

Crawley Borough Council

Report to Overview and Scrutiny Commission 3 October 2022

Report to Cabinet 5 October 2022

Proposed Increase of Weekly Rent to Council Owned Garages

Report of Chief Executive – CEX/59

1. Purpose

- 1.1. This report, in accordance with the Council's budget setting strategy, outlines a proposed mid-year increase for garage and storage cupboard weekly rental fees, to be implemented from 01 December 2022.

2. Recommendations

- 2.1. To the Overview and Scrutiny Commission:

That the Commission considers the report and decides what comments, if any, it wishes to submit to the Cabinet.

- 2.2. To the Cabinet

The Cabinet is requested to recommend to the Full Council the approval of the change in garage and storage cupboard fees, as detailed in Section 5 of this report to:

- a) Increase rental fees with effect from 1 December 2022, with no further increase until April 2024 as follows:
- i) weekly garage rental costs for Crawley Homes tenants,
 - ii) weekly garage rental cost for Private Tenants residing in Crawley
 - iii) weekly rental costs of storage cupboards
- b) Introduce an additional charge for Crawley Homes tenants and Crawley resident private tenants with three or more garages.
- c) Introduce a new non-Crawley Borough resident weekly garage rental cost.
- d) Introduce an additional charge for non-Crawley Borough residents with two or more garages.
- e) Remove the previous multi garage discount from any remaining accounts.

3. Reasons for the Recommendations

- 3.1. The Budget Strategy 2023/24 – 2027/28 (FIN/583) elsewhere on this agenda identifies in Table 3 an initial budget gap of £240,000 in 2023/24, this rises to £419,000 in 2024/25. This assumes an increase in fees and charges of 5% on average, as financially modelled. Table 9 in the same report identifies some sensitivity analysis and shows large increases in the gap should the pay award for Local Government employees be higher or inflation be higher, or further pressure on providing temporary accommodation for those we owe a duty - therefore additional income from garages would support meeting future gaps.

4. Background

- 4.1. The Council owns 5130 garages and store cupboards across all 14 neighbourhoods which are made available for rent as a discretionary service.
- 4.2. The 2021/2022 Budget and Council Tax report ([FIN/514](#)) was approved by Full Council in February 2021. This incorporated a new Pricing Strategy, which was unanimously agreed at Full Council when the Budget was set (Appendix A), which recognises that fees and charges are an important source of income enabling services to be sustained and improved.
- 4.3. Then Full Council agreed to transfer the garage assets from the Housing Revenue Account to the General Fund in December 2020 ([FIN/511](#)) providing additional income to the General Fund going forward.
- 4.4. A review of the operational aspects of the garage service was undertaken earlier this year which focused on providing a service to make the rental of clean, safe and secure garages easier for customers. The process will be integrated into a new Housing Management system later this year.
- 4.5. It was therefore timely to assess the current fees and charges in line with the Pricing Strategy by market testing costs with other Local Authorities and other service providers to identify any commercial opportunities and promote automated and online payment methods.
- 4.6. Garage rents have been increased in line with CPI for a number of years and current prices are:

Weekly rental costs: £11.46 for Crawley Homes tenants
£15.23 for private tenants
£ 2.00 for store cupboards

- 4.7. Analysis of the current demand for garages in August 2022 shows:

71%	Let to Private tenants
29%	Let to Council tenants
77%	Paying by Direct Debit

- 4.8. Garages provide spaces for parking cars, however many are used for storage purposes. A survey conducted by the RAC and reported on their website in 2021

found that 83% use their garage space for storage with many not being large enough to store modern vehicles.

- 4.9. That said the service remains popular for both Council and private tenants due to their proximity to residents homes or key locations. In addition nearly 250 garage tenancies are for individuals living outside of Crawley. A waiting list is currently in operation, this has recently been reviewed and currently has 83 applications. Figures for 01 January 2022 to 31 August 2022 showed that 336 garage tenancies were terminated and 405 new tenancies taken, indicating that as garages become available they are quickly rented.
- 4.10. Further service demands identified that nearly a third of garages are rented to tenants renting more than one garage.

