

**Meeting:** Council

**Date:** Wednesday 17 February 2016

**Subject:** Changes to housing strategy and housing revenue account (HRA) asset management strategy – amendment to officer delegation scheme

**Report of:** Councillor Alan Shuttleworth on behalf of the Cabinet

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The Council is asked to consider the minute and resolution of the Cabinet meeting held on 3 February 2016 as set out below.

Further copies of the report to Cabinet are available on request – please see end of this report. A copy may be seen on the Council’s website by following the link below:

<http://democracy.eastbourne.gov.uk/ieDocHome.aspx?bcr=1>

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**The Council is recommended to:-**

**Approve the amendment to the councils scheme of delegation to officers as set out at paragraphs 64.8 and 64.9 of the cabinet minute.**

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**Minute extract  
CABINET 3 February 2016**

**\*64 Changes to housing strategy and housing revenue account (HRA) asset management strategy**

64.1 Cabinet considered the report of the senior head of community providing an update on national policy changes for council housing arising from the Welfare Reform and Work Bill and the Housing and Planning Bill currently before Parliament. Proposals were made for the sale of a number of housing properties; and in advance of the bills becoming law, approve changes to the delegation for disposal of assets to enable Eastbourne’s housing stock to be managed sustainably and in line with national best practice. The report also sought authority to obtain external specialist advice to assist the review of homelessness decisions when considering applications for accommodation under Part 7 of the Housing Act 1996.

64.2 A separate addendum to the report comprising exempt information was circulated in the confidential part of the agenda (Schedule 12A to the Local Government Act 1972, reason 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).)

64.3 The Welfare Reform and Work Bill would introduce of a 1% reduction in social housing rents for 4 years from 2016/17. This was detailed in the rent setting report at minute 63 above.

64.4 The Housing and Planning Bill proposed the sale of council housing high value assets and the mandatory introduction of higher rents for residents earning higher incomes ('pay to stay'). The intention was that monies raised from high value voids would be used to fund the 'right to buy' discounts given to housing association tenants, provide replacement affordable housing on a one for one basis, and establish a brownfield regeneration fund. The council's housing revenue account (HRA) business plan had now been remodelled to reflect the impact of 80 properties being sold over each year over the next 4 years. High income was defined in the bill as household income of more than £30,000 outside of London. The bill did not define what the rent levels would be; these were to be set out in future rent regulations. The extra rent would be taken by the government less an element to cover the council's administration costs. Pay to stay was expected to be introduced in 2017/18 and an increase in right to buy sales was anticipated as a consequence.

64.5 The council would need to make a payment to the government based on assumptions on the value of high value void properties arising from April 2017. The payment was not likely to be dependent on actual vacancies and to give flexibility to retain properties within the stock in the future, it would be prudent to review the current vacant stock and how receipts from disposals now could be used to meet future demands. On this basis, a number of current properties had been assessed for disposal. Details relating to each disposal were listed in the exempt addendum. Where properties had tenants the council would work closely with the occupants to make sure that they were offered appropriate alternative accommodation.

64.6 It was now considered best housing management practice for the council to dispose of the freehold interest in a block of flats when all the flats were held on leases. Eastbourne Homes (EHL) currently managed 12 such blocks. Details of the blocks and market valuations of the freeholds were given in the exempt addendum. It was recommended that the senior head of community be granted delegated authority to dispose of the freehold of such blocks. Should existing leaseholders not wish to take up the offer the council would retain the freehold. A consultation plan would be developed involving the affected leaseholders.

64.7 Eastbourne Housing Investment Co. Ltd. (EHIC) acted as the council's asset holding vehicle. Cabinet approved the purchase of the company's first property (137-139 Seaside Road) in July 2015 and agreed the principles under which future acquisitions would be made using loans provided by the council. EHIC had expressed an interest in acquiring council housing assets. The details of the assets concerned were listed in the exempt addendum. An options appraisal and project viability would be developed by EHIC prior to a formal application to the council for lending. The report also included an outline of the council's legal powers for the disposals and provision of loan to EHIC.

64.8 Under the council's current scheme of delegations to officers, the senior head of community did not have delegated authority to dispose of HRA or general fund housing properties of any value. This could lead to delays in disposal while reports were prepared that seek the approval of cabinet as the executive decision-making body. It was recommended that the senior head should have the following powers in relation to all and any council owned housing properties:

*(a) To acquire or dispose of land, and to grant and/or modify leases, easements, licences and way-leaves of, in, or over such properties, in accordance with the following limits, subject to sub-paragraph (i):*

- *Where the payment from the other party does not exceed £50,000 (£25,000 for amenity land); or*
- *where the payment to the other party does not exceed £50,000; or*
- *where the annual rent does not exceed £25,000 (except for a rent review); or*
- *where the lease term of the property does not exceed 10 years; or*
- *if an easement or way-leave, the annual fee does not exceed £1,000.*

*(i) Where any value exceeds the limits stated above, the senior head of community may exercise the powers referred to in paragraph (a) but only after consulting with the relevant cabinet portfolio holder.*

*(b) To vary the terms and conditions of, or negotiate the surrender of, leases and licences.*

*(c) To determine as landowner or landlord, applications for licences, consents and permissions in respect of properties.*

64.9 In addition, it was recommended that the senior head be given authority to make the necessary application for permission to dispose of 5 or more HRA assets direct to the secretary of state without prior cabinet approval and that this be incorporated within the scheme of delegations.

64.10 When the council made a decision under homelessness legislation an applicant had a right to seek a review of that decision if he/she did not agree with the finding. For complex cases or to ensure decisions could be made in a timely manner some authorities obtained specialist external support to carry out reviews and/or use the services of other councils that had the required experience and capacity. Under normal circumstances the council would anticipate internal review of cases, however, to give flexibility, it was recommended that the senior head be authorised to obtain specialist advice when necessary.

64.11 The senior head corrected the report in three respects, clarifying (a) that the delegation sought in respect of the disposal of freeholds (resolution (1) (ii) below) applied to the 12 current blocks and to future freeholds where all had been sold as leasehold; (b) in respect of the

delegation in paragraph 64.9 above (resolution (3) below) that this applied to both HRA and general fund properties; and (c) advising that full council approval would be required to amend the scheme of delegation as part of the council's constitution.

**64.12 Resolved (key decision):** (1) That the senior head of community be given delegated authority to:-

- (i) To dispose of the 7 properties identified in appendix 1 of the exempt addendum, subject to consultation with the chief finance officer and portfolio holders for community and finance;
- (ii) to dispose of the freehold of the properties to existing occupiers as identified in appendix 2 of the exempt addendum and future freeholds where all have been sold as leasehold; and
- (iii) to approve the use of external specialist advice, where necessary, to conduct homelessness reviews under Part 7 of the Housing Act 1996.

(2) That the council provide a loan on market terms to Eastbourne Housing Investment Company Ltd. (EHICL) to enable the company to purchase the properties listed in appendix 3 of the exempt addendum.

(3) That representations be made to the local member of parliament seeking her support in challenging the government's intention to reduce the stock of social housing through the forced sale of 'high value' council stock to fund housing association 'right to buy' sales.

\* **64.13 Resolved** (4) That full council be asked to approve the amendment to the councils scheme of delegation to officers as set out at paragraphs 64.8 and 64.9 above.

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