

REPORT FOR DECISION

DECISION OF:	CABINET
DATE:	28 November 2012
SUBJECT:	Review of Council-owned Garage Sites
REPORT FROM:	Cllr G Campbell, Cabinet Member for Neighbourhoods and Regeneration Cllr Tony Isherwood, Cabinet Member for Finance & Resources
CONTACT OFFICER:	Marcus Connor Head of Performance & Housing Strategy, Adult Care Services
TYPE OF DECISION:	CABINET (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain.
SUMMARY:	<p>The Council currently owns 85 garage colonies throughout the Borough. Management is carried out either by the Council's Corporate Property Services or by Six Town Housing.</p> <p>In line with good practice the Council has undertaken a review of these assets to ensure continued operational usefulness and value for money.</p> <p>33 sites were initially identified for action, based on low occupancy rates, low rental income/future liabilities. Each of these sites was subsequently evaluated in greater depth and discussed in consultation with elected members, garage tenants and people living near to the garage sites. Their comments, together with feedback on issues such as anti social behaviour at these locations, have been taken into account when determining the recommended options for the future use of the sites.</p> <p>This report only makes proposals on the 33 sites. The other 52 garage sites will continue in their current form</p>

	for the immediate future, although the position with these will be kept under review. The management of these sites will also be reviewed to determine the most effective management options.
OPTIONS & RECOMMENDED OPTION	<p>Option 1- Do nothing. This involves no change but is not a tenable long term solution due to the costs and management issues associated with unpopular garage sites.</p> <p>Option 2 – Accept the recommendations of the Review Team. This is the preferred approach as it seeks to address all the more problematic sites by suggesting uses that offer greatest value to the community (which includes retention as a garage site in some cases). In maintaining fewer sites, the Council’s liabilities will also be reduced.</p> <p>Option 3 – Accept some of the recommendations of the Review Team. This indicates a more selective approach to the recommendations. To ensure due process, reasons would need to be given for the decision.</p>
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	<p>This report sets out proposals for the future use of garage colonies owned by the Council.</p> <p>Proposals have been drafted by taking into account;</p> <ul style="list-style-type: none"> • Current income levels • Level of void units • Annual operating costs • Backlog Maintenance / Capital Costs • Operational issues e.g anti-social behaviour • Potential alternative usage for sites • The demand for affordable housing <p>Discussions have taken place with residents and other stakeholders.</p> <p>Detailed business cases will be drafted for each site as the programme moves forward.</p>
Statement by Executive Director of Resources:	
Equality/Diversity implications:	The Equality Analysis indicates that the proposals could be favourable to older people and people with disabilities if some sites were developed for specialist housing.

SK

Considered by Monitoring Officer:	Yes There are no legal implications at this stage until the proposal has been determined.	JH
Wards Affected:	All	
Scrutiny Interest:	Overview and Scrutiny Committee	

TRACKING/PROCESS

DIRECTOR: Executive Director of Adult Care Services

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
12.11.12			
Scrutiny Committee	Committee	Council	

1. INTRODUCTION

- 1.1 The Council currently owns 85 garage colonies throughout the Borough, ranging in size from single plots to larger areas capable of accommodating up to 40 vehicles. Some of these sites are managed by the Council’s Corporate Property Services (which rents plots of land, at a cost of £55 per 12 month contract, to customers for them to erect their own garage). Others are run by Six Town Housing where garages are rented to tenants, at a rate of £6.06 per week for Council housing tenants and £7.27 per week for non-Council housing tenants.
- 1.2 Usage of sites varies and in 2010, presentations were made to the former Housing Services Sub Group and the Economy, Environment & Transport Scrutiny Commission outlining proposals for a detailed review of Council-owned garage sites. This is in line with good practice to ensure operational effectiveness and value for money of all our assets.
- 1.3 Applying cost and usage criteria to the 85 garage colonies, 33 sites were identified for further investigation by a Review Team, consisting of officers from Strategic Housing, Corporate Property Services, Planning and Six Town Housing. The evaluation included extensive consultation in each of the townships which generated 273 responses in the form of completed questionnaires, letters and telephone calls and 80 people attending various focus groups.

