

# **Report to the Cabinet**

**Report reference: C-069-2013/14**  
**Date of meeting: 3 February 2014.**



**Epping Forest  
District Council**

**Portfolio: Finance & Technology**

**Subject: Transfer of Housing Revenue Account Car Parks to the General Fund**

**Responsible Officer: Peter Maddock (01992 564602).**

**Democratic Services Officer: Gary Woodhall (01992 564470).**

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## **Recommendations/Decisions Required:**

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

## **Executive Summary:**

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 HRA. This is purely historical as like the commercial properties nearby, the Car Parks were transferred during the 1970's when the whole Estate including a substantial number of HRA dwellings were acquired from the former Greater London Council. It is proposed that with effect from 1 April 2014 these Council assets be transferred from the HRA to the General Fund.

## **Reasons for Proposed Decision:**

On the introduction of HRA self-financing it was resolved that the HRA be maintained predominantly as a landlord account and HRA assets that were not held for social housing purposes 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.

## **Other Options for Action:**

The Car Parks could remain within the HRA but given the previous decision regarding the commercial properties to retain these within the HRA would seem somewhat inconsistent and would also fail to comply with the DCLG requirement that the HRA be maintained as a landlord account.

## **Report:**

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 HRA. This is purely historical as like the commercial properties nearby, the Car Parks were transferred during the 1970's when the whole Estate including a substantial number of HRA dwellings were acquired from the former Greater London Council. It is proposed that with effect from 1 April 2014 these Council assets be transferred from the HRA to the General Fund

2. The Car Parks are Pay and Display car parks 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 does 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.

3. 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.

4. Previously when the commercial assets were transferred the permission of the Secretary of State was required as section 19 of the Housing Act 1988 stipulates this where any Council dwelling or part of a Council dwelling is involved. In this case there are no dwellings being transferred and therefore a resolution of the Council to this effect will be adequate.

#### **Resource Implications:**

The transfer of budgets from the HRA to The General Fund has the effect of increasing net income to the General fund whilst reducing net Income to the HRA>

#### **Legal and Governance Implications:**

Consent for the transfer is not required from the Secretary of State as there are no HRA dwellings involved.

#### **Safer, Cleaner and Greener Implications:**

No effect on this.

#### **Consultation Undertaken:**

The Director of Housing Services has been consulted.

#### **Background Papers:**

Various budget working papers in Accountancy.

#### **Impact Assessments:**

##### Risk Management:

If the car parks are not transferred then there is a risk of criticism from the External Auditors over the inconsistent treatment of assets and the failure to comply with DCLG guidance on the HRA.

##### Equality and Diversity

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*

N/A.