

RECORD OF DELEGATED OFFICER DECISION

Key Decision

✓

SUBJECT:

MEDIUM TERM FINANCIAL PLANNING - SALE OF THE GARAGE PORTFOLIO AND INCREASE IN RENT

PURPOSE OF REPORT:

The purpose of the report is to seek approval to sell the freehold interest of the portfolio of garage plots to the existing tenants and increase the rent (to market rent levels) of the remaining plots.

In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended officer decision of the **Director of Corporate Estates and Procurement** as described below

DELEGATED DECISION:

Approval is given for the sale of the garage portfolio to the current tenants of the Council and to implement an incremental increase of rent (to market rent levels) for the remaining garage tenancies

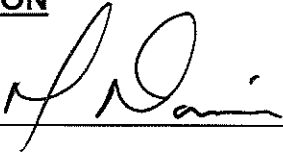

Chief Officer Signature

CHRISTOPHER LEE
Print Name

26/6/19
Date

The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

CONSULTATION



26/06/2018

CONSULTEE CABINET MEMBER SIGNATURE

DATE

CONSULTEE OFFICER SIGNATURE

DATE

CALL IN PROCEDURE RULES.

IS THE DECISION DEEMED URGENT AND NOT SUBJECT TO CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:

NO ✓

Reason for urgency:.....

If deemed urgent - signature of Mayor or Deputy Mayor or Head of Paid Service confirming agreement that the proposed decision is reasonable in all the circumstances for it being treated as a matter of urgency, in accordance with the overview and scrutiny procedure rule 17.2:

.....
(Mayor)

.....
(Dated)

NB - If this is a reconsidered decision then the decision Cannot be Called In and the decision will take effect from the date the decision is signed.

FOR CABINET OFFICE USE ONLY

PUBLICATION & IMPLEMENTATION DATES

PUBLICATION

Publication on the Councils Website:- 26th June 2018

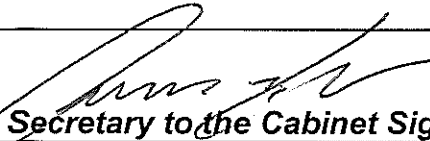
DATE

IMPLEMENTATION OF THE DECISION

Note: This decision will not come into force and may not be implemented until the expiry of 3 clear working days after its publication to enable it to be the subject to the Call-In Procedure in Rule 17.1 of the Overview and Scrutiny Procedure Rules.

Subject to Call In the implementation date will be 2nd July 2018.

DATE


Secretary to the Cabinet Signature

CHRISTIAN SJ HANAGAN
Print Name

26/6/18
Date

Further Information

Directorate:	Corporate & Frontline Services
Contact Name:	Paula McCarthy
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Tel.No.	01443 744491

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

KEY DELEGATED DECISION

REPORT TO ACCOMPANY A DECISION OF THE DIRECTOR OF
CORPORATE ESTATES AND PROCUREMENT

25th JUNE 2018

MEDIUM TERM FINANCIAL PLANNING - SALE OF THE GARAGE
PORTFOLIO AND INCREASE IN RENT

Author: Paula McCarthy Head of Legal Property and Estates – 01443
744491

1. PURPOSE OF THE REPORT

- 1.1 To approve the sale of the freehold interest of the garage plots to the current tenants and to increase the rent (to market rent levels) of the remaining garage portfolio.

2. RECOMMENDATIONS

- 2.1 To endorse the sale of the garage portfolio to the current tenants of the Council and to implement an incremental increase of rent (to market rent levels) for the remaining garage tenancies

3 REASONS FOR RECOMMENDATIONS

- 3.1 Subject to take up, sale of the garage portfolio could potentially raise a significant capital receipt for the Council.
- 3.2 In addition, the review of the rent charges of the remaining garage portfolio should sustain the current annual income levels for the Council.

4. BACKGROUND

- 4.1 As part of the Council's Medium Term Financial Planning arrangements, Service Groups were asked to identify a range of measures which could potentially help to meet the budget challenges going forward.

- 4.2 An option to dispose of the Council's garage plot portfolio was considered and the proposal was endorsed for further development and service user consultation.
- 4.3 There are currently 430 plots which are leased out for garage purposes on annual tenancy agreements. The portfolio currently produces an income of approximately £22,000 per annum. The rental of the garage plots are historically low, typically £50.00 per annum (less than £1 per week) and are not representative of current market rents for similar garage accommodation in the area. Comparable evidence suggests that the average market rent per plot is in the order of £2.00 to £2.50 per week subject to annual reviews.
- 4.4 Preparatory work was undertaken by the Estates Management team and Legal property team. Site visits were undertaken to determine value bands for each garage site and reports on title were conducted to establish whether any covenants or conditions exist which may affect disposal
- 4.5 Each tenant received a letter to establish whether they would be interested in acquiring the freehold interest of his/her garage plot if the Council was minded to sell. Out of the 430 tenants consulted 279 expressed an interest in purchasing the freehold interest of their garage plot
- 4.6 Following review, the recommended action is to dispose of the individual garage plots to tenants who expressed an interest in purchasing the plots with future use of the land being limited to garage purposes only. In relevant cases overage provisions will ensure that the Council can benefit financially from any uplift in value should the land be suitable for development. In cases where the garages are served by a shared access way the sale will be subject to a proportional maintenance obligation thereby reducing the Council's future maintenance obligations. An incremental increase in rent (to market rent levels) to be implemented for the remaining portfolio together with the introduction of maintenance obligations for shared access ways where necessary. Future opportunities could be considered for further sales should more tenants request to purchase, although this would need to align with market conditions and service priorities at that time.

5 EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 In developing the proposal, an Equality Impact Assessment screening has been undertaken to ensure that:
- The Council meets the requirements of the Public Sector Equality Duties, and

- Due regard has been taken of the likely impact of the decision in terms of equality and discrimination.

5.2 A full Equality Impact assessment is not required for this decision

6 CONSULTATION

Officers have engaged with the tenants to determine level of interest in the acquisition of individual garage plots

7 FINANCIAL IMPLICATION(S)

7.1 Based on feedback received from tenants, it is estimated that this proposal could generate a significant capital receipt for the Council if all proceeded to sale.

7.2 Annual rental income is likely to remain at the current levels as the loss of income from the sale of the 279 plots will be replaced by an increase in rent for the remaining 151 plots. Any fluctuations in total rental income due to the timing of sales and implementation of rent increases will be managed within existing budgets.

7.3 Therefore, there are no revenue budget implications as a result of the recommendations in this report.

8 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 Section 123 of the Local Government Act 1972 which gives the Council the power to dispose of its land in any manner it sees fit for the best price reasonably obtainable

9 LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

9.1 The project specifically supports the Economy priority in the Corporate Plan and the requirements of the Well Being and Future Generations Act by working in a way that makes best and most sustainable use of our limited and decreasing resources, always looking for alternative ways of doing things to limit the impact on the Council tax payer

10 CONCLUSION

- 10.1 The Council's Medium Term Financial Planning Strategy requires all services to identify opportunities that can deliver both savings and service improvements. One such review, recently concluded was the management of Council run garages.
- 10.2 The sale of the garage plot portfolio could potentially raise a significant capital receipt for the Council.
- 10.3 The incremental increase of the rent allowable under the terms of the existing tenancy agreements of the remaining plots could sustain rental income at the current levels.

Other Information:-

Relevant Scrutiny Committee
Finance and Performance Scrutiny Committee

Contact Officer
Paula McCarthy Head of Legal Property and Estates – 01443 744491 .