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| <b>CITY OF<br/>WOLVERHAMPTON<br/>COUNCIL</b> | <b>Cabinet</b><br><b>27 April 2022</b> |
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| <b>Report title</b>                            | Housing Revenue Account Owned Assets - Review of non-residential assets |  |
| <b>Decision designation</b>                    | AMBER   |  |
| <b>Cabinet member with lead responsibility</b> | Councillor Bhupinder Gakhal<br>City Assets and Housing                  |  |
| <b>Key decision</b>                            | Yes   |  |
| <b>In forward plan</b>                         | Yes   |  |
| <b>Wards affected</b>                          | All Wards   |  |
| <b>Accountable Director</b>                    | John Roseblade, Director of City Housing and Environment                |  |
| <b>Originating service</b>                     | Housing   |  |
| <b>Accountable employee</b>                    | Karen Beasley   | Interim Service Manager – Housing Strategy and Policy                                      |
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| <b>Report to be/has been considered by</b>     | City Housing and Environment Leadership Team                            | 5 April 2022   |
|  | Cabinet Member Briefing City Assets and Housing                         | 13 April 2022  |

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### Recommendations for decision:

The Cabinet is recommended to:

1. Agree the commencement of the Housing Revenue Account (HRA) asset review for citywide non-residential assets and a small number of residential assets to determine the future management of these assets.
2. Delegate authority to the Cabinet Member for City Assets and Housing and the Leader of the Council in consultation with the Director of City Housing and Environment and the Director of Finance to approve the appropriation of HRA assets to a more appropriate Service Area, following the completion of the asset review and relevant consultation process.
3. Agree to receive further reports on the progress of the review of HRA assets.

## **1.0 Purpose of report**

- 1.1 To provide an overview of the citywide non-residential assets and a small number of residential assets, some located outside of Wolverhampton boundary, owned by the Housing Revenue Account (HRA) and residential properties owned by other Directorates, managed by Wolverhampton Homes.
- 1.2 To approve a phased work programme to assess and determine the future management of these assets.
- 1.3 To approve delegated authority to the Cabinet Member for City Assets and Housing and the Leader of the Council in consultation with the Director of City Housing and Environment and the Director of Finance to approve the appropriation of HRA assets to a more appropriate Service Area, following a period of internal and Ward Member consultation.
- 1.4 To receive further reports on the outcome of the review of these assets.

## **2.0 Background**

- 2.1 In March 2020, the management of approximately 650 non-residential citywide HRA assets transferred from Corporate Landlord to Housing Enabling Team within Housing Strategy and Policy.
- 2.2 The management and leasing of HRA shops remain the responsibility of Corporate Landlord and this report excludes these leased HRA assets.
- 2.3 Following the appointment of a dedicated Housing Asset Officer, a full comprehensive database has been compiled to allow effective management of each asset and, as landowner, ensure landlord liabilities are met.

## **3.0 Progress**

- 3.1 An initial desktop assessment of the HRA non-residential assets, including a small number of residential assets, has been carried out.
- 3.2 The assets have been categorised as follows:
  - Garage Sites (212 sites)
  - Hardstanding (2 sites)
  - Garage plots (21 sites)
  - Former Garage sites (32 sites where garage units have been demolished)
  - Housing amenity/open space (over 200 areas)
  - Estate communal car parking areas
  - Other non-residential assets – commercial premises
  - Other residential assets – out of borough stock

- Leased assets

3.3 The assessment has highlighted the requirement for a more in-depth review in conjunction with all Managing Agents (Wolverhampton Homes and TMO's) and colleagues in Corporate Landlord.

#### 4.0 Next steps

4.1 The next stage review will be carried out in a phased programme looking at each asset category. It will determine the current use, condition, income received, annual maintenance costs, any fly tipping or anti-social behaviour issues and occupancy of the assets.

4.2 It will also consider opportunities where sites can be brought forward for housing development or where it may be more appropriate for the site to be managed by another Service Area, subject to full internal and external consultation.

