

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	4265
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Department:	Growth and City Development
Contact:	Nicholas Hibberd (Job Title: Regeneration Team Leader, Email: nicholas.hibberd@nottinghamcity.gov.uk, Phone: 0115 8761668)
Subject:	Disposal of Housing Revenue Account Assets
Key Decision (decision valued at more than £1million):	Yes
Total Value:	See Exempt Appendix (Type: Capital and Revenue)
Decision Being Taken:	1) To approve the disposal of 15 Houses in Multiple Occupation (HMOs) from the Housing Revenue Account (HRA) assets, on the open market. 2) To delegate authority to the Director of Economic Development and Property to agree the final timings and terms for disposal of the individual HRA assets.
Reasons for the Decision(s)	It is proposed to dispose of 15 HMOs from the HRA assets in the Arboretum area on the open market, for a capital receipt reflecting their value. The properties will be sold on 999-year leases, allowing the Council to include covenants requiring timely refurbishment and reoccupation. The objectives of the property disposals are to ensure the most efficient use of Council assets, whilst bringing about the transformation of the Arboretum area away from an area characterised by HMOs. The recommendations set out in the decision are considered to be the most expedient manner of disposal, in a way that will support the Nottingham City Homes (NCH) Phase 1 delivery plan and the activities of the private sector that have delivered similar properties in the area, following the Executive Board decision taken on 23 February 2021. A formal decision in June should allow the Council to keep to the disposal timescale and begin disposals in July 2021. In addition, market intelligence suggests that it is unlikely that there will be no interest from the open market, however, it is important to maximise interest by keeping to the property disposal programme and avoid the summer lull period.

**Other Options Considered:**

1) To sell the assets to NCH: officers were asked to consider the benefits of continuing with some of the Phase 2 properties with NCH so that developing the remaining buildings could create a cumulative benefit. Although this option represents a good opportunity for achieving regeneration objectives, it presents a financial burden to the Council of further loans to NCH, and therefore was rejected. 2) To refurbish the properties in the HRA: there is no allowance in the HRA capital programme to undertake refurbishment work to these properties and, as such, this option has been discounted. Retaining these properties would generate an additional burden to the HRA programme and a revenue implication whilst the work is completed, as the HRA is incurring substantial void costs for the properties. These holding costs include 300% Council Tax per property and management and maintenance costs, in addition to lost rental income. 3) To procure a development partner to meet specified regeneration objectives: a procurement process would allow a development agreement to be put in place containing lease conditions like those in place for NCH. However, it would ultimately be a protracted procurement process of up to 18 months, which is likely to reduce the potential capital receipt and increase the liability of the holding property, so this option was rejected.

**Background Papers:**

Background - Disposal of HMO HRA Assets

**Unpublished background papers:**

Background - Disposal of HMO HRA Assets.docx

**Published Works:**

23/02/2021 Executive Board Report: Budget 2021/22 and Medium Term Financial Outlook  
(<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8590&Ver=4>)  
07/03/2018 Leader's Key Decision (3103): Disposal of Housing Revenue Account (HRA) Assets  
(<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=4412>)  
07/02/2014 Delegated Decision (1301): Retention & Disposal of HMOs  
(<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=1712>)  
20/10/2009 Executive Board Report: Disposal of HRA Assets  
(<https://committee.nottinghamcity.gov.uk/CeListDocuments.aspx?CommitteeId=177&MeetingId=1385&DF=20%2f10%2f2009&amp;Ver=2>)

**Affected Wards:**

Hyson Green and Arboretum

**Colleague / Councillor Interests:**

None

**Any Information Exempt from publication:**

Yes

**Exempt Information:**

**Description of what is exempt:**

The proposed property disposal programme and the anticipated capital receipts.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

**3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the decision contains details relating to the proposed method of sale and property valuation of the assets that, if published, could prejudice the Council's negotiating position in maximising the sales prices.

**Documents exempt from publication:**

Exempt - Appendix 1 Proposed Property Disposal Programme and anticipated capital receipts.pdf

**Consultations:**

Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:**

It is intended that the sale of the 15 identified properties will result in environmental and neighbourhood improvements in the area to help reduce anti-social behaviour and raise neighbourhood standards.

**Equality:**

EIA not required. Reasons: The decision does not represent proposals for a new or changing policy, service or function.

**Relates to Council Property Assets:**

Yes

**Decision Type:**

Leader's Key Decision

**Subject to Call In:**

Yes

**Call In Expiry date:**

09/07/2021

**Advice Sought:**

Legal, Finance

**Legal Advice:**

From the information provided in the report and following discussion with the author of the report, the proposed transaction does not appear to raise any significant legal issues of concern. The transaction will be subject to normal property legal due diligence and the drafting, agreement and negotiation of formal legal documentation between the parties. Care must be taken to ensure that the properties are sold for best value, and as they are Housing Revenue Account (HRA) properties, that they come under a general consent for disposal of HRA premises.

Advice provided by Victoria McIntyre (Solicitor) on 16/06/2021.

**Finance Advice:**

As detailed in the attached papers, this disposal project has been endorsed by the Capital Board in April 2021.

The capital receipts realised from the disposal of these assets is to be retained within the Housing Revenue Account (HRA) and allocated within the Public Sector Housing Capital Programme in accordance with the Capital Strategy. Revenue costs directly attributable to the disposal of the assets within this decision can be offset are capped at 4% of the capital receipt.

The HRA has an annual budget of £112,000 in relation to void Council Tax charges on empty properties. During 2020/21, there was an overspend of £46,000 as actual charges in year were £168,000. Of the £168,000 of charges, only £5,000 was not in relation to the Arboretum properties, therefore disposing of these properties will mitigate current budget pressures and generate a revenue due to the current holding costs.

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 17/06/2021.

**Property Advice:**

This decision is supported by Strategic Assets and Property as it will see the disposal of vacant properties, therefore reducing the liabilities to the Housing Revenue Account (HRA) and will generate capital receipts.

The disposal of the HRA properties will be undertaken by Property Services. The disposal will be progressed once all necessary due diligence has been completed and an appropriate method of sale chosen to achieve best value. The disposal will be phased and will be by way of a long leasehold interest. Property Services will work closely with the HRA Team to progress the sale through the marketing and sale process.

Advice provided by Beverley Gouveia (Development and Disposals Manager) on 15/06/2021.

**Signatures:**

David Mellen (Leader/ PH Strategic Regeneration Communications)

SIGNED and Dated: 02/07/2021

Michael Wayne Bexton (Interim CD for Growth & City Development)

SIGNED and Dated: 30/06/2021