

HRA Asset Disposal Policy

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Lead Member/Relevant Portfolio Holder	Cllr Pip Allnatt - Leader of the Council and Portfolio Holder for Housing, Leisure and Landlord Services

Corporate Priority:	Providing high quality homes and landlord services
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	Not Applicable
Exempt Information:	No
Key Decision:	No
Subject to call-in:	Yes

1 Summary

- 1.1 This policy sets out how the Council will meet its statutory responsibilities in relation to the appropriate disposal of property assets in the Housing Revenue Account (HRA).
- 1.2 It also sets out the process for deciding on how assets will be declared surplus, and the various methodologies that can be employed for disposing of HRA assets.

2 Recommendations

That Cabinet:

- 2.1 **Approve the HRA Asset Disposal Policy which will confirm the Council's approach for the disposal of HRA assets.**

3 Reason for Recommendations

- 3.1 Having a HRA Asset Disposal policy will assist in ensuring that property decisions are made with clarity and transparency.
- 3.2 The HRA Asset Disposal Policy provides a framework through which the disposal of assets that are no longer meeting service needs or are no longer considered appropriate to retain within the HRA can be facilitated.
- 3.3 It sets out the operational protocol for the process relating to disposals of HRA land and buildings.

4 Background

- 4.1 Melton Borough Council currently owns and manages 1,787 dwellings (July 2024) including houses and flats. In addition, it owns some non-housing assets including garage sites and land which is held in the HRA.
- 4.2 The majority of housing stock is generally of sound structure and well maintained. There are some individual properties, such as those of non-standard construction, that require greater investment. The HRA also has non-housing assets such as garages and areas of land that if deemed surplus to requirements, could be sold to raise capital receipts.
- 4.3 The sale of surplus HRA assets will enable the acquisition of new council homes or contribute to capital programme improvements to existing council homes.

5 Main Considerations

- 5.1 Local authorities are legally allowed to dispose of property held by them in any manner they wish, provided they achieve the best consideration that can reasonably be obtained. However, if the local authority operates an HRA, then properties held within this account cannot be sold without the approval of the Secretary of State, subject to some exceptions.
- 5.2 The HRA Asset Disposal Policy sets out the legal obligations for disposals and the different statutes that should be considered according to the type of property to be sold.
- 5.3 The types of property to be considered for disposal are: -
 - 5.3.1 Individual vacant properties that require high levels of investment compared to the overall stock, or where properties are identified as low demand or where serious management issues are being experienced.
 - 5.3.2 Sites where properties may provide wider redevelopment opportunities for additional affordable homes and/or better quality homes.
 - 5.3.3 Garage sites with high voids, low demand and which are not financially viable to repair.

- 5.4 The policy also describes the criteria for disposal. If the cost of managing and maintaining a property outweighs anticipated rental income, then it will be actively considered for disposal.
- 5.5 The policy goes on to outline the process for the disposal of properties including various methods of marketing.
- 5.6 The HRA Asset Disposal Policy is in line with the Council's corporate strategy which includes a commitment to 'providing high quality homes and landlord services.'
- 5.7 The disposal of surplus HRA assets will raise capital receipts, which will be retained within the HRA. This will enable the acquisition of additional high-quality homes or the improvement of existing stock through capital expenditure.

6 Options Considered

- 6.1 Doing nothing is not considered acceptable as the Council will fail to address the need for an up-to-date HRA Asset Disposal Policy that will help to achieve corporate objectives and make best use of HRA resources for the benefit of council tenants.

7 Consultation

- 7.1 A collaborative approach has been taken to develop the policy, working with officers in Housing Options, Asset Management, Finance and Legal teams.

8 Next Steps – Implementation and Communication

- 8.1 Subject to Cabinet approval, the proposed HRA Asset Disposal Policy will be implemented. Specific asset disposal proposals will be considered on a case-by-case basis, in line with the appropriate decision making arrangements.

9 Financial Implications

- 9.1 Any disposal should comply with Financial Procedure Rules.
- 9.2 The disposal of surplus HRA assets will raise capital receipts.
- 9.1 These receipts can be used for capital expenditure on existing council homes.
- 9.2 Capital receipts can also go towards repaying debt.
- 9.3 Capital receipts cannot be used for revenue spend.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The policy summarise the main legal obligations for disposals. It is however, essential to consider every proposed disposal on its merits and to take timely legal advice so that issues relating to the piece of land in question are identified at the earliest opportunity. As with any policy, any reference to a legal requirement should not be seen as authoritative nor as a substitute for legal advice.

- 10.2 Importantly, the Council must also consider whether there is a need to appropriate land from one power to another in order to facilitate the transaction concerned.
- 10.3 There are different statutes that may apply including but not limited to:
 Section 123 of the Local Government Act 1972, Section 9 of the Housing Act 1985, Section 19 Housing Act 1985,
 Section 32 Housing Act 1985,. Section 43 Housing Act 1985,.
 Section 25 Local Government Act 1988, .
 Section 133 Housing Act 1988, Allotment Acts 1908 to 1950, Charities Act 2011.

Legal Implications reviewed by: Monitoring Officer.

11 Equality and Safeguarding Implications

- 11.1 The Council has a duty to give due regard to equalities as required by section 147 of the Equality Act 2010. The proposed HRA Asset Disposal Policy does not raise any negative impacts.
- 11.2 The disposal of surplus HRA assets will support the provision of high-quality affordable housing in the borough, providing homes for those facing homelessness and on lower incomes.

12 Data Protection Implications (Mandatory)

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no Data Protection implications arising from this report.

13 Community Safety Implications

- 13.1 None arising directly from this report.

14 Environmental and Climate Change Implications

- 14.1 None arising directly from this report.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Changes in the law make the policy out of date	Low	Critical	Medium Risk
2	Value for money isn't achieved from disposals	Low	Critical	Medium Risk
3	Stakeholder's raise concerns about the policy	Low	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low			1,2,3	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Changes in legislation will be monitored closely. Legal advice will be taken at the earliest opportunity in relation to any proposed disposal.
2	Properties will be independently surveyed prior to sale to ensure acceptable value for money is achieved.
3	The policy has been carefully considered in consultation with other departments. All comments and feedback will be noted, and the document will be reviewed every year.

16 Background Papers

16.1 None

17 Appendices

17.1 Appendix A: HRA Asset Disposal Policy