

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 November 2019

TITLE	Appropriation of HRA/General Fund Assets	
Ward(s)	<i>City Wide</i>	
Author:	Peter Quantick	Job title: Housing Property Partner
Cabinet lead:	Cllrs Smith and Cheney	Executive Director lead: Colin Molton
Proposal origin: <i>BCC Staff</i>		
Decision maker: Cabinet Member		
Decision forum: <i>Cabinet</i>		
Purpose of Report:		
<p>To seek approval to appropriate the assets set out in Appendix A between the Housing Revenue Account (HRA) and the General Fund so as to better reflect their current use, to allow for proper accounting and to provide more affordable and new council homes.</p>		
Evidence Base: The exchange of assets is required because:-		
<ul style="list-style-type: none"> • Assets which are no longer of beneficial use to HRA tenants should be either disposed of or transferred out of the HRA. • Financial reporting standards and government guidance require that these properties are categorised according to the purposes for which the Council holds them. • Correct classification should reduce risk of challenge from auditors, residents and tenants • HRA sites should be moved to the general fund in order to reflect their current use, to support either community housing led schemes or developments undertaken by Registered Providers in order to provide additional affordable homes above current planning policy requirements. • General fund sites should be moved to the HRA to bring empty caretakers homes back into use to meet permanent family accommodation needs, to provide an access into the Alderman Moore site to build 50 new council homes (with 83 homes for sale), and to provide other sites with much needed council homes to help alleviate the acute housing shortage in Bristol and contribute towards the mayors promise to build 2,000 new homes per annum. • For statutory reasons the appropriation of assets between revenue accounts have to take place at market value. An exchange of assets is proposed in order to ensure there is a cost neutral impact upon revenue accounts. 		
Cabinet Member / Officer Recommendations:		
<ol style="list-style-type: none"> 1. To authorise the appropriation of the assets set out in Appendix A from the Housing Revenue Account to the General Fund simultaneously with the appropriation of the assets set out in Appendix A from the General Fund to the Housing Revenue Account 2. To note that the Executive Director of Growth and Regeneration in consultation with the Section 151 Officer and Cabinet member for Finance, Governance, Performance and Property may agree to future 		

appropriations between the general fund and HRA in accordance with the Council's Scheme of Delegations.

Corporate Strategy alignment:

The recommendation in this report contribute directly to the Council's corporate priority to enable well-planned quality housing and developments that meet the needs and expectations of all of Bristol's residents.

City Benefits:

- The construction of new homes will provide job opportunities for local people, apprenticeships and work experience.
- The new homes will bring investment to the area, make a contribution towards the community infrastructure levy and generate additional council tax revenues.
- The new homes will be built to building regulation and planning policy standards and delivering a mix of homes, of different types and sizes, which are accessible and respond to people's changing needs over time.

Consultation Details: N/A

Background Documents: None

Revenue Cost	£ none	Source of Revenue Funding	<i>Existing budgets</i>
Capital Cost	£ 6.25m	Source of Capital Funding	<i>N/A</i>
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The appropriation of assets between the HRA and the General Fund (GF) will require the transfer of debt, at the market value, of the appropriated asset.
 The Council's borrowing limits (General Fund and HRA) are governed by the Prudential code requiring the Council to demonstrate that borrowing to finance capital projects is prudent and that the full lifecycle costs, including debt financing costs, are affordable and sustainable and can be contained within the current and future financial plans of the authority.
 An appropriation will "trigger" the transfer of debt, changing the debt financing costs attributable to the revenue accounts of the HRA and General Fund. As an example, if £1m was appropriated, the annual effect to the HRA and General Fund would be £69k based on an interest rate of 4.7% and an asset life of 25 years.
 As the intended appropriations are planned to be neutral there will be no financial impact to the General Fund and HRA debt financing costs, but this could result in a change of lifecycle charged to the HRA and General Fund. (interest only) can be accommodated within HRA available resources.

Finance Business Partner: Finance Business Partner: Wendy Welsh, Housing Finance Manager, 10/06/19

2. Legal Advice:

The HRA is a statutory ring fenced account and Secretary of State consent may be required to authorise the appropriation of assets from the HRA account if any of the assets are, or have in the past, been used for housing purposes. Advice will be given on a case by case basis as needed.

Section 122 Local Government Act 1972 states that a Council may appropriate for any purpose for which the Council is authorised, any land which belongs to the Council and is no longer required for the purpose for which it is held immediately before the appropriation, subject to the requirement to obtain Secretary of State consent (if required).

Legal Team Leader: Andrew Jones – Team Leader (Property, Planning and Transport) 23/10/19

3. Implications on IT: No Impact anticipated on IT services

IT Team Leader: Simon Oliver 18.09.19		
4. HR Advice: There are no HR implications evident		
HR Partner: Celia Williams 26.0919		
EDM Sign-off	Colin Molton	7.8.2019
Cabinet Member sign-off	Councillor Paul Smith	17.09.19
	Councillor Cheney	16.09.19
For Key Decisions - Mayor's Office sign-off	Mayor's office	7.10.19

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal There are no direct equalities implications. An impact relevance check is attached at Appendix E Duncan Fleming – 18.09.19	YES
Appendix F – Eco-impact screening/ impact assessment of proposal There are no environmental impacts linked to this report and a full Eco IA is not required. Nicola Hayes – 19.09.19	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information By virtue of paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972.	YES
Appendix J – HR advice	NO
Appendix K – ICT	NO