

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 3 MARCH 2015

Title of report	HOUSING REVENUE ACCOUNT DISPOSAL POLICY
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	To seek Cabinet approval for the Housing Revenue Account (HRA) Disposal Policy
Reason for Decision	To provide a framework that enables the disposal of surplus HRA land, property or any other assets after a rigorous assessment of their suitability in meeting the current and future housing needs of the District.
Council Priorities	Value for Money Business and Jobs Homes and Communities Green Footprints Challenge
Implications:	
Financial/Staff	No financial implications associated with the adoption of the proposed policy
Link to relevant CAT	None
Risk Management	The policy provides a robust and thorough methodology for the disposal of land / property
Equalities Impact Screening	No implications
Human Rights	No implications

Transformational Government	No implications
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Deputy Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team Asset Management Group
Background papers	None
Recommendations	<p>IT IS RECOMMENDED THAT CABINET:</p> <p>A. APPROVES THE DRAFT HRA DISPOSAL POLICY; AND</p> <p>B. RECOMMENDS TO COUNCIL THE NECESSARY FUTURE CHANGES THAT WILL NEED TO BE MADE TO THE SCHEME OF DELEGATION WITHIN THE COUNCIL'S CONSTITUTION</p>

1.0 BACKGROUND

- 1.1 Cabinet considered and approved the corporate Acquisitions Policy at their meeting on 10 February 2015. As part of the report, reference was made to the need for an HRA Disposal Policy as a related document, dealing specifically with the disposal of surplus assets owned and managed by the HRA.
- 1.2 When it is considered a land or property asset may no longer be viable and is therefore surplus to our needs, having an effective Disposals Policy will allow the Council to promptly and comprehensively consider future options, and if appropriate, dispose of the asset to generate a capital receipt which can then be used positively, to either maintain our remaining properties, or to seek to build / acquire new homes.
- 1.3 Any recommendation to dispose of a surplus asset will only be taken after a rigorous assessment has been carried out of the management and maintenance costs of that asset vis-a-vis the housing needs and demand of the District that could potentially be met. Over time certain properties or pieces of land may cease to meet the original intention for which they were acquired, or require such extensive repair or improvement expenditure that it is simply not cost effective to invest in them. This assessment of cost effectiveness will consider the likely rental income that will be generated following investment, and/or the levels of current and future demand from the waiting list for particular types of properties in different localities.

- 1.4 As part of the preparations for the development of a robust and comprehensive Asset Management Strategy relating to HRA land and property, the proposed Disposal Policy will provide a framework through which decisions relating to the disposal of surplus assets can be made and then implemented.
- 1.5 The Council has a duty to ensure that its assets are efficiently managed and it is intended that this policy is applied to Housing Revenue Account (HRA) disposals only at this time. The General Fund Disposals Policy has been in place since 2008, and may be revised and updated in due course.
- 1.6 As with the recently approved Acquisitions Policy, it is proposed that the Council's scheme of delegation be amended to incorporate the proposed approach detailed in the attached policy, when it is next updated by Council in September 2015.

2.0 PROPOSED APPROACH

- 2.1 The proposed Disposals Policy attached as Appendix A has been developed with the input of the Asset Management Group, and reflects the need for a robust policy framework against which to take decisions about disposals and subsequently implement them.
- 2.2 The Policy sets out in section 2.2 the circumstances in which the Council may dispose of land or property as:
- The overall investment in the Council's existing HRA stock and assets to maintain good quality homes;
 - Strategic housing regeneration, development or redevelopment ;
 - Investment in new build and/or acquisitions of good quality affordable housing;
 - Environmental improvements to housing estates;
 - Improved provision of housing services and/or delivery of the Council's Housing Strategy;
 - Corporate economic development purposes which benefit Council tenants;
 - Revenue or capital income generation;
- 2.3 The Policy articulates the comprehensive and robust process that will be followed to consider the future of every land or property asset being considered for disposal. In section 4.2 the criteria are clarified as:
- The condition of the property, associated land and other related assets, and the costs of refurbishment and/or maintenance required to achieve and maintain the Council's accepted quality standard;
 - The supply of such property within the HRA asset portfolio and the current and future demand for such property from existing and potential customers within the local community;
 - Any housing management, Council or associated community issues that impact upon the decision to retain or dispose of the asset;
 - Feedback from consultation undertaken with tenants and leaseholders directly affected by the proposal and/or the wider tenant/resident community as appropriate;
 - Planning policy;
 - Development constraints;

- Availability (in terms of timing);
- Locational advantages (where a strategic disposal is under consideration)
- The financial return on disposal (where a revenue generating asset is being considered);
- Restrictive covenants/easements etc;
- Meeting the Council's strategic priorities as outlined in the Local Plan, HRA Business Plan, Asset Management Strategy and/or other Strategies;
- Conditions around the spending of any income generated from disposal.

2.4 In subsequent sections of the policy, detailed reference is made to the financial appraisal process, due diligence requirements, valuation process and negotiation phase of the disposal transaction.

2.5 Section 6 of the new policy outlines the delegated powers framework proposed to deal with these disposals. Under the current arrangements the Chief Executive has delegated authority to approve disposals up to £10,000 in value. The new policy proposes that this threshold be lifted to £50,000. This delegation will only be exercised after appropriate checks have been applied through the Asset Management Group and Corporate Leadership Team as appropriate.

2.6 It is proposed that disposals of a lower value than £50,000 be approved by the relevant Director and the Head of Finance, as Section 151 Officer, in consultation with the relevant Portfolio Holder. It is considered that the proposed limit will provide the required level of autonomy and flexibility for the officers above to make timely disposals of smaller land sites or single units of property, whilst reserving more significant disposals for Cabinet approval. This proposal, if approved, will require amendments to the scheme of delegation in the Council's constitution. As changes to the Council's constitution are normally only considered once a year, it is proposed that the required amendments will be put forward for consideration by Council in September 2015.

2.7 In section 11 of the Policy, provision is made, in exceptional circumstances, to take decisions on disposals with the agreement of the Chief Executive, Head of Finance as section 151 officer, and Leader of the Council. This will only be used to respond to time critical opportunities, as outlined in the policy.

2.8 Subsequent sections of the Policy deal with the details of the disposal process, and offer further explanation regarding the interpretation of some of the issues referred to in sections 2.2 and 2.3 above.

3.0 FINANCIAL IMPLICATIONS

3.1 Whilst there are no financial implications associated with the adoption of the proposed policy, future changes will be requested to the Constitution's Scheme of Delegation to provide the Chief Executive, Leader, relevant Directors and Head of Finance with the appropriate levels of authorisation to authorise disposals.

3.2 Capital receipts from asset sales (other than RTB sales) can be used to fund specified elements of the Housing Capital Programme, in accordance with the provision of the existing Capital Allowance arrangements for the disposal of HRA assets.