2. NEED FOR CHANGE

- 2.1 In order to identify the sites in most need of action, all 85 sites were assessed according to their occupancy levels at the time and the average annual spend on responsive repairs over the last three years in comparison to the income received by the Council. Any sites where occupancy was less than fifty percent or where annual maintenance costs exceeded income were looked at in more detail. This identified the 33 sites mentioned above.
- 2.2 Four key principles have guided the selection of options for each site:

- Need – the extent to which these facilities are required in an area. Given the discretionary nature of garage sites, this can be measured by the level of demand for garages
- Cost – linked to demand, this is the economic viability of sites based on rent levels, occupancy rates and expected future maintenance liabilities
- Future development – to obtain maximum value from these assets, consideration has to be given to alternative uses. In particular, the review team has looked at the potential for sale on the open market (to generate a capital receipt for the Council) and bringing forward sites to support future affordable housing schemes. There are indications that the Government’s Homes and Community Agency (HCA) will continue to invest in affordable housing and it is to the Council’s advantage to have a supply of suitable sites to support future funding bids
- Local community views – full consideration has been given to local knowledge and comments on individual sites. As a result, a number of sites have been identified for community use or the decision left open to explore alternative management / ownership / development opportunities – especially on sites where access, shape or other constraints limit the potential uses of the land.

2.3 As a result of this examination and public feedback the recommendations of the Review Team are set out below.

3. OUTCOMES AND RECOMMENDATIONS OF THE REVIEW

3.1 Sites recommended for continued use as garage sites

The following sites are proposed for retention largely due to occupancy rates and/or the potential to increase usage. In some cases, such as Beechcroft, Prestwich there is significant investment required but occupancy levels and demand for garages in this location is high. Other sites such as Sherbourne Court, Prestwich, the reason for retention is because of a site’s proximity to Council-owned housing.

Retention as garages does not, however, mean that the management of the site will remain with the Council / Six Town Housing. Alternative operational approaches will be considered particularly on those sites which require high levels of input and produce low returns.

Township	Site	Area (sq m)	Occupied Oct 2012	Potential annual income (£)	Actual annual income (£)	Expenditure (£)	
						Ave. Annual Repairs	Backlog Maintenance
Prestwich	Beechcroft	144	10/12	3,636	3,030	896	14,800
Prestwich	Wilton Court	436	5/6	1,818	1,515	588	6,600
Prestwich	Sherbourne Court	101	2/7	2,121	606	2,251	7,000
Whitefield	East Avenue	174	7/11	3,333	2,121	7,809*	2,200
Radcliffe	Bolton Road /Coronation Gardens	371	9/12	3,636	2,727	457	12,025
Radcliffe	Trencherbone	163	7/12	3,636	2,121	3,737*	17,400
Bury East	Severn Close	567	10/10	3,030	3,030	568	12,330
Bury East	Willow Street	478	9/11	3,333	2,727	913	12,100

* = expenditure includes significant responsive maintenance, such as replacement of vandalised garage doors, which would otherwise have been included in a capital repairs programme

3.2 Development Opportunities

Planning policy requires the Council to maintain a supply of housing land for private and public sector housing. Existing waiting lists indicate significant demand for housing particularly at affordable levels whilst the Housing Needs and Demand Assessment 2011 has identified that demographic trends will drive future demand for housing that is suitable to the needs of older people.

The Review Team has identified the following garage sites as suitable for development. Some are likely to be popular with private housing developers which would have the twin benefit of meeting housing demand and generating capital receipts and increased Council Tax income for the Council.

A number of sites would also be attractive for public rented housing. Bury has been extremely successful in recent years in attracting external funding from the Homes and Communities Agency as part of the Affordable Housing Programme. Good progress on the delivery of existing programmes increases the likelihood of further external funding opportunities becoming available. Therefore, the Council needs to work with members of its Housing Joint Commissioning Partnership to bring sites forward for future development. In addition to potentially delivering a capital receipt for the Council, there would be additional benefits of nomination rights, increased Council Tax income and increased New Homes Bonus as a result of affordable housing developments.

