

# ***Report to the Council***

**Committee: Cabinet**

**Date: 20 February 2014**

**Portfolio Holder: Councillor S Stavrou (Finance and Technology)**

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## **TRANSFER OF HOUSING REVENUE CAR PARKS TO THE GENERAL FUND**

### **Recommending:**

**That, with effect from 1 April 2014, the car parks at Burton Road and Vere Road Loughton currently accounted for within the Housing Revenue Account (HRA) be transferred to the General Fund.**

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1. This Council owns a number of car parks within the district most of which are accounted for within the General Fund. There are however two parks at Burton Road and Vere Road, Loughton that are accounted for within the Housing Revenue Account (HRA). This is purely historical as, like the commercial properties nearby, the car parks were transferred during the 1970's when the whole of the Debden Estate including a substantial number of HRA dwellings were acquired from the former Greater London Council.
  2. On the introduction of HRA self-financing, the Council resolved that the HRA should be maintained predominantly as a landlord account and HRA assets that were not held for social housing purposes should be accounted for within the General Fund. The commercial properties were transferred to the General Fund on 31 March 2011 on the basis that the shops involved were not provided for Council tenants but were available for residents of the district generally. The two car parks at the Broadway are provided for any resident of the District who may wish to shop at the Broadway and are therefore unrelated to the social housing activity of the HRA.
  3. Whilst the car parks could remain within the HRA, given the previous decision regarding the commercial properties, to do so would be somewhat inconsistent and would also fail to comply with the DCLG requirement that the HRA be maintained as a landlord account. We are recommending, therefore, that with effect from 1 April 2014 these Council assets be transferred from the HRA to the General Fund.
  4. The two car parks are Pay and Display and as such are expected to make a surplus of around £11,000 in 2013/14 after allowing for depreciation of a little under £5,000 so the additional net income to the General Fund is expected to be £16,000. The two car parks current value is £621,000 and this amount will need to be transferred between the HRA and General Fund Capital Financing Requirements (CFR) which has the effect of increasing HRA and reducing General Fund interest income receipts. Based on current returns on investments this is unlikely to be any more than £4,000 in 2013/14. The net benefit to the General Fund is £12,000. Whilst it does not represent savings to the Council as a whole it represents a contribution to the General Fund savings as any additional income as a result of the transfer is an equivalent loss to the HRA. The car parks will need to be revalued just prior to the transfer so that an up to date figure can be used for the adjustment to the HRA and General Fund CFR's.
  5. We understand that if the car parks are not transferred there is a risk of criticism from the

Council's external auditors over the inconsistent treatment of assets and the failure to comply with DCLG guidance on the HRA.

6. It is not necessary  
to seek the permission of the Secretary of State to the proposal under section 19 of the Housing Act 1988 as there are no dwellings being transferred.
7. We recommend as set out at the commencement of this report.