



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Cabinet

9 July 2024

Report of Councillor Virginia Moran,
Cabinet Member for Housing

Housing Revenue Account Asset Acquisition and Disposal Policy

Report Author

Alison Hall-Wright, Director of Housing

 alison.hall-wright@southkesteven.gov.uk

Purpose of Report

To provide Cabinet with an opportunity to strengthen the process and delegated authority associated with acquiring or disposing of Housing Revenue Account (HRA) assets.

Recommendations

That Cabinet approves amendments to the Housing Revenue Account Asset Acquisition and Disposal to reflect the following:

- 1. Incorporation of the template attached at Appendix B to demonstrate a business case associated with a proposed acquisition or disposal based on the criteria set out in the Policy.**
- 2. Delegated authority for the acquisition or disposal of HRA assets, as follows:**

The Chief Executive, Deputy Chief Executive or relevant Director, in consultation with the Cabinet Member responsible for Housing, the Section 151 Officer, and Monitoring Officer, has authority to acquire or seek disposal of Housing Revenue Account Assets up to a value of £500,000, exclusive of any applicable VAT, subject to legal and valuation advice.

Decision Information	
Is this a Key Decision?	No
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing
Which wards are impacted?	Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 The proposal set out in this report will strengthen the financial and governance arrangements to ensure value for money is achieved.

Completed by: Richard Wyles, Deputy Chief Executive and S151 Officer

Legal and Governance

- 1.2 The strengthening of governance, particularly delegated authority relating to decision-making, in respect of the acquisition or disposal of assets is to be welcomed.

Completed by: Graham Watts, Monitoring Officer

2. Background to the Report

- 2.1 Cabinet adopted the HRA Asset Acquisition and Disposal Policy on 23 October 2023. This is attached at **Appendix A**.
- 2.2 The Policy sets out the criteria associated with the acquisition of former council homes, the acquisition of strategic land sites and private housing, and the disposal of HRA assets.
- 2.3 In comparison to the process in place regarding the management of General Fund assets, a number of inconsistencies have been identified. For example, the process for HRA acquisitions and disposals does not specify any financial limits or

require any consultation with the relevant Cabinet Member as part of decision-making.

3. Key Considerations

- 3.1 Whilst the HRA Asset Acquisition and Disposal Policy does include a criteria for each of the category of acquisition or disposal, the process is not as comprehensive as that which is in place for the General Fund.
- 3.2 General Fund acquisitions or disposals require the completion of a business case, demonstrating where such a proposal meets a specified criteria. The current proforma included in the HRA Asset Acquisition and Disposal Policy does not make any reference to the criteria set out in the Policy and, therefore, does not provide any rationale for justification for the acquisition or disposal based upon the Policy. The template used for General Fund acquisition or disposal proposals is attached at **Appendix B**.
- 3.3 In relation to delegated authority to take decisions with regard to acquisitions or disposals, the following specific delegation exists in relation to the General Fund:

The Chief Executive, Deputy Chief Executive or relevant Director, in consultation with the Cabinet Member(s) responsible for finance and property, the Section 151 Officer, and Monitoring Officer, has authority to dispose of General Fund Assets up to a value of £2 million, exclusive of any applicable VAT, subject to legal and valuation advice.

- 3.4 There is no equivalent delegation in place for HRA acquisitions or disposals in terms of clear delegated authority, any consultation with the relevant Cabinet Member(s) or a financial limit. The current process relies upon the completion of a requisition form from the Director of Housing which is subsequently approved by the Chief Finance Officer under existing delegated powers and financial limits set out in the Council's Financial Regulations.
- 3.5 It is therefore proposed that the following delegated authority be put in place for HRA acquisitions or disposals:

The Chief Executive, Deputy Chief Executive or relevant Director, in consultation with the Cabinet Member responsible for housing, the Section 151 Officer, and Monitoring Officer, has authority to acquire or dispose of Housing Revenue Account Assets up to a value of £500,000, exclusive of any applicable VAT, subject to legal and valuation advice.

- 3.6 A threshold of £500,000 is considered reasonable in the context of acquisitions or disposals likely to occur in the context of the HRA.

- 3.7 It is also recommended that the template used for General Fund acquisition or disposal proposals is adopted for the HRA and the Policy be amended accordingly to incorporate this.

4. Other Options Considered

- 4.1 To take no action and retain the existing arrangements.
- 4.2 To consider an amendment to the delegated authority proposed.
- 4.3 To consider an amendment to use of the template proposed.

5. Reasons for the Recommendations

- 5.1 The introduction of a new template for presenting a business case, identifying how a proposal meets the criteria of the Policy, will strengthen the Council's process in determining whether an acquisition or disposal is necessary or reasonable. This will lead to better informed decision-making.
- 5.2 The proposal also clarifies delegated powers associated with decision-making, ensuring that the Cabinet Member and other key officers are consulted prior to any decisions being made, with a clear financial threshold.

6. Appendices

- 6.1 Appendix A – HRA Asset Acquisition and Disposal Policy
- 6.2 Appendix B – General Fund Asset and Disposal business case template