

# Agenda Item IMD16

## INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 20127/16

<b>TITLE</b>	Disposal of HRA Assets
<b>DECISION TO BE MADE BY</b>	Julian McGhee-Sumner, Executive Member for Health and Wellbeing
<b>DATE AND TIME</b>	19 <sup>th</sup> May at 9AM
<b>WARD</b>	All
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>REPORT TO BE PUBLISHED ON</b>	11 May 2017
<b>VENUE</b>	Shute End, FF14

### **OUTCOME / BENEFITS TO THE COMMUNITY**

If the recommendation is implemented the Housing Revenue Account (HRA) will receive a capital receipt to put towards:

- a) the disposal levy being introduced by government in 2018/19 as per the Housing and Planning Act 2016, or
- b) for reinvestment into new homes in conjunction with retained right to buy receipts.

It is anticipated the disposal of these assets will generate over £900K.

### **RECOMMENDATION**

That the Executive Member for Health and Wellbeing approves the disposal of 21 Glebe Lane, Sonning, Berkshire, RG4 6XH, 2 The Crescent, Crazieshill, Berkshire, RG10 8LW and 20 Trowes Lane, Swallowfield, Berkshire, RG7 1RJ.

### **SUMMARY OF REPORT**

The report details the proposed sale of:

- 21 Glebe Lane, Sonning, Berkshire, RG4 6XH, became vacant on the 9<sup>th</sup> May 2016.
- 2 The Crescent, Crazieshill, Berkshire, RG10 8LW, became vacant on the 29<sup>th</sup> August 2016.
- 20 Trowes Lane, Swallowfield, Berkshire, RG7 1RJ became vacant on the 14<sup>th</sup> November 2016.

## Background

On the 1<sup>st</sup> April 2012 introduced self-financing for local authority owned council housing. To accompany HRA reform the government granted greater freedoms to local authorities over the disposal of assets and use of funds from disposal.

Self-financing has given local authorities the potential to put in place proactive asset management. Elements of proactive asset management include:

- Asset acquisitions - Wokingham Borough Council is proactively making strategic purchases as the right properties become available
- Asset disposals - where assets require investment to bring them up to the Decent Homes Standard and/or are away from larger estates, they are considered for disposal
- Opportunities for development

## Analysis of Issues

All of the 3 bedroom homes are in a poor state of repair and would require substantial investment to bring them up to the Decent Homes Standard.

The potential use of the vacant assets has been considered for use by other services of the Council and no expressions of interest were received.

It is proposed to dispose of the properties by auction. It is considered that selling by auction will generate the most favourable capital receipt. Disposal by auction generates an immediate sale, as contracts are exchanged on the fall of the gavel, with completion set for 28 days following the auction.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£13,831.93 reduced rental income in 2016/17		Revenue
Next Financial Year (Year 2)	£21,867.56 reduced rental income in 2017/18		Revenue
Following Financial Year (Year 3)	£21,867.56 reduced rental income in 2018/19		Revenue

### Other financial information relevant to the Recommendation/Decision

The HRA will receive a capital receipt for the disposals.

**Cross-Council Implications**

There will be a reduction of 3 social rented homes, there is additional new social rented housing coming online in the coming year, from WHL and housing associations, this will offset the loss.

**SUMMARY OF CONSULTATION RESPONSES**

<b>Director – Finance and Resources</b>	Given the level of investment required to bring these properties up to Decent Homes Standard, and the need for capital receipts, I support this proposal.
<b>Monitoring Officer</b>	No Comments
<b>Leader of the Council</b>	Whilst I am always reluctant to see any of our properties sold I can see the full justification of this action. I support this proposal.

**List of Background Papers**

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