

WAVERLEY BOROUGH COUNCIL

COUNCIL

11 DECEMBER 2018

Title:

COMMUNITY CENTRE BUILDING AND LAND, CRANLEIGH – TRANSFER FROM HOUSING REVENUE ACCOUNT (HRA) TO GENERAL FUND

**[Portfolio Holders: Cllr Ged Hall and Carole King]
[Wards Affected: All]**

Summary and purpose:

The purpose of this report is to seek approval from the Executive for the transfer of the Community Centre Building, Cranleigh, from the Housing Revenue Account (HRA) to the General Fund (GF). The Community Centre Building is no longer used for the “housing purposes”, for which it was originally acquired under the Housing Act 1985.

How this report relates to the Council’s Corporate Priorities:

This report relates to the “People” and “Prosperity” Corporate Priorities for 2018-2023. Good financial and asset management underpins all of the Council’s priorities.

Legal Implications

Appropriation is the statutory process which allows the Council to transfer property within its ownership from one use to another.

Under s122 of the Local Government Act 1972, a council may appropriate land which it owns and is no longer required for the purpose for which it was initially held.

As the Community Centre Building is no longer used for “housing purposes” and is let out on a commercial lease, the Council intends to use the powers under s122 of the Local Government Act 1972, to transfer the property from the HRA to the General Fund Asset Register.

The Council has the legal authority to undertake the appropriation. The appropriation process does not change the ownership of the building and land.

Financial Implications

Where the purpose of holding a property is not related to the provision of housing under Part II of the Housing Act 1985, the property should be held within the General Fund.

Following the proposed transfer, the General Fund will receive rental income from the property and also take responsibility for managing and maintaining the property. A budget

of £25,000 will be transferred from the HRA to the GF to allow for any future liabilities. No other payments will be made.

Annual maintenance and running costs of the Community Centre building is between £5000 and £10,000 per annum.

The accounting treatment is fairly straightforward. There is no current value for the land on the Asset Register. The property will need to be revalued at the transfer date.

Background

1. The Community Centre Building (known as Rowleys Day Centre) is owned by Waverley Borough Council. The property itself and adjacent car parking spaces are let out on a long term commercial lease. The rest of the surrounding site at Rowland Road, Cranleigh, owned by Waverley Borough Council, is listed on the General Fund Asset Register.
2. International Financial Reporting Standards (IFRS) require that properties are categorised according to the purposes for which the Council holds them. As part of the Council's review of its assets, the Community Centre Building, Cranleigh, has been identified as a building where the Council's reason for holding it has changed since the original acquisition.
3. The proposed Community Centre Building and Land to be transferred from the Housing Revenue Account to the General Fund is shown outlined in blue on the Plan at Annexe 1 to this report. The Community Centre Building, Cranleigh, was formerly part of the Council's sheltered housing scheme (the community lounge and scheme manager's office). It is no longer used for these original "housing purposes" under the Housing Act 1985.

Legal Position

4. Under s122 of the Local Government Act 1972, a council may appropriate land which it owns and is no longer required for the purpose for which it was initially held.
5. As the Community Centre Building is no longer used for "housing purposes" and is let on a commercial lease, it is intended to use the powers under section 122 of the Local Government Act 1972 to transfer the property from the Housing Revenue Account to the General Fund asset register.
6. The Council does not need to seek the Secretary of State's consent for this proposed appropriation of land as the land does not consist of "a house or part of a house" (s19 of the Housing Act 1985). The proposed appropriation of land will not affect the existing commercial tenant or the overall ownership of the property.

Future Maintenance and Running Costs

7. Future maintenance and running costs will fall to the General Fund. £50 000 has recently been spent by the Housing Revenue Account on refurbishment works of the Community Centre Building. The recent refurbishment works included: renovation of the community lounge which was in a poor state; a hairdressing salon; renovation of

the lavatories; refurbished kitchen and a new office space. Some minor works were undertaken to the roof and fire escapes/ramps from building.

8. The Community Centre Building roof needs replacing within the next 2-3 years and a general fund capital bid will be submitted in relation to this work.
9. To cover future liabilities a one off transfer of £25,000 will be made from the Housing Revenue Account to the General Fund at the time of the transfer.

Conclusion:

To comply with legislation and accounting best practice, the Community Centre Building and land shown on the Plan at Annexe 1, should be transferred from the Housing Revenue Account to the General Fund Asset Register.

The proposed transfer will generate a rental income for the General Fund, however maintenance/running costs of the property and future liabilities will fall to the General Fund. The freehold ownership of the Community Centre Building remains with Waverley Borough Council.

Recommendation

The Executive recommends to Council that:

- 1) Pursuant to section 122 of the Local Government Act 1972, the land outlined in blue on the Plan at Annexe 1 at Rowland Road, Cranleigh, Surrey be transferred from the Housing Revenue Account to the General Fund; and
- 2) The Chief Executive be authorised to execute a memorandum confirming the appropriation
- 3) To cover future liabilities a one off transfer of £25,000 will be made from the Housing Revenue Account to the General Fund at the time of the transfer.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name: David Allum
Head of Customer and Corporate Services

Telephone: 01483 523338
E-mail: david.allum@waverley.gov.uk

Name: Sophie Thorp
Deputy Borough Solicitor

Telephone: 01483 523113
Email: sophie.thorp@waverley.gov.uk