane, Corporate Director (Finance and Operations), Garage Programme Sponsor • Fiona Williamson, AD Housing, Garage Programme Sponsor • Paul Mawson, Garage Programme Manager (contractor)
Purpose of report:	<ol style="list-style-type: none"> 1. The purpose of this report is to update members on the: <ol style="list-style-type: none"> a. Current garage asset position b. Progress of the Garage Programme review and its objectives c. Improvements made since the programme commenced in November 2019.
Recommendations	<ol style="list-style-type: none"> 1. Note the programme objectives and progress made to date.
Period for post policy/project review	Propose another report is delivered for consideration in 6 months (September 2020)
Corporate objectives:	<ul style="list-style-type: none"> • Building strong and vibrant communities • Ensuring economic growth and prosperity
Implications:	<p><u>Financial</u></p> <p>The review is essential to ensure the garage asset maximises revenue and is appropriately aligned to demand, so that alternative use options can be considered for the generation of capital receipts or alternative revenue streams.</p>

<p>'Value for money' implications</p>	<p>The review is being funded from reserves on the basis of spend to save.</p> <p><u>Value for money</u></p> <p>The review is being undertaken at market rates for this nature of professional services support.</p>
<p>Risk implications</p>	<p>There is an active risk register for this programme review which is managed by the Programme Board.</p> <p>The main risk for the Council relating to Garages is without any intervention they will be a continued decline of revenue. There is a reputational risk to the Council for the perceived poor management of the garage stock.</p>
<p>Community Impact Assessment</p>	<p>Community Impact Assessment carried out on 7th January 2020.</p>
<p>Health and safety Implications</p>	<p>There are no specific H&S concerns in this review as such. However Health and Safety implications will be full considered as part of the recommendations that will be developed once the review is complete.</p>
<p>Consultees:</p>	<ul style="list-style-type: none"> • James Dougall, Account Manager, Osborne Property Services • Rob Barker, Hanson Garages (Major prefab garage supplier) • Chris Simmonds, Legal & Corporate Services, DBC • Contacts from within Housing <ul style="list-style-type: none"> ○ Mike Bartley - Policy, Projects & Engagement Lead Officer, DBC (for Marketing) ○ Sue Prowse - Housing Policy, Projects & Improvement Lead Officer, DBC (for Audit) ○ Emily MacDonald - Housing Policy Officer (for Garage Policy) ○ Emily Hobbs - Housing Quality, Insight and Improvement Officer (for Garage processes) • Jonathan Carrington Dunn, Estates and Cleaning Lead Officer, DBC (for Clearing and Ground Maintenance) • Richard Rice, GM, Commercial Assets and Property Development, DBC (for Disposals) • Lucy Tash, Accountant: Housing, DBC (for budgets) • Ben Trueman, GM - Technology & Digital Transformation, DBC (for ICT systems)
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>CMT – Corporate Management Team CPW – Community Protection Warning CPN - Community protection Notice</p>

Executive Summary

1. The Garage Programme review commenced in November 2019 with the appointment of an external Programme Manager to lead the review and implement improvements.
2. The review has focused on the following areas
 - a. Protect the revenue stream
 - b. Invest in the stock
 - c. Streamline the lettings process
 - d. Continue the disposals programme
3. By using a list of residents who had previously expressed an interest in renting a garage and following up directly the programme has identified 300 potential new tenants which once placed would generate c.£200k pa additional income. This also helped to define what factors are important when a resident considering renting a garage from the Council and that there is a demand for this product.
4. The property condition survey of garage blocks has commenced and is expected to be completed by July 2020. Once complete and mapped against demand this will inform and shape a garage investment strategy. This will also consider some short term impacts such as cosmetic improvement of the stock (e.g. door painting) as well as longer term considerations such as replacement doors or even garages themselves.
5. The current lettings process is not fit for purpose as it manually intensive and not customer friendly. As well as reviewing Contracts as well as Terms and Conditions we are looking at how we should replace the current system to support the process.
6. To date 17 sites have been sold for £8.56m by being sold to Housing Associations and to some private developers. The next phase of the disposal programme is underway and Heads of Terms have been agreed in principle for the disposal of a further 7 sites.

Introduction

7. The Council owns 7,611 garages across 771 blocks throughout the borough delivering an annual income in excess of £3.7m, after having successfully disposed of 17 sites with a capital receipt of £8.56m.
8. There have been a number of issues with the rental and management of Garage assets in Dacorum. Constructed around 1950/1960 a lot of the stock requires maintenance and investment, but it has not been known where this should be best spent. Although the garages as assets belong to the General Fund, they have been historically managed by the Housing directorate of the Council.
9. Whilst the total income generated by DBC from renting garages has been greater each year (reflecting price increases), income has not achieved target projections for the year reflecting a net loss in customers renting garages.

10. In order to better understand the causes, what needs to be done and what are the relative priorities of action, it has been necessary to bring in a Consultant Programme Manager to lead on a review and to present the Council with recommendations for the service going forward.

Objectives

11. A report was brought to CMT on the 12th November 2019 outlining the objectives and scope of the Garages Programme and the appointment of an external consultant to lead this.

12. The key objectives of the Garage Programme have been defined as:

1. Protect the revenue stream
2. Invest in the stock
3. Streamline the lettings process
4. Continue the disposals programme

Effectively business as usual, but better.

