

Meeting: Executive
Portfolio Area: Resources/Community Health and Older People

Agenda Item:

6

Date: 10 July 2012

NEW ARRANGEMENTS FOR LETTING GARAGES TO VOLUNTARY AND COMMUNITY SECTOR GROUPS AND ORGANISATIONS

KEY DECISION

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1. PURPOSE

- 1.1. To review the current procedures and propose new arrangements for letting garages to voluntary and community sector groups and organisations that will eventually cover the cost of managing and maintaining those garages but still offer a heavily discounted rate to qualifying groups and organisations.

2. RECOMMENDATIONS

- 2.1 That the Council resolves to introduce subsidised rental charges for voluntary and community sector groups and organisations that currently occupy, or apply to occupy, a Council owned garage.
- 2.1. That the Council defers a decision to introduce subsidised rental charges until the economic climate is more favourable to those groups and organisations.
- 2.2. That, when the decision is made, the charges be graduated over a period of time until they reach a maximum of 50% of the prevailing full rent.
- 2.3. That only voluntary and community sector groups and organisations that can show they are associated with the Town and its residents be eligible to apply for a subsidised garage and that this be limited to one garage per group or organisation and:
 - If the group or organisation is already receiving financial and/or “in kind” support from the Council, then the application will be approved.
 - If the group or organisation is not already receiving financial and/or “in kind” support from the Council, then the application will be determined by the Community and Neighbourhood Services Manager against the criteria in Appendix B.

- 2.4. That groups and organisations currently occupying a Council garage rent free will not be able to apply for additional rent free or subsidised garages.
- 2.5. That all groups and organisations occupying a rent free or subsidised Council garage will be required to transfer to a low demand garage if it is found that the garage that they occupy can be let at the full rent, unless the group or organisation agrees to pay the full rent.
- 2.6. That the number of garages available to qualifying voluntary and community sector groups and organisations requiring a rent free or subsidised garage be initially capped at 100 and kept under review on an annual basis.
- 2.7. That the decision on when to introduce the charges or change the “cap” be reviewed annually alongside the fees and charges strategy and is then delegated for implementation to the Portfolio Holders for Resources and Community Health & Older People with the appropriate Strategic Directors.

3. BACKGROUND

- 3.1. For many years the Council has let garages on a rent free basis to voluntary and community sector groups and organisations working within Stevenage. At the present time there are 84 garages let to such groups and organisations.
- 3.2. New applications are referred to the Community and Neighbourhood Services team who recommend whether, based on their knowledge of the group or organisation, the extent of their work within Stevenage and benefits to the local community, the Council should give them a garage. Garage Management Services (GMS) are then requested to allocate a garage. In practice most applications from groups and organisations that regard themselves as charities have been approved.
- 3.3. Proposals for new arrangements for letting such garages were considered by the Executive on the 22nd September 2010. The Executive deferred a decision to allow consultation with the voluntary and community sector and further information to be provided.
- 3.4. In consideration of the proposals for Community Funding 2011/12 on the 8th February 2011, the Executive further resolved that “a review of how Council Garages are allocated and subsidised for voluntary and community organisations be carried out in 2011/12”.
- 3.5. Subsequent to the September Executive deferral, the Portfolio Holders for Resources and Community, Health and Older People wrote to all the groups and organisations currently with rent free garages explaining that the Council was minded to start charging 50% of the prevailing full rental, and asked for their comments on the proposal and how it might impact on the users of their services.
- 3.6. The remainder of this report draws conclusions from the responses received and uses them to inform the proposed new arrangements.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1. Current position

- 4.1.1. The potential full rental value of the 84 garages that are currently occupied by supported and voluntary sector groups and organisations is approximately £38,000 per annum. However, most of these are low demand garages.
- 4.1.2. The Council is still responsible for maintaining garages that are occupied rent free and there are other costs including administrative and inspection. Also inspections will occasionally show that a garage is no longer being used for the intended purpose and in some cases the garage is not being used at all. It is also very common for such occupiers to fail to notify GMS of key personnel changes within their group or organisation and, because garages are rent free, there is little incentive to manage their garage effectively. As a result, the amount of work required to manage these garages is greater than for garages let at the market rent and is around £19,000 per annum.

