

**FALKIRK COUNCIL**

**Subject: HOUSING REVENUE ACCOUNT LAND SALES UNDER £5000**  
**Meeting: EXECUTIVE**  
**Date: 24 FEBRUARY 2015**  
**Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES**

**1. INTRODUCTION**

- 1.1 This report requests that applications to purchase Housing Revenue Account (HRA) land are suspended for 12 months to enable a wide ranging review of procedures and cost implications. The report also provides an update on the number of applications for the sale of additional garden ground received by Corporate & Neighbourhood Services (C&NS).

**2. BACKGROUND**

- 2.1 Corporate and Neighbourhood Services has been processing a number of applications by owners seeking to buy areas of land adjoining their own properties as additional garden ground. These applications were considered by the former Policy and Resources Committee and then subsequently Executive. These transactions are now considered by the Head of Housing Services under delegated authority.
- 2.2 Within the Standing Orders and Scheme of Delegation effective from the 26th June 2013, Chief Officers have the authority to make decisions on removal from operational service land and property no longer required for operational purposes;
- for internal transfer
  - for disposal on the open market or
  - on a negotiated basis where the value of the asset is assessed to be less than £5000.
- 2.3 Over the years, due to the increase in applications, the staff resources required to facilitate processing of such requests has increased but applicants ultimately purchasing land has not kept pace. The current procedure is staff intensive implications for a number of services including:
- Asset Management (Development Services) who check the extent of council ownership, prepare detailed deed plans, carry out a valuation of the land in question and provide instructions on the terms of a disposal to Legal;
  - Roads (Development Services) who are consulted on relation to potential impacts re traffic issues etc.;
  - Estates (C&NS) who carry out a number of functions;
  - Planning (Development Services) who are consulted on in relation to issues relating to the Local Development Plan, development potential, open space issues etc.;
  - Housing (C&NS)- Neighbourhood Offices who consult local residents, elected members and provide an overview of the impact on the area;
  - Housing (C&NS) - Strategy sector who consult with other services and amalgamate all consultation into a report. If the sale is to proceed, they also complete a consent form for submission to the Scottish Government; and

- Legal (Governance) staff, if transactions reach the point of sale, formalise the sale.

- 2.4 During 2012, 2013 and 2014 a total of 71 land sales applications received. As noted in table 1 39% (28) of all applications were rejected. There are several reasons for rejecting an application which include housing management, planning or highway issues. Only 18% (13) of sales have been concluded or are in the process of being concluded. There are also a number of applications that have been withdrawn at 14% (10) and this happens at any stage of the process which may mean that consultation has started or even completed in some cases. This highlights that after committing extensive resources there have only been 13 successful sales with a potential income from these sales is £17,950 which is less than the cost to administer the process.

**Table 1: Land sale applications in 2012, 2013 and 2014 by outcome**

Outcome	2012	2013	2014	Total	%
Application withdrawn	3	1	6	10	14%
Land leased	1			1	1%
Offer made, no response from owner	2	1		3	4%
Offer refused	3			3	4%
Ongoing	4	2	7	13	18%
Rejected	15	7	6	28	39%
Sale proceeding	2	1		3	4%
Sale concluded	1	1	8	10	14%
<b>Total</b>	<b>31</b>	<b>13</b>	<b>27</b>	<b>71</b>	<b>100%</b>

Source: Land sales database

- 2.5 Since January 2014 a new application form has been implemented for applications to buy additional garden ground. The application form states that the minimum purchase price is £1,000 irrespective of the size of the area of land. This has led to a reduction in the number of applications that have been withdrawn and an increase (75%) in the number of sales concluded.
- 2.6 However, the current procedure can still result in a high number of sales not being concluded after significant work has been done and requires to be reviewed.

### **3. PROPOSED REFORMS TO APPLYING FOR SCOTTISH GOVERNMENT CONSENT**

- 3.1 Currently, Councils are required to seek consent of Scottish Ministers when they wish to dispose of an asset from their HRA or to transfer assets from the general fund into the HRA or from the HRA to the general fund.
- 3.2 The existing processes are being reviewed by the Scottish Government as they have remained largely unchanged since its introduction through the Housing (Scotland) Act 1987 and as a result are out of tune with current policy and financial constraints. It is felt that the current process is overly bureaucratic and time consuming for Councils.

- 3.3 These proposed reforms to the process have been developed through an analysis of previous consent applications from the last 5-6 years plus a telephone consultation with council officers involved in applying for consent on a day to day basis. Discussions also took place with ALACHO and COSLA.
- 3.4 In order to reduce the requirement to seek consent for all disposals, the Scottish Government has proposed developing a general consent. This would make consent for classes of disposal automatic i.e. the authority would not have to apply for consent. A key requirement for granting general consent is that disposals must be at market value and that the appropriate level of consultation with tenants has taken place.
- 3.5 Currently, the “Disposal of Land by Local Authorities (Scotland) Regulations 2010” allows for an automatic disregard for sale of land held on General Fund where the land is valued under £10k and an allowance for disposal for up to 25% below market-value. Such allowances for HRA disposals will be included in the new proposals.
- 3.6 The Scottish Government are also proposing that all disposals could be considered for general consent if the consultation and market value tests are passed. The sale of small areas of land generally used as garden ground would fall under a general consent.
- 3.7 The Scottish Government are aiming to have the new process implemented by the start of the next financial year in April 2015.

#### **4. CONCLUSION**

- 4.1 Taking the above into consideration it is requested that from 1<sup>st</sup> April 2015 we do not accept or process any new land sales. Land sales that are currently on-going should follow the existing procedure to their conclusion. It is proposed that this moratorium on land sales should continue for 12 months to allow for a full review and consultation to take place.

#### **5. RECOMMENDATIONS**

**Members are invited to agree to;**

- 5.1 **A moratorium on HRA land sales for 12 months commencing 1<sup>st</sup> April 2015.**
- 5.2 **That the current procedures for HRA Land Sales are reviewed in consultation with service users, Members and other services of the Council.**
- 5.3 **That a report outlining the outcome of the review and consultation will be presented to the Executive in due course.**
- 5.4 **Note the proposed changes for requesting Scottish Government consent as outlined in Section 3.**

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**DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES**

Date: 2 February 2015

Ref: AAP2015 HRA Land Sales 240215

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## LIST OF BACKGROUND PAPERS

1. None

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 503707 and ask for Jennifer Litts\*.