

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder

1 August 2013

AUTHOR/S: Director of Housing

HRA ASSET SUSTAINABILITY POLICY (DISPOSAL AND ACQUISITIONS)

Purpose

1. To seek the approval of the Housing Portfolio Holder for the adoption of a new HRA (Housing Revenue Account) Asset Sustainability Policy.
2. This is a key decision as it may result in the authority incurring expenditure which is, or the making of savings/income, which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates, and it was first published in the February 2011 Forward Plan.

Recommendations

3. That the Housing Portfolio Holder recommends to Full Council the adoption of the new HRA Asset Sustainability Policy (Disposals and Acquisitions) attached as Appendix A.

Reasons for Recommendations

4. The new policy is necessary to ensure that the Council is able to operate an efficient asset management approach with regard to the Housing Revenue Account and in particular support the development of new homes in a commercial environment.
5. The Policy will need Full Council approval as it forms part of the Council's 'policy framework'.

Background

6. The Asset Management Strategy was adopted by the Housing Portfolio Holder in February 2011 and the New Build (HRA) Strategy by the Cabinet in November 2012. These strategies require the Affordable Homes team to act in a more commercial way.
7. The Action Plan of this Asset Management Strategy identified the need for an Asset Sustainability Policy (previously known as an Asset Utilisation Policy) to ensure clarity on the decision making process for how Housing Revenue Account properties are either acquired or disposed of by the Council.
8. Existing protocols for these processes were adopted at a time when the HRA portfolio was not subject to the same commercial demands that now apply since the self financing reforms which came into effect on 1/4/12. The existing Housing Consultation Protocol required lengthy consultation with parish councils which did not always permit timely business decisions to be made. Parish Councils will still be kept informed and consulted upon through the planning process where new development proposals are submitted.

Considerations

9. The decision to dispose of a Council owned asset is not driven purely by financial considerations. The proposed policy acknowledges the need to consider social impacts alongside the financial data.
10. Acquiring and building new homes are activities carried out in a commercial environment where decisions need to be taken quickly and with commercial confidentiality.
11. Appendix B sets out a summary table showing the key changes proposed and the current policy position for comparison. This same table appears within the Policy (Appendix A) but without the comparative column.

Options

12. The Housing Portfolio Holder may wish to approve this policy for recommendation to Full Council as it appears in Appendix A.
13. The Housing Portfolio holder may wish to approve the policy for recommendation to Full Council with identified changes to be included.
14. The Housing Portfolio Holder may wish to reject the policy and retain the current arrangements. Appendix B sets out a comparison of the proposed new policy with the existing policy arrangements.

Implications

15.	Financial	<p>This policy relates to individual property transactions that will sometimes total many hundreds of thousands of pounds. Expenditure will always be within the planned expenditure for the capital programme and will be subject to a number of corporate controls and a robust business plan that demonstrates value for money in terms of financial, social and economic benefits. The income derived from sales and the subsequent savings to the HRA repairs budget will all be recycled in the HRA accounts to support service delivery and the building of new homes.</p> <p>There is no extra expenditure required by this policy.</p>
	Legal	<p>This policy forms part of the Council's policy framework within the Housing Investment Programme and will therefore need Full Council approval.</p>

Staffing	There are no staffing implications arising from this proposal.
Risk Management	The activities covered by the policy are already undertaken on a largely ad hoc basis. The adoption of this policy would provide a more measured protocol for disposing of and acquiring properties which should allow risks to be better controlled.
Equality and Diversity	n/a
Equality Impact Assessment completed	n/a
Climate Change	The disposal of poorly performing homes and their subsequent replacement with new energy efficient homes will overall have a beneficial impact upon climate change factors.

Consultations

16. Discussions have been held with the Legal & Democratic Services Manager, Executive Director and the Head of Finance, Policy & Performance.

Consultation with Children and Young People

17. None

Effect on Strategic Aims

18. We will make sure that South Cambridgeshire continues to offer outstanding and sustainable quality of life for our residents. This policy is intended to ensure that the Council owned homes are of the highest quality and that the process for acquiring new homes is efficient and business-like.

Conclusions / Summary

19. The Council's HRA housing stock is a multi million pound portfolio. It is important that the processes for managing this asset including the decision making processes for disposal and acquisitions are efficient and suitable for a commercial environment.
20. The Housing Portfolio Holder is asked to endorse the attached policy for approval by Full Council which seeks to achieve these aims.

Background Papers: the following background papers were used in the preparation of this report:

Asset Management Strategy
New Build Strategy

Contact Officers:

Schuyler Newstead Head of Housing Strategy and Development 01954 71 3332
Julie Fletcher – Housing Performance Improvement Team Leader 01954 713352