4.2. Response to the consultation

- 4.2.1. The Portfolio Holders' letter went to all the groups and organisations that were occupying garages rent free at the time. Since then a further five garages have been let bringing the total number of garages let in this way to the current total of 84. The occupancy profile is broadly categorised in the table below:

Type of Group or Organisation	Number Of Garages Let	Percentage Of Total
Guides/Brownies	10	12
Scouts	18	21
Community Association	5	6
Church or Faith Group	5	6
Animal Welfare	4	5
Young People	15	18
Older People	1	1
Adult Care	2	2
Sport + Leisure	6	7
Armed Forces/Combat/Rescue	4	5
Town Twinning	1	1
Recycling	2	2
Other	11	13
TOTAL	84	100

- 4.2.2. The letter contained a questionnaire inviting comments on the proposal (Appendix C). Of the comments received, all bar one were against the proposal and all were of the view that it would severely impact on them and their users, especially in these difficult economic times. The comments were reinforced by the outcome of the community fund allocations for 2011-12 which has also affected some of these groups and organisations.
- 4.2.3. After some further analysis with the Portfolio Holders it was considered that introducing charges in such recessionary times, alongside the increasing pressure on Community Funding, would be too difficult for the majority of the groups and organisations to bear right now.

4.3. Proposal for charging

- 4.3.1. A more conciliatory approach would be to explain to the existing and applicant groups and organisations that the Council is minded to charge a subsidised rent, but that this would be deferred until the economic outlook improved. It is therefore proposed that the decision to introduce charges is delegated to the Portfolio Holders for Resources and Community Health & Older People with the appropriate Strategic Directors.
- 4.3.2. To further mitigate the impact on their introduction it is proposed to graduate the increase over a period of time until they reach a maximum of 50% of the prevailing rental
- 4.3.3. Introducing the charges in this way will allow the occupiers to adjust their finances and will also encourage them to review whether they should continue to occupy. And in any case, the 50% charge is no more than is required to cover the Council's costs.

4.4. Controls

- 4.4.1. Since the Portfolio Holders' letter was sent another five garages have been let under the current arrangements bringing the total to 84. Prior to letting, the five groups and organisations concerned were advised that the Council is minded to start charging up to 50% of the market rental in the foreseeable future.
- 4.4.2. In order to control allocations, it is proposed that any group or organisation occupying a rent free or subsidised Council garage now or in the future will not be eligible to apply for another rent free or subsidised garage.
- 4.4.3. New applicants will also be required to complete a revised version of the current application form (shown at Appendix B) that better reflects the eligibility criteria set out in this report. The application will be assessed by the Community and Neighbourhood Services Manager. A suggested audit form for carrying out the assessment is also shown at Appendix B. Should a dispute arise over the allocation, then this will be referred to the Head of Service whose decision will be final.
- 4.4.4. Any group or organisation in current or future occupation of a rent free or subsidised Council garage that does not wish, or is unable, to pay the proposed garage rent would be required to surrender the garage back to the Council.
- 4.4.5. There will be a requirement to transfer to a low demand garage if it is found that the garage occupied by a group or organisation can be let at the full rent, unless the group or organisation agrees to pay the full rent.
- 4.4.6. Officers will inspect the rent free garages to ensure that they are being put to their intended use. Such inspections will continue on an annual basis and groups and organisations no longer wishing to retain their garage, or found not to be using them for the intended use, will be required to clear it and surrender keys back to the Council. The groups and organisations will also be obliged to notify GMS of any personnel changes, including details of any changes to the garage key holder.
- 4.4.7. Finally, it is proposed to introduce a "cap" on the number of garages available to the voluntary and community sector and that this is initially set at 100 garages. The cap

will be kept under annual review and may be modified at the discretion of the Portfolio Holders for Resources and Community Health & Older People in consultation with the appropriate Strategic Directors.

4.4.8. For the purpose of these new arrangements:

- A “high demand” garage is evidenced by a waiting list for garaging a motor vehicle. Such garages tend to be in the northern half of the Town. High demand garages would not be available to these groups and organisations.
- A “low demand” garage is evidenced by a long void history and has proven to be difficult to let. Such garages tend to be in the southern half of the Town, typically in the larger garage compounds.

5. IMPLICATIONS

5.1. Financial Implications (*including the rental increase of 2.5% for 2012-13*)

5.1.1. The prevailing garage rent for 2012-13 will be £10.93 per week (including VAT). Following any transitional period the weekly rent charged to voluntary and charitable groups and organisations would be £5.47, £284.23 annual charge (including VAT). To be able to reclaim the VAT charities/organisations would need to be VAT registered otherwise the full cost including VAT would be borne by the group or organisation.