Township	Site	Area (sq m)	Occupied Oct 2012	Potential annual income (£)	Actual annual income (£)	Expenditure (£)	
						Ave. Annual Repairs	Backlog Maintenance
Radcliffe	Back Suthers Street	614	3/20	1,100	165	0	0
Radcliffe	Knowles Street	80	0/6	1,818	0	1,102	12,000
Radcliffe	Mayfair Avenue1	1,701	0/30	1,650	0	0	0
Radcliffe	Mayfair Avenue2	1,052	0/21	1,155	0	0	0
Radcliffe	Melrose Road	281	4/10	3,030	1,212	509	11,330
Radcliffe	Westminster Avenue	952	0/17	935	0	0	0
Bury East	Keswick Drive	1,600	0/20	1,100	0	0	0
Bury East	Plumpton Drive	1,710	1/40	2,200	55	0	0
Bury East	Redvales Road	732	3/15	825	165	767 (mainly site clearance work)	0
Bury East	Hewart Drive	730	3/17	935	165	350 (mainly site clearance work)	0
Ramsbottom,	Moyse	891	1/18	990	55	388	0

Tottington & North Manor	Avenue					(mainly site clearance work)	
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3.3 Sites for Disposal

The Review Team has also identified a number of sites which are surplus to requirements due to their low occupancy levels but where there is no obvious alternative use.

Often irregularly shaped, difficult to access or small in size, these sites provide limited opportunities for community benefit or financial return.

In value for money terms, there is little rationale for retention especially as such sites take up a disproportionate amount of staff time to maintain.

Township	Site	Area (sq m)	Occupied Oct 2012	Potential annual income (£)	Actual annual income (£)	Expenditure (£)	
						Ave. Annual Repairs	Backlog Maintenance
Prestwich	Newtown Court	35	0/3	909	0	222	3,300
Whitefield	Rufford Drive	43	1/4	1,212	303	0	10,000
Radcliffe	Coleridge Avenue	1,376	1/25	1,375	55	0	0
Radcliffe	Crompton Close	351	1/7	2,121	303	42	1,400
Radcliffe	Hampson Fold B	149	0/10	550	0	0	0
Bury East	Cherry Avenue	516	2/14	770	110	0	0
Bury East	Goshen Lane	342	0/10	550	0	0	0
Bury West	Back Belbeck Street	433	1/10	550	55	0	0

3.4 Sites explored for Allotments / Community Gardens

During consultation, there was interest in turning some sites into allotments or community gardens. In response to these comments, the Review Team has identified some sites that have this potential although conversion would require investment (the source of which has not been identified) and the ability of the community (or representative bodies) to take over the management and maintenance of the facility. At the present time, the Council do not have the resources available to support this work. However, if the community wish to take on these sites in their current conditions to convert to allotments or community gardens, clearly presented business cases for their long-term management would be supported. In order that these sites do not remain disused for any significant period of time, community groups wishing to take over the management and maintenance of the sites must present a viable business plan, with funding sources clearly

identified by 30 June 2013, after this time the sites will be disposed of with the other sites identified in 3.3 above.

It should also be noted, that the Carlton Street site is located on the Springs Estate where the Tenant Management Organisation are exploring options for becoming a standalone housing association, and this site would be integral to their future development plans. Accordingly, any decision on the long term future of this site must take this into consideration and be agreed in consultation with the Spring Tenant Management Organisation.