Number of garages	Number of customers (total)
2	442 (884)
3	111 (333)
4	36 (144)
5	13 (65)
6	7 (42)
7	5 (35)
8	1 (8)

- 4.11. The Council previously offered a multi garage discount of 50% however this was withdrawn for new accounts in 2016. There are still 570 tenancies where this remains in place.
- 4.12. The net income received from garages in 2022/2023 will create a surplus of £1,020,050, as shown in the table below. There is a requirement for repair work for some sites along with ongoing annual maintenance costs.

Income	2022/2023
Rental income	£2,625,000
Expenses	
Employee salaries (including oncosts)	£ 85,000
Responsive Repairs	£ 200,000
Planned Repairs (including contractor fees)	£ 376,950
Minimum revenue provision (internal repayment)	£ 828,000
Interest	£ 115,000
Total Income achieved to support services	£ 1,020,050

5. Proposed rental fee structure

- 5.1. The benchmarking analysis, Appendix B, demonstrates the regional charges associated with the renting of a standard size garage. Whilst there are some differences within Local Authority rates the Council is currently charging at the lower end. Commercial storage options for lock up garages are higher with purpose built storage options at the top threshold, however these offer a different service and arrangement.
- 5.2. The proposed fee structure would increase prices from 01 December 2022, with the next increase in April 2024. Charges would still be at a lower than market average rate.

Proposed weekly rental costs £13.06 for Crawley Homes tenants
 £ 17.36 for Crawley resident private tenants
 £ 2.28 for store cupboards

- 5.3. It is proposed that an additional charge is to be applied to Crawley Homes and Crawley resident private tenants with **three** or more garages providing opportunity to make garage spaces available to more residents to meet the waiting list demand.

Proposed additional garage charge £1.50 per week (*3 or more garages*)

- 5.4. Garages rented to non Crawley Borough residents would pay a different rate to help ensure garages meet the demand of local residents as a priority. An additional charge for each subsequent garage would also be applicable for two or more garages.

Non Crawley Borough resident weekly rental cost £20.00 (*one garage*)
 Proposed additional garage charge £1.50 per week (*two or more garages*)
eg, second garage £21.50 per week.

- 5.5. The historic multi garage discount to be removed effective 01 December 2022.
- 5.6. The above rental structure will generate income in year and during the next financial year.

	Dec 22 – Mar 23	Apr 23 – Mar 24
Increased rental costs Crawley residents	£ 170,000	£ 510,000
Additional garage charge Crawley residents	£ 6,000	£ 18,000
Non Crawley residents rental costs	£ 20,000	£ 60,000
Additional garage charge non Crawley residents	£ 500	£ 1,500
Total	£ 196,500	£ 589,500
Less the 5% already projected/modelled in the Budget Strategy	-	-£134,500
Total additional income to meet budget shortfalls	£ 196,500	£ 455,000

6. Implications

- 6.1. Increasing fees and charges at a time where residents and businesses are incurring other increased prices is understandably sensitive. It does however minimise the need for future reductions in services.
- 6.2. All current customers will be notified in writing providing four weeks written notice of the change in charges. Those that wish to continue with the tenancy are not required to take any further action with systems and payment plans automatically updated.
- 6.3. The proposed change in fees is likely to result in some increased levels of contact from customers responding to questions or queries however it is anticipated this will be handled within the existing staffing from the Contact Centre and Garages Teams.
- 6.4. Customers who do not wish to continue with the tenancy may give notice to terminate, which will take effect once the keys are returned to the Town Hall and

subject to the garage being cleared, so not to incur any potential recharge as per the tenancy agreement.

- 6.5. Where a tenancy is surrendered there is a period of lost income during void weeks whilst a new customer is identified and secured.
- 6.6. The Council must take into account implications for people covered by the Equality Act 2010 and any particular impact on the protected group. There are no specific equality implications arising from the increase in charges that the Council is proposing.

7. Background Papers

Cabinet Reports 25 November 2020

[Appropriation of Garages from the HRA to the General Fund - FIN/511](#)

Cabinet reports 3 February 2021

[2021/2022 Budget and Council Tax FIN/514](#)

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