5.2. Legal Implications

5.2.1. Private individuals who use garages for domestic storage do not have security of tenure. However, where garages are let to groups and organisations for the purposes of their operations there may be circumstances in which the occupiers would have the protection afforded to business tenants and regaining possession would be more challenging and steps to mitigate this should be made in the terms of any letting.

5.3. Equalities and Diversity Implications

5.3.1. The Equalities Impact Assessment is summarised at APPENDIX A.

5.3.2. The consultation with the current groups and organisations was in recognition of the need to more fully understand the impact of the proposed charges on their users. As a result, the Council has recognised the difficulties caused by introducing an immediate 50% charge and is now proposing a deferred, then graduated, charging arrangement that will allow existing tenants to adjust over the period.

5.4. Risk Implications

5.4.1. There are no substantive risks associated with these arrangements that cannot be managed by the Garage Management Services

5.5. Asset Management Implications

5.5.1. Charging 50% of the prevailing rent for these garages will cover the cost of administration and maintenance and so reduce the financial burden on the remainder of the stock.

5.6. Policy Implications

5.6.1. The arrangements proposed here will supersede previous policies and arrangements with regard to letting garages to such groups and organisations.

BACKGROUND DOCUMENTS

- Report to Executive and Notice of Decisions, 22nd September 2010
- Report to Executive and Notice of Decisions, 8th February 2011 (Item 6)

APPENDICES

- Appendix A - Equalities Impact Assessment
- Appendix B – Draft Application Form
- Appendix C - Consultation Questionnaire Extract

APPENDIX A

Equality Impact Assessment for the introduction of garage rental charges to voluntary and supported groups and organisations.

Service area	Garage Management Services		
Decision or change being considered	To charge a rent to voluntary and supported groups and organisations benefitting from a Council owned garage		
Form completed by:	Head of Property and Estates	Date:	November 2011

The 62 groups and organisations currently benefitting from a rent free residential garage will be affected. The types of groups and organisations are listed at in the table at 4.2.1 in the report. That table also shows that groups and organisations associated with young people benefit from over half the garages let. However not all the groups and organisations necessarily represent people covered by the “protected characteristics”

The table below draws on information provided in the returned questionnaires and (where possible) information on groups and organisations’ web sites. It shows, very approximately, the number of garages let to groups and organisations who represent, in some way, people covered by the equalities “protected characteristics” alongside the impact of a 50% rental charge.

Protected Characteristics	Number of garages linked to groups and organisations representing the protected characteristics	Possible negative impact of immediate charge of 50% rent	Possible positive impact
Age	43 (younger people), 1 (older people)	Sudden financial pressure	None
Ethnicity	1	Ditto	None
Disability	4	Ditto	None
Religion/belief	5	Ditto	None
Socio-economic	21	Ditto	None
Gender	1	Ditto	None
Sexual orientation	None	n/a	None
Transgender	None	n/a	None
Pregnancy/maternity	None	n/a	None
Garages that are let to groups and organisations that are not representative of the protected characteristics.	8	n/a	n/a

It is proposed that the possible negative impact identified in the table above will be mitigated through the actions shown below.

Action to mitigate the sudden financial pressure on the affected groups and organisations	Who is responsible? How will the impact and the action be monitored?	Timeline for implementation
Introduce the charges in a graduated manner, for example: First Year: 20% of full rental Second Year: 40% of full rental Third Year and thereafter: 50% of full rental	Garage Management Services. They will monitor the number of garages surrendered.	Deferred and graduated approach in accordance with the Report recommendations.



Application for a rent free or subsidised garage



1. NAME OF YOUR GROUP or ORGANISATION

.....

2. CHARITY REGISTRATION NUMBER (if applicable)

.....

3. CONTACT DETAILS

Title: Mr Mrs Ms Other

First name: Surname

Position held:

Address: Postcode:

..... Telephone:

Email:

4. DOES YOUR GROUP OR ORGANISATION ALREADY OCCUPY A RENT FREE OR SUBSIDSED GARAGE?

- Yes
- No

If "Yes" please tell us the garage number(s) and location(s)

.....

5. TELL US ABOUT YOUR GROUP OR ORGANISATION AND THE WORK IT DOES

There is a note at the end of this form which explains the characteristics of the voluntary and community sector. Your group or organisation will need to demonstrate these characteristics as well as its association or relevance to the Town.