4.3 The review will also determine if some sites (mainly garage sites) can be combined to reduce maintenance liability - allowing cost savings, and in turn provide opportunities for investment in more popular used garage sites/spaces to reduce on street car parking issues within housing estates.

4.4 Throughout the phased review process, the recommended outcome will align to the Council's strategic objectives in a number of plans and strategies such as:

- (i) Our City Our Plan: ensuring **Good homes in well-connected neighbourhoods** and our assets are managed well and contribute to **Clean, green neighbourhoods and community space**.
- (ii) Housing Strategy 2019-2024 to bring forward opportunities for **More and Better Homes** and **Access to Secure Homes**.
- (iii) **Our Climate Commitments** by utilising HRA land to support initiatives such installation of electric vehicle charging points.

4.5 Following the completion of the review, further reports will be presented, and recommendations made to ensure the Council is making best use of its assets, either in terms of managing the HRA assets more efficiently or by bringing forward unused housing sites/land for potential development.

#### 5.0 Evaluation of alternative options

##### Option 1- Do nothing

5.1 This option would mean that there would be no further works carried out to determine the best use of the HRA non-residential and out of borough assets. There would be no changes to the current management strategy of the assets.

- 5.2 Under the Buildings Safety Act, there are landlord obligations that the Council needs to fulfil. There would be no change to current activities, and therefore full compliance cannot be assured.

Option 2- Proceed with the review of the assets

- 5.3 This option would entail carrying out the review for all non-residential and out of borough assets, to determine the best use of stock and ensure best value is achieved for the ongoing maintenance of the assets and any income is maximised, where possible.
- 5.4 Furthermore, this review may recommend the appropriation of assets to suitable portfolios and provide efficiencies regarding the annual costs to maintain such assets.
- 5.5 Additionally, by reviewing the assets, the use of HRA funds to facilitate the maintenance of assets, mainly used by non-council residents will be investigated and appropriate next steps reported in a further report.
- 5.6 The review will ensure the Council is meeting its obligations under the Building Safety Act, by ensuring all assets are managed in accordance with the Act.

**6.0 Reasons for decision**

- 6.1 It is recommended that Option 2 is approved so a full comprehensive audit of all HRA assets is completed and an updated HRA Asset Register is maintained. It will also allow recommendations to be made on the future use/management of each asset and an accurate database can be used for the annual valuation exercise carried out as per the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.
- 6.2 The review will also ensure any assets used/occupied as commercial premises will be through an appropriate lease agreement which will set out the obligations of both the Council as landlord and the occupier as the tenant.

**7.0 Financial implications**

- 7.1 There are no direct financial implications arising from this report, the review will be delivered using existing staffing resources within the Housing Enabling Team alongside officers from the Managing Agents. Following a full consultation process, where an asset is appropriated between the HRA and the general fund, an adjustment to borrowing limits equivalent to the value of the asset is required.
- 7.2 Further reports recommending investment, disinvestment, or disposal of any HRA asset will discuss the financial implications of any decisions.

[JM/28032022/A]

**8.0 Legal implications**

- 8.1 There are no direct legal implications arising from the assets review itself  
The Local Government and Housing Act 1989 requires the Council to manage its housing stock, and to balance its accounts for the housing stock as a ring-fenced account.

8.2 The legislation sets out those items that can be charged to the HRA.  
[TC/08042022/A]

## **9.0 Equalities implications**

9.1 The proposals in this report will see a full review of the HRA assets and may bring housing owned land forward for development of high quality affordable and much needed accommodation which will be allocated to residents in housing need.

## **10.0 All other implications**

10.1 Improvements to the upkeep and future investment in HRA assets will benefit all residents living adjacent to housing owned sites by reducing the risk of anti-social behaviour and fly tipping some sites may attract.

10.2 The resources required to implement the recommendations in this report will be resourced through Housing Strategy Team.

10.3 The review of these HRA assets will be discussed and any recommendations proposed agreed in consultation with Corporate Landlord before submitting for Cabinet approval.

10.4 The health and wellbeing of residents will benefit those neighbouring housing owned land that may be improved or developed as a result of the asset review.

## **11.0 Schedule of background papers**

11.1 There are no background papers to this report.