



**Delivery Project -
Savings Template
(FE1) 18/19 – 21/22**

Outcome/Theme	Commercialisation & Assets
Savings Reference	FE1 – HRA 8
Proposal/Project Header	Garage Estate Commercialisation
EDG Sponsor	Lucy Taylor
Submission Date	27/10/2017
Director Lead/s	Mark Wiltshire
Departments Impacted	Regeneration and Housing
Investment Required	Yes
Directors Consulted	Mark Wiltshire
Finance Contact	Liam Green

Is this Saving led by an Outcome or Theme (OT) or represent a Service Cut (SC)? Outcome led

State saving type: Income generation

Brief Description of Proposal/s:

- There are approximately 1700 garage units owned by the Council of which 1300 are currently vacant.
- Those which are let are often let at rents considerably below that which would be considered a market value.
- Through investment in the estate and the proactive management of lettings and tenancies (through the employment of a specialist 3rd party supplier) the objective is to ensure a much greater proportion of the estate is let at the new value which is much closer to the assessed market rate.
- Existing rents will be subject to an escalator to generate additional income.
- It is proposed to invest capital resources of £0.180m in 2018/19 and £0.180m in 2019/20, to bring garages to marketable state.

Expected impact on outcomes

Additional income will be generated by the estate.

--

Summary Saving Detail (show as negatives i.e. (0.250))							
Service Head	Apdx 1 Cost Centre Detail Complete? Y/N	Current Budget £m	Saving (To be taken from named cost centre budget)				
			18/19 £m	19/20 £m	20/21 £m	21/22 £m	Total £m
INCOME	Y	(0.328)		(0.249)	(0.133)		(0.382)
TOTAL				(0.249)	(0.133)		(0.382)

There will be a loss of £0.062m income whilst work is carried out, it is planned this will come from reserves so it has not been shown above.

Analysis of Saving Total (show as negatives i.e. (0.250) and match to TOTAL above)					
	18/19 £m	19/20 £m	20/21 £m	21/22 £m	Total £m
Income		(0.249)	(0.133)		(0.382)
Other costs					
Total (Saving)/cost		(0.249)	(0.133)		(0.382)

Risks:

Risk	Implication	Mitigation
It does not prove possible to secure the number of new lettings proposed	Revenue benefits of the project not realised	25% of provider management fee is payable only if new income targets are achieved.
The market rates assumed for garage lettings are unachievable	Revenue benefits of the project not realised	Market rent figures are supported by figures obtained through a benchmarking exercise. Assumed figures within the financial model are set lower than the benchmark data suggests possible.
Tenants resistant to rental increases	Significant numbers of existing tenants giving up their tenancies	Delaying any rental increase for existing tenants until 2019-20 allows the handy person service to become established, ensuring tenants are able to see a

			marked improvement in the service prior to being asked for greater contributions.
	The proposed development schemes proceed more or less quickly than currently envisaged.	Garages earmarked for development are required vacant more or less quickly.	Leases offered on garages are to be flexible meaning those earmarked for development can be let on a short term basis (accruing income in the interim) and those not earmarked can still be provided with vacant possession quickly should it be subsequently decided they are required.

EAA –

To be confirmed.

Investment (show as a positive i.e 0.100)

Description of investment required to achieve the saving set out above :

Capital Investment in the re-building / refurbishment of the garage estate.

Year	£m	One off / Recurring
18/19	0.180 (capital) and 0.062 (revenue)	One off capital investment / One off reserve contribution
19/20	0.180 (capital)	One off capital investment
20/21		
21/22		
Total	0.360 (capital) 0.062 (revenue reserve)	Over 2 years One year

Investment Type

State the type of investment required: Capital Investment over 2 years, and Contribution from reserves to cover the Year 1 £62k shortfall in income whilst works.

State if the achievement of the same is linked to work already commissioned and budgeted for or if requires to be commissioned and funding is requested:

Contained within the HRA Business Plan

Is the investment required already accounted for under a Modern Council?

No

Income

Please set out the income proposal stating if this replaces any existing budgeted for income: Does not replace

Income Source (residents/business/commercial activity):

Residents / Commercial Activity

Impacts Existing Published Fee or Charge (Y/N and if Y provide published name/description): No

Other Delivery Considerations

ICT Implications:

Integration of provider and Council systems.

Does proposal require wider consultation (e.g. service users/ public?)

No (although we are clarifying this presently)

Please provide description if yes.

Does this proposal have staffing implications?

None

If yes, indicate estimated number of FTEs impacted, and estimated reduction in FTEs

Does this proposal affect another Council Service? None

If yes, list consultees' names and date consulted in table below:

Stakeholder	Date Consulted	Comments

Other Delivery Considerations – Key Milestones

The aim is to ensure SPS are under contract and mobilized ready for the 1st April 2018

Appendix 1 – Savings Cost Centre Analysis (Mandatory)

Service Head	Department See Listing Below	Cost Centre	Current Budget £m	Saving (To be taken from named cost centre budget)				
				18/19 £m	19/20 £m	20/21 £m	21/22 £m	Total £m
INCOME	HRA	150310	(0.328)		(0.249)	(0.133)		(0.382)
TOTAL			(0.328)		(0.249)	(0.133)		(0.382)

There will be a loss of £0.062m income whilst work is carried out, it is planned this will come from reserves so it has not been shown above.

Department and Directorate Listing

Directorate	Department
Children's, Adults and Public Health	Schools Service
	Children's
	Adults Services
	Public Health
Regeneration and Housing	Housing General Fund
	Safer Communities
	Property & Regeneration
	Built Environment
Environment and Customer Services	E & CS Management
	Customer Services
	Environment and Leisure
	Parking - Off Street
	Parking Account Contribution to Transport Costs
Corporate Resources	Finance
	Legal & Democratic Services
	Business Services
	Human Resources
Chief Exec	Strategy & Engagement
	Chief Executive Projects
	Housing Benefit
	HRA