

HOUSING REVENUE ACCOUNT GARAGE CHARGING REVIEW

To:
Councillor Gerri Bird, Executive Councillor for Housing

Report by:
Julia Hovells, Head of Finance and Business Manager

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

Wards affected:
All wards with council garages or parking spaces

1.	Recommendations
1.1	<p>It is recommended that the Executive Councillor for Housing:</p> <ol style="list-style-type: none"> 1. Approve the garage and parking space charging structure as outlined in Appendix A, to be implemented from April 2025, with the exception of the reduction in right to park charges for council tenants, which will be implemented from 1 October 2024. 2. Approve delegated authority to the Director of Communities to designate an area of garages or parking spaces as being in a high value or high demand area, therefore attracting the higher rental charge, or in a low value or low demand area and therefor attracting a lower rental charge.

2.	Purpose and reason for the report
2.1	The Housing Revenue Account currently manages a portfolio of 1,344 garages and 320 parking spaces, which are let as separate licences on a weekly rental basis to a variety of customers, including council housing tenants, other residents (including leaseholders) of the city, charities, businesses and commuters.
2.2	The current charging structure for garages has been in place since April 2018. It is now considered timely to review the charging structure, particularly considering new garages and parking spaces available as part of the new build programme, and the introduction of a right to park in new underground parking provisions.
2.3	The revised charging structure is being presented for decision by the Executive Councillor for Housing, following scrutiny and debate at Housing Scrutiny Committee, in line with the Council's constitution in respect of setting rent and service charges.
3.	Alternative options considered
3.1	This report relates to reviewing the existing charging structure for garages and parking spaces, and therefore alternative options consisted of modelling a number of potential charging arrangements, before arriving at the recommendations being put forward by the working group comprised of cross-party members, tenant representative and officers.
4.	Background and key issues
4.1	At the time of writing this report, the Housing Revenue Account owned 1,328 independent garages and 314 parking spaces (of which 123 were right to park spaces in underground car parks), and also managed 16 garages and 6 parking spaces on behalf of the General Fund. Of the HRA garages, 251 are currently identified for potential demolition and re-development as affordable housing.
4.2	Historically the HRA have had difficulties in letting all of their garages and the void rate is regularly at levels in the region of 20% to 25%. At the beginning of August 2024, the level of void garage and parking spaces was 20%, excluding those identified for demolition.
4.3	In 2017/18, a review of garage charges was undertaken, with the outcome being to move to a property-based charging structure for ease of administration.
4.4	Although the charging structure approved was simplified, it has not achieved all of the intended outcomes. The authority has not seen a significant reduction in void levels, and

	with the introduction of new council homes at the higher affordable rents, the charges for garage and parking spaces, which are in addition to the rent for a home, are proving unaffordable for many council tenants, particularly in the high value / high demand areas.
4.5	An officer working group was convened to explore the options, review what other authorities charge and to make recommendations for change as outlined in this report.
4.6	The charges levied for garages by a number of other local authorities have been assessed for comparison. There is some variation in approaches; Oxford City Council charges council tenants £5.75 for a parking space, £19.22 for renting a standard garage and £21.71 for renting a premium garage. They charge private tenants £13.80 for a parking space, £23.06 for a standard garage and £26.05 for a premium garage. Norwich charges council tenants £11.07 for a garage and £5.34 for a parking bay, and private residents £17.28 for a garage and £12.80 for a parking bay. Brighton and Hove charges a tenant £10.20 for a parking space and an average of £16.40 for garages, whilst charging private residents £19.54 for a parking space and £30.45 for a garage. Dover District Council charge £24.00 for a town centre garage.
4.7	The working group recognised that although the charging structure approved in 2017/18 was less complex to administer, it significantly limited the ability to charge specific client groups higher or lower rents, with a strong desire to provide parking solutions for council tenants, both as a priority, and at affordable rents for this client group, many of whom are on low incomes.
4.8	VAT can be payable on garages or parking spaces, dependent upon the nature of the occupant, and the location of the garage or parking space, when compared to where a dwelling tenancy exists. From the customer's perspective, it is the total sum payable that is important, and so going forward, tenancy agreements will be issued, and charges will be approved and set inclusive of VAT. Payment of any VAT owing to HMRC will be dealt with in the background by the council.
4.9	Currently, council tenants are required to notify the council if they intend to use the garage for anything other than parking a motor vehicle, with the total charge being comparable to a private resident renting a garage. This relies upon a tenant providing this notification, and as such, very few tenancies have been set up on this basis. Also, as many garages are small, and may not be big enough to store larger, modern, SUV type vehicles, it is anticipated that the additional cost may deter some tenants from renting a garage. It is therefore recommended to remove any differential charging based upon the use of the