Township	Site	Area (sq m)	Occupied Oct 2012	Potential annual income (£)	Actual annual income (£)	Expenditure (£)	
						Ave. Annual Repairs	Backlog Maintenance
Radcliffe	Coronation Road	656	2/18	990	110	0	0
Bury East	Avondale	1,126	0/15	825	0	0	0
Bury East	Carlton Street	1,673	0/35	1,925	0	1,000 (mainly site clearance work)	0

3.5 Sites to be Considered for Community Use

Consultation also identified other sites that are surplus to requirements which would be of interest to community groups. Whilst potential community benefit is recognised, these sites have the same investment and future management issues as allotments and community gardens. The Council would, through Six Town Housing, support community groups presenting a business case for the improvement and long term maintenance and upkeep of these sites for use by the local community. In order that these sites do not remain disused for any significant period of time, community groups wishing to take over the management and maintenance of the sites must present a viable business plan, with funding sources clearly identified by 30 June 2013, after this time the sites will be disposed of with the other sites identified in 3.3 above.

Township	Site	Area (sq m)	Occupied Oct 2012	Potential annual income (£)	Actual annual income (£)	Expenditure (£)	
						Ave. Annual Repairs	Backlog Maintenance
Radcliffe	Bridgefield Walk	98	0/8	2,424	0	132	None, colony demolished
Radcliffe	Howarth Court	96	0/5	1,515	0	67	None, colony demolished
Radcliffe	Holborn Avenue	2,065	2/33	1,815	110	0	0

4. FINANCIAL IMPLICATIONS

- 4.1 Under utilised garage sites are a lost opportunity. At current occupancy rates the Council is losing over £37,000 per annum (the difference between potential revenue of £57,812 and actual income of £20,740). When repairs are taken into account, the cost of retaining the 33 sites turns into a net annual loss:

	£	£	£
Actual Income (based on current rent levels)	20,740		
Annual Cost of Responsive Repairs		21,798	
Estimated Capital Expenditure Needed on sites if retained (average per year for next five years)		24,497	
Cost of retaining scheme based on current income levels and all required expenditure			-25,555

This does not include staff time associated with managing the sites.

- 4.2 Pursuing a disposal policy for these sites (as development land, sites for future affordable housing or community use) would reduce these liabilities and generate an income in the form of capital receipts or small annual rental – dependent on the terms of the agreement.
- 4.3 An important part of the next step, should Cabinet agree in principle to disposal, will be to determine what represents ‘best consideration’ for the Council. As an asset, the Council must aim to achieve maximum value either in monetary terms or social impact in supporting policy objectives. Accordingly it is proposed that each site would be subject to a business case agreed by the Executive Director of Resources and could include outright sale, managed sale/transfer to individuals or community groups, lease to registered housing providers for public rented housing or retained management by the Council.

5. RISKS

- 5.1 The review has considered the risks associated with change. Five key risks have been identified.
- 5.2 **Opposition to proposals.** Existing garage tenants or members of the public may object to changes. Extensive consultation has sought to gather broad support for the work so far and discussions will continue with all parties to find suitable solutions.
- 5.3 **Loss of control.** Whilst some sites would no longer belong to the Council, any adverse impact on residents or their communities can be mitigated to some extent by:
- Leasing rather than the outright sale of sites;
 - Encouraging community ownership (by individuals or resident groups);
 - Ensuring proper and sustainable management arrangements of community facilities such as allotments and retained garage colonies.
- 5.4 **Limited interest.** Disposal of some sites may be difficult if prospective buyers do not see the sites as viable. Testing the market and conducting due diligence checks will therefore be a feature of any changes to encourage sites being brought back into productive use.
- 5.5 **Obtaining permissions.** Any alternative uses are subject to separate planning and other permissions being obtained as required. Whilst this report only relates to the

ownership and management of the land, issues with permissions will be taken into account as part of the business case.

- 5.6 **Doing nothing.** There is a counter risk of leaving sites as they are. Without active management and investment, the likelihood of these sites increasing in popularity is slight, becoming increasingly unsightly and attracting further anti-social behaviour. This review has aimed to tackle that eventuality by proposing alternative futures for under utilised sites.

6. EQUALITY AND DIVERSITY

- 6.1 The Equality Analysis shows the proposal to have a positive impact particularly if some of the sites are developed for older / disabled client groups.