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.....

6. DOES YOUR GROUP OR ORGANISATION CURRENTLY RECEIVE A COMMUNITY GRANT OR OTHER ASSISTANCE FROM THE COUNCIL?

- Yes
- No

7. INTENDED USE OF GARAGE

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.....
.....

8. INTENDED KEYHOLDER DETAILS (if different from 3 above)

Title: Mr Mrs Ms Other

First name: Surname

Position held:

Address: Postcode:

..... Telephone:

Email:

9. PREFERRED AREA or GARAGE BLOCK

.....

Please note that the Council will offer free or subsidised garages in areas or blocks of low demand. If you are allocated a garage that becomes high demand, then you will be required to move to an alternative low demand garage, or pay the full rent.

If your group already occupies a rent free or subsidised garage, you will only be able to apply for additional garages at the full commercial rent.

10. CONFIRMATION OF REQUEST

On behalf of my group/organisation, please accept this as an application for a rent free garage. I understand that, in the future, the Council at its discretion may apply rental charges at a subsidised rate.

Signature: Date:

Name:

Position held:

NOTE ABOUT THE VOLUNTARY AND COMMUNITY SECTOR

The Council's Voluntary and Community Sector Strategy explains the characteristics of the Sector. Groups in the Sector are value driven, re-invest surpluses to further their aims and are committed to

reflecting user need. Their work includes delivering services, advocating or lobbying on behalf of community causes, facilitating international, community and economic development, advancing religious and faith practice, raising funds and providing financial and other support to other voluntary and community organisations.

There is a diverse range, size and scope of organisations like this in Stevenage including the following types:

Voluntary organisations, registered charities, faith groups, community groups, tenants and residents groups, community associations, housing associations, co-operatives and social enterprises, most sports, environmental, arts and heritage organisations and grant making trusts.

This form is to be completed by the Community and Neighbourhood Services Manager upon receipt of the application and prior to referring it to Garage Management Services (GMS):

NAME OF GROUP or ORGANISATION	Date of application
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ASSESSMENT CRITERIA	Yes	No
1. Does the group or organisation* already occupy a rent free or subsidised garage? <i>If “yes” then the application should be refused</i>	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the group or organisation receive community grant or other assistance from the Council? <i>If “yes” and they don’t already have a rent free or subsidised garage, then the application can be referred to GMS with instructions to locate a garage for the group or organisation (subject to a suitable garage being available within the agreed “cap” (currently set at 100 garages))</i>	<input type="checkbox"/>	<input type="checkbox"/>
3. If the answer is “no” to question 2, then has the group or organisation demonstrated that they and their work is beneficial for the Town and its communities and that they demonstrate the characteristics of the Voluntary and Community Sector as set out in the Council’s Voluntary and Community Sector Strategy? <i>If “yes”, then the application can be referred to GMS with instructions to locate a garage for the group or organisation (subject to a suitable garage being available within the agreed “cap” (currently set at 100 garages))</i> <i>If “no” then the application should be refused with the reasons given in a written response.</i>	<input type="checkbox"/>	<input type="checkbox"/>

SUMMARY of ACTIONS:	Date:
Application approved with instructions issued to GMS	<input type="text"/>
Application rejected and in a written response back to the applicant	<input type="text"/>
or	
Application referred to the Head of Service for a decision	<input type="text"/>
Head of Service’s decision notified to the applicant and GMS	<input type="text"/>
Process signed off by Community and Neighbourhood Services Manager	<input type="text"/>

*Note that some groups and organisations will be part of a wider regional, national or international body. For example, scouts and guides groups may fall into this category. It is not the intention to reject an application from such a group just because the wider body is already represented in the estate. However, the group will need to satisfy the Community and Neighbourhood Services Manager that their *group* is not already in occupation of a rent free or subsidised garage.

APPENDIX C

Consultation Questionnaire Extract

Confirm the contact details for your organisation	
Name of your organisation:	
Name of Keyholder:	
Title:	
First Name:	
Last name:	
Address:	
Post Code:	
Telephone:	Day:
	Mobile:
E mail address:	@

Details of the garage(s) currently let to you	
Number(G ^{***}) and Road:	
Number(G ^{***}) and Road:	
Number(G ^{***}) and Road:	
Number(G ^{***}) and Road:	

Your comments on the proposal and how it might impact on the users of your services: