



SUPPLEMENTARY 2

THE EXECUTIVE

Tuesday, 16 March 2010

**Agenda Item 20a Technical Disposal of Unfit Council Dwellings
(Pages 1 - 5)**

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EXECUTIVE**16 MARCH 2010****REPORT OF THE CORPORATE DIRECTOR OF CUSTOMER SERVICES**

This report is submitted under Agenda Item 20. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order for the arrangements to be in place before 1 April 2010.

Title: Technical Disposal of Unfit Council Dwellings	For Decision
<p>Summary:</p> <p>This report recommends that Executive passes a resolution to dispose of Housing Revenue Account (HRA) dwellings listed in appendix A that are currently unavailable to let. By passing a resolution to dispose, these properties become 'technical disposals' under the current Housing subsidy system and can be excluded from subsidy calculation in future years. The resolution to dispose does not commit the Council to actually disposing of the dwellings although the Council is recognising that those dwelling are unavailable for letting.</p> <p>It is further recommended that Executive delegates authority to the Corporate Director of Customer Services, in consultation with the Corporate Director of Finance & Commercial Services and Legal Partners and following discussion with the Cabinet Member for Housing, to agree the terms of disposal of any of the properties listed in Appendix A if this is considered to be in the best interests of the Council.</p> <p>Appendix A details 24 dwellings, individually each dwelling incurs a net cost to the HRA of £1,056 per year through the HRAs subsidy contribution to the Department for Communities and Local Government (CLG). This is compounded by the inability of the HRA to generate a rental income stream due to the state of the dwellings. Also these dwellings are unlikely to be brought up to letting standard, in the short term, due to the high cost of repairs needed to bring them back into use.</p> <p>Under the technical rules (as prescribed by CLG) pertaining to the Housing Act 1985 the Council can remove these dwellings from the HRA dwellings list if it meets the definition of a "technical disposal." This requires two criteria to be met:-</p> <ol style="list-style-type: none"> 1) A resolution to dispose the dwelling; 2) The dwelling is unavailable for letting. <p>The dwellings listed in Appendix A are already unavailable for letting purposes. In order to meet the CLG's definition of a "technical disposal" the Executive would need to pass a resolution to dispose before 1 April 2010. By removing these dwellings the HRA would save £25,344 from 2011/12 however what is more significant is the impact this may have on the current HRA reform. Early consultation on the HRA reform has indicated that the debt settlement is likely to consider the level of income available to the HRA and the value of the HRA assets. In removing these dwellings through the "technical disposal" route it likely that this will benefit the HRA through the debt settlement, initial calculations indicate this could be worth £336,000.</p>	

It should be clearly noted that the disposals are technical disposals only, they are not actual disposals i.e. the disposal is only relevant to the Housing Subsidy System. This decision can be revoked at a later date in the event that financial resources became available to bring these properties back into use. In this event these dwellings would again be counted as part of the HRA Dwellings list.

Wards Affected: All

Recommendation(s)

The Executive is recommended to:

- (i) Resolve to dispose of the Dwellings listed in Appendix A; and
- (ii) Delegate authority to the Corporate Director of Customer, in consultation with the Corporate Director of Finance & Commercial Services and Legal Partners and following discussion with the Cabinet Member for Housing Services, to agree the terms of disposal of any of the properties listed in Appendix A if this is considered to be in the best interests of the Council.

Reason(s)

To assist the Council to maintaining a robust HRA.

Implications

Financial

By passing a Resolution to Dispose of the Dwellings listed on Appendix A, the Executive will save the HRA £25,344 in 2011-12 under the current Housing Subsidy System. This will be achieved by removing the Dwellings under Technical Guidance rules and not by actual disposal.

Under the current HRA reform it is likely that the dwellings available for letting will play an integral part of calculating the debt settlement. It is therefore important that the Council takes all necessary steps that can facilitate a reduction in the debt settlement attributable to Barking and Dagenham's HRA. Initial estimates indicate this could reduce the settlement by £336,000.

Legal

Resolution to Dispose is required to meet CLG's technical rules for Technical Disposal and thereby removal from the Housing Subsidy System. Under the Council's Land Acquisition and Disposal rules the resolution needs to be made by Executive.

Contractual

No specific implications.

Risk Management

The HRA continues to pay subsidy on these properties whilst been unable to generate an income stream. The current HRA reform may see a greater debt settlement being attributed to the Council's HRA. This debt will need to be serviced and failure to maximise the Council's position may put the long term financial viability of the HRA at risk.

Staffing

No specific implications.

Customer Impact

No specific implications.

Safeguarding Children

No specific implications.

Crime and Disorder

No specific implications.

Property/Assets

Upon passing of the resolution to dispose relevant procedures will be revised on the monitoring and management of the Property Database implications of "Technical Disposals"

Options appraisal

Not applicable

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Consultees

The following were consulted in the preparation of this report:

Councillor P Waker, Cabinet Member for Housing
 Rob Whiteman, Chief Executive
 Tracie Evans, Corporate Director of Finance & Commercial Services
 Jonathan Bunt, Corporate Financial Controller
 Stephen Clarke, Divisional Director of Housing Services
 Tony McNamara, Group Manager, Customer Services Finance
 Yinka Owa, Legal Partner

Background Papers Used in the Preparation of the Report:

None

List of appendices:

Appendix A – Schedule of HRA Dwellings to be Disposed

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Schedule of Properties

Property Reference	Void Data	Address
8748	05/05/08	34 Bassett House, 427 Goresbrook Road, Dagenham
8836	06/08/07	28 Ingrave House, 429 Goresbrook Road, Dagenham
8890	02/07/07	82 Ingrave House, 429 Goresbrook Road, Dagenham
9069	29/10/07	48 Dunmow House, 197 Maplestead Road, Dagenham
12065	05/01/09	68 Crispe House, 72 Dovehouse Mead, Barking
12446	14/05/07	11 Bamber House, 100 St Margarets, Barking
12476	02/06/08	41 Bamber House, 100 St Margarets, Barking
12842	24/04/06	97 Lexham House, 2 St Margarets, Barking
23019	30/10/06	57 Davington Road, Dagenham
71335	19/11/07	68 Gregory Road, Chadwell Heath
71336	26/05/08	69, Gregory Road, Chadwell Heath
71337	14/04/08	70 Gregory Road, Chadwell Heath
71338	14/04/08	71 Gregory Road, Chadwell Heath
71339	26/05/08	72 Gregory Road, Chadwell Heath
71340	02/02/09	73 Gregory Road, Chadwell Heath
71341	11/08/08	74, Gregory Road Chadwell Heath
71350	20/10/08	1 Fews Lodge, 75 Gregory Road, Chadwell Heath
71352	20/10/08	3 Fews Lodge, 75 Gregory Road, Chadwell Heath
71354	16/06/08	5 Fews Lodge, 75 Gregory Road, Chadwell Heath
71355	28/04/08	6 Fews Lodge, 75 Gregory Road, Chadwell Heath
71378	03/11/08	29 Fews Lodge, 75 Gregory Road, Chadwell Heath
71382	17/11/08	33 Fews Lodge, 75 Gregory Road, Chadwell Heath
71383	14/04/08	34 Fews Lodge, 75 Gregory Road, Chadwell Heath
71384	14/04/08	35 Fews Lodge, 75 Gregory Road, Chadwell Heath

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