1. Protect the revenue stream

13. The programme has focused on delivering quick wins as well as planning the longer term projects such as the property asset surveys and a customer facing online garage rental software solution.

14. Through a sales telephony exercise utilising existing housing staff, the programme has already secured new 300 customers who have stated they wish to rent a garage from the Council. Providing all these customers can be signed up (currently a long manual process that will take a number of months) this will generate c£200,000 per annum additional revenue for the Council.

15. Since the programme commenced in November the Financial Garage Monitoring report for period 9 (December) saw the service show a net increase in those renting garages, the first positive figure for over 12 months.

16. The opportunity was also taken to gather information from the 300 new customers as to what drives their priorities, use and choice when considering renting a garage, in order to better shape the garage rental offer. They are appended for reference.

17. The results provide an insight into:

- Potential new lets and rental income
- Demand generally
- Demand for specific areas and sites
- For what purpose customers want to use garages
- What influences the customers' decision in terms of choice of site
- Whether customers feel charges are reasonable or too high/low
- Any concerns and issues customers may have

18. This is important information in directing budgets and efforts whether this be in marketing garages, disposal and/or investment.
19. The ongoing management of garage sites is being improved through appropriate signage, ensuring garages and access roads are not badly blocked with parked vehicles and issuing CPW's/CPN's to serious repeat offenders who cause significant issues on sites. This is designed to retain existing and attract new customers by always ensuring customers can access and enjoy their garages with ease.

2. Invest in the stock

20. The property condition survey of garage blocks has commenced and is expected to be completed by July 2020. Once complete and mapped against demand this will inform and shape a garage investment strategy proposals and priorities.
21. Shorter terms options are being explored including improving the visual appearance and cared for perception of garages by ensuring garage doors on key sites are a consistent colour (standard new doors are supplied white) and not peeling and shabby looking (painted white gloss)
22. Alternative garage door replacements (moving to 4 point locking doors from the current 2 point locking and vertical ribs rather than the current horizontal ribs which tend to collect water and dirt) and alternative access solutions (currently locks and keys which cause operational management problems and delays) are being explored to implement with immediate effect. This will over time improve the security and reduce ongoing operational and maintenance costs.

3. Streamline the lettings process

23. Offer letters and Tenancy Terms and Conditions have been reviewed and strengthened. Advance rental (1-4 weeks) payment upon verbal acceptance of a garage offer is being introduced to reduce costs to the Council of abortive preparation work (preparing a garage fit for rental, lock changes, clearance, minor repairs and tenancy paperwork and admin). This is caused by some customers verbally accepting a garage offer then failing to complete their garage rental agreement with DBC.
24. We are also exploring either a refundable damage deposit or non-refundable administrative charge in order to encourage customers to return garage keys and to leave garages locked and clear of rubbish (or cover the costs of replacement/clearance) at the end of the rental period. We need to ensure this does not introduce a barrier to renting for customers.
25. Working with appointed maintenance contractor's, current business processes are being leaned to remove duplication/waste (multiple visits by different teams and organisations) and minimise any delay in preparing garages fit for rent (lock changes, clearances and other repairs and maintenance).

26. The longer term option(s) to provide a customer facing online garage rental and payment software solution are being explored in order to improve customer service speed/convenience and reduce back office manual processing costs and errors. This will be the subject of a future business case. This will go hand in hand with an organisational review and resulting proposals.
27. A policy document for garages has been produced in order to guide operational decisions and the better management of these important assets. This will proceed through the usual policy approval process.

4. Continue Disposals Programme

28. In September 2014 Cabinet considered and approved
 - a. a report for the disposal of 97 sites following a detailed review undertaken jointly by EC Harris and Council officers and
 - b. the strategy to select a development partner (or partners) to take forward the proposed planning, construction and housing sales for the sites selected for disposal.
29. To date 17 sites have been sold for £8.56m with the majority being sold to Housing Associations with a large proportion of affordable homes being developed. The remainder have been sold to private developers.
30. The next phase of the disposal programme is underway and Heads of Terms have been agreed in principle for the disposal of a further 7 sites. The purchaser intends to build low density affordable homes. The agreed Heads of Terms are subject to contract, due diligence & approval. Sites are sold unconditionally – i.e. without planning. Any future development of the site is subject to DBC's planning process.

Conclusions

31. Overall, whilst the results of the Garage Programme so far are encouraging, showing there is demand for the existing product (even in its current generally poor condition) and that pricing is considered reasonable by new customers, there is much still to do.
32. The programme will be shaped from the results of the condition survey, further customer research into specific market opportunities, locality/specific site demand, the provision of new modernised garage and storage facilities and the development of an online garage rental solution and associated business case.
33. A detailed programme timeline is being prepared and shaped by the information gathering and baselining phase. The channel shift online garage rental solution needs further work and specification as well as a decision around whether to procure a system to develop a solution, so is likely to have a timeframe of 12-18 months to deliver.
34. Likewise a planned investment programme will have to be delivered over several years because of finite resources and the operational practicalities

involved in relocating any existing garage tenants and minimising disruption and rental income streams.

35. A further update will be brought as the programme develops, shaped by the information and timeframes for critical pieces such as condition surveys and customer demand data.