	garage. Tenants will obviously still need to comply with the acceptable use policy, to ensure that they do not store any prohibited materials in the garage.
4.10	The working group were keen to introduce a reduced rate for disabled council tenants and propose a 30% reduction for blue badge holders when they rent a garage or parking space from the Council alongside their dwelling tenancy. Based upon data published by the County Council, approximately 4.6% of Cambridge residents hold a blue badge, and as such all financial modelling has been undertaken using this assumption of take up of the discount. It will be necessary to provide confirmation of the blue badge in order to obtain the discounted rate, and tenants will be required to notify the council if they are no longer the holder of a blue badge and therefore cease to qualify for the discount.
4.11	On some of the newer development sites, Mill Road and Cromwell Road in particular, underground parking has been provided. On these sites, a tenant rents the 'right to park', which guarantees a space will be available, but they need to find a vacant one each time they enter the car park. These were introduced at the high value / high demand rate of £20.78 for council tenants or £24.94 for other residents. Feedback from tenants has indicated that these spaces are expensive on sites where they are already paying the higher 'affordable' rents and that they are not able to rent a dedicated space adjacent to their property as they may be able to do for an above ground parking space, making them less desirable. The new charging structure proposes to reduce the current cost of the 'right to park' spaces by 30% for council tenants to £14.55, a more affordable price, which recognises the feedback.
4.12	It is proposed to retain the differential, introduced in April 2018, between high value or high demand areas and standard areas. This allows recognition of both the cost to the HRA of delivering garages or parking spaces in a high value location and also high demand areas, where garages or parking spaces may be more popular, and a waiting list may exist. Appendix B shows the current high value / high demand area, with delegation to the Director of Communities retained to amend this in the future if required.
4.13	Recognising that the garages and parking spaces that belong to the HRA were provided initially to serve council tenants, there is a desire to make the facilities as affordable as possible for this client group. Where there are garages and parking spaces still available, they are let more generally to private residents, commuters and businesses to maximise income to the HRA.
4.14	When charges to private residents are compared to the charges being levied by other

	<p>local authorities, the rates charged by Cambridge City Council, particularly for a standard garage, are often lower than others. It is therefore proposed to add an initial 10% premium, in addition to VAT, onto the total charge for private residents for garages and general parking spaces (excluding right to park spaces).</p>
4.15	<p>Where a garage or parking space is not let to a council tenant in conjunction with the occupation of their council property, the let will be treated as a private garage or parking space. This will be determined by whether the garage or parking space is either in the same ward as the property or within 1.5 miles if it spans a ward boundary.</p>
4.16	<p>To qualify as a council tenant the garage or parking space tenancy has to be in the same name as someone named on the dwelling tenancy. If the garage or parking space is rented by someone else residing at the council property, this will be treated as a private garage tenancy. This should always have been the case and is because there are VAT implications in this scenario.</p>
4.17	<p>There is also a proposal to retain a higher rate for commuters or businesses renting garages in the city, with the current premium of £6.00 per week to be increased to £12.00 per week. This will still provide parking in the city for this client group that is far cheaper than the alternative offered by car parks (currently £625 to £1,030 per quarter, equivalent to £48 to £79 per week for a parking season ticket) but will also ensure that garages used by city residents are offered at a competitive rate by comparison.</p>
4.18	<p>The only accepted method of payment for garage and parking space tenancies continues to be direct debit, with exceptions made only on a case-by-case basis. Any council tenant in rent arrears on their property is refused (or have withdrawn) a garage or parking space on these grounds.</p>
5.	Corporate plan
5.1	<p><i>Explain how the decision links to the Councils Corporate Plan</i> <u>Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council</u></p> <p>The changes proposed in this report support the key priority to tackle poverty and inequality, helping people in the greatest need, by reducing the charges for some parking spaces for council tenants who may be on lower incomes.</p>

6.	Consultation, engagement and communication
6.1	A working group including officers, cross-party councillors and tenant representative was set up to inform this review, to ensure that multiple views were taken into consideration before any recommendations were made. Tenant and leaseholder representatives form an integral part of the scrutiny process associated with this committee. All tenants receive individual written communication in advance of any change in rent or service charge levels.
7.	Anticipated outcomes, benefits or impact
7.1	Garages held in the Council's Housing Revenue Account were originally built to provide parking for council tenants alongside occupation of their property. Over many years, garages held within the HRA have been let more widely, and in some cases on a more commercial basis. This report seeks to ensure that garages and parking spaces are affordable for council tenants, many of whom may be on low incomes, whilst also maintaining the provision of this resource for other residents, commuters, and businesses within the city.
8.	Implications
8.1	Relevant risks
	The are risks that an increase in the rental charges for garages and parking spaces for private residents, commuters and businesses will result in some occupants making alternative arrangements. The increases are however deemed modest in comparison to the cost of alterative options and are not dissimilar to the charges levied by other local authorities.
	Financial Implications
8.2	In reviewing the garage and parking space charging structure and moving back to a people and use based charge from the current property-based charge, there will be some tenants who receive an increase in their charges and others who will realise a significant reduction.