7. CONCLUSIONS AND RECOMMENDATIONS

- 7.1 Around 40% of the Council's garage sites are significantly under occupied or in need of major investment. An in-depth review of these sites, supported by an extensive programme of community consultation, indicates that most sites are not needed as garage colonies and can be used for other purposes.
- 7.2 Several options for disposal have been identified. To maximise the value of the assets, a number of sites have potential for sale on the open market. Others however will be less attractive due to their size, location or access limitations. For this reason, alternative uses including allotments, gardens and community use have been considered although further work is required to ensure that the Council obtains best value from the disposal of these assets.
- 7.3 It is therefore recommended that:
- (a) Cabinet supports Option 2 and accepts in principle the recommendations of the Review Team regarding the future use of the garage sites.
 - (b) The garage sites listed in paragraph 3.1 be retained, with the future management and ownership to be determined by the Review Team;
 - (c) The Review Team is authorised to:
 - Pursue the disposal and redevelopment of sites listed in paragraph 3.2 for housing purposes (private and public) subject to business cases being agreed by the Executive Director of Resources.
 - Dispose of the sites listed in paragraph 3.3 on the open market, being mindful of the need to ensure that their future use does not impact negatively on the surrounding areas.
 - Consider ways of converting the sites listed in paragraphs 3.4 and 3.5 into community assets (e.g. allotments / community gardens / community spaces) at no cost to the Council. If these options prove to be unviable, the sites are disposed of in accordance with paragraph 3.2 and 3.3 depending on the site, as detailed in the report.
 - Keep the remaining 52 garage sites under regular review and consider alternative uses for sites that fall below the threshold in consultation with Ward Members and local communities.
 - Consider the most appropriate management options for garage sites retained by the Council.

- (d) Delegate authority to the Executive Director Adult Care Services and the Executive Director Resources to agree, in conjunction with the Cabinet Members for Neighbourhoods and Regeneration and Resources, the details of disposal for individual sites in line with (b) and (c) above;
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List of Background Papers:-

Presentations to Housing Services Sub Group (17 February 2010) and Economy, Environment and Transport Scrutiny Commission (3 March 2010)

Summary of Results of Consultation (November 2010)

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FULL LIST OF GARAGE SITES

APPENDIX 1

Garage Site	Recommendation of the Review
Prestwich	
Beechcroft	Continue use as garage site
Newtown Court	Dispose of site
Sherbourne Court	Continue use as garage site
Wilton Court	Continue use as garage site
Whitefield & Unsworth	
East Avenue	Continue use as garage site
Rufford Drive	Dispose of site
Radcliffe	
Back Suthers Street	Explore development opportunities
Bolton Road / Coronation Gardens	Continue use as garage site
Bridgefield Walk	Explore potential for community use
Howarth Court	Explore potential for community use
Coleridge Avenue	Dispose of site
Coronation Road	Explore use as allotments / community garden
Crompton Close	Dispose of site
Hampson Fold B	Dispose of site
Holborn Avenue	Explore potential for community use
Knowles Street	Explore development opportunities
Mayfair Avenue 1	Explore development opportunities
Mayfair Avenue 2	Explore development opportunities
Melrose Road	Explore development opportunities
Trencherbone	Continue use as garage site
Westminster Avenue	Explore development opportunities
Bury East	
Avondale Avenue	Explore use as allotments / community garden
Carlton Street	Explore use as allotments / community garden
Cherry Avenue	Dispose of site
Goshen Lane	Dispose of site
Hewart Drive	Explore development opportunities
Keswick Drive	Explore development opportunities
Plumpton Drive	Explore development opportunities
Redvales Road	Explore development opportunities
Severn Close	Continue use as garage site
Willow Street	Continue use as garage site
Bury West	
Back Belbeck Street	Dispose of site

Garage Site	Recommendation of the Review
Ramsbottom, Tottington and North Manor	
Moyse Avenue	Explore development opportunities

The other 52 sites not reviewed at this stage will continue to operate as garage sites for the immediate future.

Their usage will however be kept under regular review and may be revisited, particularly if circumstances at those sites change.