

Agenda Item IMD22

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2019/22

TITLE	Sale of three HRA Assets
DECISION TO BE MADE BY	Executive Member for Finance and Housing - John Kaiser
DATE, MEETING ROOM and TIME	16 August 2019 FF13 at 11:30am
WARD	None Specific;
DIRECTOR / KEY OFFICER	Director of Locality and Customer Services - Sarah Hollamby

PURPOSE OF REPORT (Inc Strategic Outcomes)

To recommend the sale of three Housing Revenue Account asset that will lead to receiving a capital receipt to put towards reinvestment into new homes in conjunction with retained right to buy receipts.

It is anticipated the disposal of these assets will generate approximately £985,000 (estimate based on auctioneer's feedback June 2019).

RECOMMENDATION

That the Executive Member for Finance and Housing approves the disposal of:

- 1) 5 Newlands Cottages, Mole Road, Sindlesham, Berkshire, RG41 5DL;
- 2) 17 Victoria Walk, Wokingham, Berkshire, RG40 5YL;
- 3) 19 Trowes Lane, Swallowfield, Berkshire, RG7 1RJ.

SUMMARY OF REPORT

The report details the proposed sale of;

- 5 Newlands Cottages, Mole Road, Sindlesham, Berkshire, RG4 6XH, became vacant on the 17th September 2018. This is a three bedroom semi-detached house.
- 17 Victoria Walk, Wokingham, Berkshire, RG40 5YL, became vacant on the 22nd October 2018. This is a four bedroom semi-detached house.
- 19 Trowes Lane, Swallowfield, Berkshire, RG7 1RJ, became vacant on 4th February 2019. This is a three bedroom semi-detached house.

Background

Self-financing for local authority owned council housing was introduced on 1st April 2012. To accompany HRA reform the government granted greater freedoms to local authorities over the disposal of assets and use of funds from disposal. Since October 2018 the borrowing cap for local authorities with HRA's has been removed giving Wokingham additional financial freedoms.

Self-financing and the removal of the borrowing cap has given local authorities the potential to put in place proactive asset management including;

- 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

This report is seeking authority to dispose of 3 properties.

Business Case (including Analysis of Issues)

Two of the three properties are in a poor state of repair and would require substantial investment to bring them up to the decent homes standard. The location of both properties are away from larger estates.

An estimated cost of works for 5 Newlands Cottages and 19 Trowes Lane totals £31,157 and £24,408 respectively. It is important to understand that these costs are based on an initial survey. As work proceeds it is not unusual for repairs to prove more complex than originally planned and therefore it is possible that the final cost will be higher than planned.

17 Victoria Walk is being proposed as it was initially bought to deal with the decanting of Eustace Crescent. The asset is located away from other council homes and has generated management issues.

The assets have been circulated to council colleagues and reviewed and discussed at the asset review board. No other council departments expressed an interest in these assets.

It is proposed to dispose of the properties by auction in October 2019. It is considered that selling by auction will generate the most favorable 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 continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £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)	£9,398.60 reduced rental income in 2019/20	The sale of the property will make up for the rent loss.	Revenue (rental loss)
Next Financial Year (Year 2)	£24,409.15 reduced rental income in 2020/21	The sale of the property will make up for the rent loss.	Revenue (rental loss)
Following Financial Year (Year 3)	2020/2021 Rental income of £24,409.15 plus CPI +1%	The sale of the property will make up for the rent loss.	Revenue (rental loss)

Other financial information relevant to the Recommendation/Decision

The HRA will receive a capital receipt for the disposals for reinvestment into other assets.

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. In addition it is intended that the receipts from the sale will be directly used to purchase replacement dwellings

SUMMARY OF CONSULTATION RESPONSES

Director – Corporate Services	No comments
Monitoring Officer	No comments
Leader of the Council	No comments

Reasons for considering the report in Part 2

N/A

List of Background Papers

None

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