8.3	Excluding the garages and parking spaces identified for redevelopment, at the time of writing this report, 664 garage or parking space occupants will receive an increase in their charges. The increase in charges will vary from £1.31 to £8.49 per week, inclusive of VAT where applicable, based upon 2024/25 prices. The highest increases are for businesses or commuters renting city centric garages and the next highest are for businesses or commuters renting in the standard areas.
8.4	60 council tenants will receive a reduction in the rent for their garage or parking space, predominantly in respect of the cost of their right to park tenancies, but also in respect of standardising the total cost of garages let for storage. There will be a further 84 right to park spaces available, with council tenants having priority over other residents, and these spaces being offered to them at the new reduced rates.
8.5	Any council tenant who holds blue badge will also be able to apply for the new discounted rate from 7 th April 2025.
8.6	Excluding garages and parking spaces ear-marked for redevelopment, these changes would result in a potential marginal increase of just over £13,000 per annum at 2024/25 prices, assuming the entire portfolio were let. The budget process for 2025/26 assumes a 2.5% increase in income, and therefore the new charges arrived at for 2024/25 have then be inflated by 2.5% to arrive at a 2025/26 price.
8.7	All changes will come into effect from April 2025, with the exception of the discounted rate for council tenants for right to park spaces, which will come into effect following this decision being taken, to ensure that as many council tenants that want to rent these spaces take them up before they are offered more widely to other residents, etc.
	Legal Implications
8.5	<i>There are no specific legal implications arising from this report.</i>
	Equalities and socio-economic Implications
8.6	<p>An Equalities Impact Assessment has been prepared as part of this report and will be available on the Council's website.</p> <p>The impact assessment recognises that charges will increase for some, but not in any one category. The changes will, however, positively impact those with a disability and</p>

	some residents on low incomes, who live in council homes.
	Climate Change and Environmental implications
8.7	There are no adverse environmental implications anticipated as a result of changes proposed in this report.
	Procurement Implications
8.8	There are no direct procurement implications associated with this report.
	Community Safety Implications
8.9	There are no direct community safety implications associated with this report.
	Staffing Implications
8.8	There are no direct staffing implications associated with this report in terms of employment. However, the new charging structure is more complex to administer than the current system, as it involves more of the charges being related to the occupant of the garage as opposed to the nature of the garage or parking space itself. It is not possible to automate the addition of these charges as they will be dependent upon the garage or parking space renter's status at the time of signing a garage tenancy.
9.	Background documents Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985:
9.1	Garage Charging Review January 2018.
10.	Appendices
10.1	Appendix A Current and Proposed Garage and Parking Space Charging Structure Appendix B Location Map showing High / Low Value Boundary Line

To inspect the background papers or if you have a query on the report please contact

Julia Hovells, Head of Finance and Business Manager

Telephone: 01223 – 457248 or email: julia.hovells@cambridge.gov.uk.

Garage Charges - 2024/25 and 2025/26

Appendix A

Category	Total Current Charge	Total Proposed Charge	Total Proposed Charge
	2024/25	2024/25	2025/26
	£ per rent week	£ per rent week	£ per rent week
Parking Spaces in standard area (tenants only)	8.47	8.47	8.68
Parking Spaces in standard area (other city residents) *	10.16	11.18	11.46
Garage in standard area (tenants only)	10.89	10.89	11.16
Garage in standard area (tenants storage use)	13.07	N/A	N/A
Garage in standard area (other city residents) *	13.07	14.38	14.74
Garage or Parking Space in high value / high demand area (tenants only)	20.78	20.78	21.30
Garage in high value / high demand area (tenants storage use)	24.94	N/A	N/A
Garage or Parking Space in high value / high demand area (other city residents) *	24.94	27.43	28.12
Right to Park in high value / high demand area (tenants only)	20.78	14.55	14.91
Right to Park in high value / high demand area (other city residents) *	24.94	24.94	25.56
A premium is added to all base rates above when rented for non-city resident, commuter, business or commercial use			
	£5.00 plus VAT	£10.00 plus VAT	£10.00 plus VAT
Parking Space in standard area - Non-City Resident / Commuter or Business / Commercial use	16.16	23.18	23.46
Garage in standard area - Non-City Resident / Commuter or Business / Commercial use in standard area	19.07	26.38	26.74
Garage or Parking Space in high value / high demand area - Non-City Resident / Commuter or Business / Commercial use in high value / high demand area	30.94	39.43	40.12

* other city residents includes council residential tenants with a garage in a different ward or more than 1.5 miles from the property



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Garages - High Value Area and Locations

Date: 18 April 2024

Produced by: Spatial Team

Scale: 1:18,000 @ A4