

Report to Council

Date of meeting: 2 November 2010

Subject: Non-Housing Assets within the Housing Revenue Account



Report of the Joint Housing and Finance and Performance Management Scrutiny Panel

Chairman: Councillor Richard Morgan

Recommendation:

That due to the unprecedented financial situation the Country finds itself in and the likely impact of the forthcoming Comprehensive Spending Review on the Council's resources, the transfer of the non-housing assets to the General Fund is recommended for approval, enabling all residents of the District to benefit.

Report

History

The Cabinet met on 13 September 2010 to consider the transfer of the non-housing assets (shops, pubs and a petrol station) from the Housing Revenue Account (HRA) to the General Fund. The Cabinet agreed to recommend to the full Council that all non-housing assets should be transferred from the HRA to the General Fund from 2011/12, following an updated valuation of the assets.

However, members also decided at that meeting that further scrutiny of this proposal should be undertaken and a decision was made to hold a joint meeting of the Finance & Performance Management and Housing Scrutiny Panels to provide views and recommendations on the proposal to this Council meeting.

This Joint Panel met on Tuesday 12 October 2010 to consider the proposed transfer of the non-housing assets to the General Fund.

The Joint Scrutiny Panel Meeting

Officers introduced the reports giving the background to the proposals and a tabled letter from the Tenants and Leaseholders Federation giving their views. Members questioned officers closely about the background financial details, the long term implications of not moving the assets to the General Fund and the implications for the HRA if the assets were moved.

The relevant Portfolio Holders for Finance and Housing were also there to answer questions from the Panel.

Some members expressed concern about the standard of the housing left to the Council if

the money was transferred out of the HRA and were concerned how that would affect the 'decent home standards' for Council houses.

The Panel explored the options of raising Council rents to cover the shortfall, the exclusion of any flats above shops from the list, and also the possibility of deferring the decision until more information on the issues were known.

The Panel noted that the external auditor had been consulted twice about this proposal and had raised no concerns.

They noted that the Cabinet was of the mind that they should do what was best for the whole District and not just for the housing tenants. The transfer of assets was warranted due to the exceptional financial circumstances of the county as a whole and the expected cuts to be made by the Government to all Council budgets under the upcoming spending review. If the transfer did not happen then the Council would have to deal with the loss of other services currently supported by the General Fund. Transferring the assets would give the Council options.

A minority option was put forward by some members that only properties unrelated to flats or other HRA properties such as the Public Houses and Petrol Stations should be transferred and that more research should be carried out on the remaining flats and shops involved. However this was not supported by the majority of the joint Panel.