

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 23 MAY 2001

USE OF CAPITAL RECEIPTS

Report by the Director of Homes and Technical Services

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to inform Members of the receipt of a letter from Renfrewshire Council in respect of a campaign on behalf of all local authorities to lobby the Scottish Executive to allow Housing Capital Receipts to be retained by local authorities and to seek the Committee's views on this campaign.

2. BACKGROUND

- 2.1 The attached letter has been received from Renfrewshire Council. The letter indicates that at its meeting on 19 April 2001, Renfrewshire Council unanimously agreed that CoSLA should be asked to co-ordinate a campaign on behalf of all local authorities to lobby the Scottish Executive to allow all Housing Capital Receipts to be retained by local authorities so that the necessary investment in council housing can be undertaken. The letter goes on to indicate that under the current arrangements Renfrewshire Council will lose £11.4M over the next three years which it would otherwise have invested in its council housing stock. Renfrewshire Council felt that there was support for change in the current arrangements not only across local authorities but also within the Scottish Parliament and at Ministerial level. They have therefore written to the Convention of Scottish Local Authorities asking them to consider undertaking the campaign proposed by that Council and they have similarly sought our authorities support for the campaign.
- 2.2 The situation as described by Renfrewshire Council is in fact mirrored in all local authorities. Some years ago Government indicated that it proposed to require local authorities to use 75% of their Capital Receipts to pay off debt, and that these receipts could no longer be used for investment in council housing stock. Since then the Council has been bound by that rule. In the last 3 years the Council has received in total £19.638M worth of Capital Receipts. Of this 75% i.e., £14.549M has been used to pay off debt. The remainder of the money has of course gone to fund the Council's Housing Capital Programme along with funds from the Revenue budget and other modest sums which have been received from other property which has been held on the Housing Capital Account. Had this money been available to the Council then capital investment in the Council's stock could have been significantly increased and, for example, Housewarming 2000 would have been finished much earlier. It is anticipated that in the next 3 years the Council will receive £19.320M in Capital Receipts of which the 75% set aside will be £14.490M.

2.3 It is a matter for the Committee to decide whether or not to support the campaign being proposed by Renfrewshire Council.

3. LEGAL/POLICY/FINANCIAL IMPLICATIONS

3.1 The implications of a change to this policy by Central Government are that substantial additional funds would become available for investment within the Council's Housing stock.

4. RECOMMENDATION

4.1 No recommendation is made. Committee is asked to determine whether or not to support the campaign by Renfrewshire Council.

James Lavery
Director of Homes and Technical Services
JL/WT
8 May 2001

LIST OF BACKGROUND PAPERS

Nil

Members wishing further information should contact James Lavery, Director of Homes and Technical Services on 01563 554875

Implementation Officer: James Lavery

AGENDA