



London Borough of Hammersmith & Fulham

CABINET

5 JANUARY 2015

CEASING THE LIMITED ASSET BASED VOIDS DISPOSAL POLICY

Report of the Cabinet Member for Housing : Councillor Lisa Homan

Open Report

Classification - For Decision
Key Decision: Yes

Wards Affected: All Wards

Accountable Executive Director: Melbourne Barrett, Executive Director of Housing and Regeneration

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1. EXECUTIVE SUMMARY

- 1.1. On the 18 April 2011, Cabinet adopted the Asset Based Limited Voids Disposal Policy. This policy set out the criteria under which empty Council Homes would be considered for sale and delegated the necessary authority to sell empty Council Homes to the Cabinet Member for Housing in consultation with the Executive Director of Housing and Regeneration, the Executive Director of Finance and Corporate Governance, and the Director (Legal and Democratic Services). This policy was originally created to: provide additional funding for repairs on Council Homes including wider estate improvements; repay debt; and provide funds for future investment in housing and regeneration.
- 1.2. The new Administration wants to ensure that it stops the sale of Council homes to outside property investors. This report therefore proposes that the Council ceases to adopt the Asset Based Voids Disposal Policy and that any future disposals of Council Homes that are uneconomic to repair will only be considered if at least a one for one replacement home is provided as part of the disposal proposal. The report proposes that any such disposals are considered by full Cabinet.

2. RECOMMENDATIONS

- 2.1. That the Council no longer adopts the Asset Based Voids Disposal Policy and that all future disposals of Council Homes that are uneconomic to repair are considered by full Cabinet.
- 2.2. That any future disposal of Council Homes will only be considered if at least a one for one replacement home is provided as part of the disposal proposal.

3. REASONS FOR DECISION

- 3.1 The new Administration wants to ensure that it stops the sale of Council homes to outside property investors.

4. INTRODUCTION AND BACKGROUND

- 4.1. On the 18 April 2011, Cabinet adopted the Asset Based Limited Voids Disposal Policy. This policy set out the criteria under which a void housing property would be considered for sale and delegated the necessary authority to sell a property under this Policy to the Cabinet Member for Housing in consultation with the Executive Director of Housing and Regeneration, the Executive Director of Finance and Corporate Governance, and the Director (Legal and Democratic Services). The policy was originally created to: provide additional funding for repairs on Council Homes including wider estate improvements; repay debt; and provide funds for future investment in housing and regeneration. This report reviews this policy.

5. PROPOSAL AND ISSUES

- 5.1. This report proposes that the Council no longer adopts the Asset Based Limited Voids Disposal Policy in order to stop the sale of Council Homes to outside property investors. It recognises that there will be some empty Council Homes which it is simply uneconomic to repair. It proposes that empty Council Homes which are uneconomic to repair are only disposed of if there is at least a one for one replacement and that any disposals are considered by full Cabinet.
- 5.2. It should be noted planned repairs in the business plan approved by Cabinet in February 2014 depended on £110 million income from sales under the Limited Asset Based Voids Disposals Policy. There is a proposal for a revised Financial Plan for Council Homes that is not reliant on void sales; however this plan requires a number of choices to be made in terms of the level of repairs carried out to Council Homes and rent levels. This is being considered separately by residents of Council Homes and is being considered separately by Cabinet.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. There are three options available: to continue with the current policy, amend the current policy or to cease the current policy.
- 6.2. The new Administration wants to ensure that it stops the sale of Council homes to outside property investors and therefore wishes to cease the current policy.

7. CONSULTATION

- 7.1. This proposal has been consulted on at Economic, Regeneration, Housing and the Arts Policy and Accountability Committee as part of the consultation on the Council's Housing Strategy on 11th November 2014.
- 7.2. In addition the Financial Plan for Council Homes, which is being considered separately by Cabinet, was consulted on at the Economic Regeneration, Housing and the Arts Policy and Accountability Committee on 4th December 2015. This considers the choices which need to be made in terms of the level of repairs and rent levels.

8. EQUALITY IMPLICATIONS

- 8.1 This report recommends a cessation of the application of the Asset Based Voids Disposal Policy adopted by the Council on 18/04/11. The 2011 decision took into account a full Equalities Impact Assessment (EIA) which said that any likely negative impacts would be on those protected groups who had a statistically greater need for larger (+4 bed properties) but that these negative impacts would be mitigated against by the benefits to the wider impacted groups resulting from the financial gains to HRA from disposing of these properties.
- 8.2 The 2014 paper states that the HRA finances can be managed without the need for disposal so long as the proposal to increase rental charges is given approval. It follows then that ending the Disposal Policy may result in positive impacts on the group outlined above but that the wider benefits as indicated in the 2011 report will not happen. However, there is a concurrent paper that is proposing a rent increase and, if that paper is agreed, the increased rental income will balance the unrealised income derived from the earlier voids disposal policy.
- 8.3 As this paper is recommending a reversal of an earlier decision, it is not necessary to carry out a full EIA of the effects of the recommendations of this paper. However, a full EIA is required on the recommendations of the rental increase paper and the findings of that EIA should be used to inform the decision made on this paper. This paper should be submitted with both the 2011 EIA and the 2014 Rent Increase EIA attached for reference.

8.4 Implications completed by: (David Bennett, Head of Change Delivery, Innovation and Change Management. 0208 753 1628.

9. LEGAL IMPLICATIONS

9.1. The Bi-Borough Director of Law comments that there are no legal requirements which would require the disposal of properties, in the circumstances outlined in the report.

9.2. Implications verified/completed by: (David Walker, Principal Solicitor (Property) 020 7361 2211)

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. £50m of investment in stock via the capital maintenance programme is planned for 2015/16 alone and plans are in place to catch up the planned repairs backlog by investing £185 million into the stock by the end of 2018.

10.2. It should be noted that this investment was based on the business plan approved by Cabinet in February 2014 which depended on £110 million income from sales under the Limited Asset Based Voids Disposals Policy. There are proposals for a revised Financial Plan for Council Homes that is not reliant on void sales however this plan requires a number of choices to be made in terms of rent levels and the level of repairs carried out to Council Homes. The Financial Plan for Council Homes is being considered separately by Cabinet.

10.3. Implications verified/completed by: Kathleen Corbett, Director of Finance and Resources (Housing and Regeneration), 020 8753 3031

11. RISK MANAGEMENT

11.1. The proposals contribute positively to the management of community needs and expectations risk, for the provision of Housing, as noted on the Strategic Risk Register. Risk number 8 managing statutory duty.

11.2. Implications verified / completed by: Michael Sloniowski 020 8753 2587.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Asset Based Limited Voids Disposal Policy	Kathleen Corbett Ext 3031	Housing and Regeneration Department, 3 rd Floor Town Hall Extension, King Street. W6 9JU