

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 21 MAY 2003

**HOUSING SCOTLAND ACT 2001 – IMPLEMENTATION OF THE IMPROVEMENT
AND REPAIRS GRANTS PROVISIONS**

Report by the Director of Homes and Technical Services.

1. PURPOSE OF REPORT

- 1.1 To advise Members of the changes relating to the provision and operation of Repair and Improvement Grants as introduced in the Housing (Scotland) Act 2001 and their anticipated implications to the budget and staff requirements.

2. BACKGROUND

- 2.1 Significant amendments have been made to the Housing (Scotland) Act 1987 by the introduction of part 6 of the 2001 Act. These amendments are likely to be commenced in October 2003 together with secondary legislation to fully implement the new system.
- 2.2 The most significant changes to the operation of the grants system are the introduction of a comprehensive test of resources to ascertain applicants contributions, a revisions of the approved percentages to be applied including a system of minimum percentages, an increase in types of eligible works and the eligible expenditure limit and some minor changes aimed at simplifying the system.
- 2.3 A draft Guidance for Local Authorities document on the implementation of the changes have only been provided by the Scottish Executive within the last month and detail of the anticipated effects are contained in section 3 of this report.

3. DETAIL OF CHANGES AND THEIR ANTICIPATED OPERATIONAL EFFECTS

3.1 Introduction of the new means test

Currently means testing in respect of discretionary grants is at the option of the Council and is restricted to a means enquiry for lead replacement and re-roofing both of which have different criteria and require only the production of 3 months pay slips and/or verification of benefits. There is also provision for an increase from 75% to 100% on disablement provision, but the means test is satisfied if the applicant can demonstrate that they have available capital of less than £3K. There is no means testing in respect of mandatory grants.

Under the new rules a mandatory means test will be introduced. Applicants will be required to provide proof of income for both the householder and any partner/spouse for one year prior to the application. The proof of income and decision on what represents valid confirmation is at the discretion of each Council but must be robust enough to satisfy the detail of the legislation. The same level of information will require to be produced by all applicants including disabled persons or parents/guardians of a disabled child under 16.

It should be noted that the proposed application form has expanded from four pages to some ten pages to address the new means test and other relevant questions.

The necessity for increased involvement with disabled applicants is also highlighted in the Guidance to the extent that it points out the need for joint resourcing and joint management arrangements to deal with adaptations and equipment services.

3.2 Revision of approved percentages to be applied including minimum percentage

The approved percentage applicable to all grants has been reviewed and set at a minimum 50% for all qualifying works with the exception of instances where a notice has been served relating to the provision of a fire escape in houses with multi occupancy, in which case it is 20%.

In instances where the grant is discretionary, these minimum percentages are only relevant where the Council elects to exercise its discretion. In instances where the grant is mandatory, such as lacking a standard amenity, inclusion of a further amenity to address the needs of a disabled occupant, below tolerable standard or subject to a repair order, the minimum percentage applies.

Although the minimum percentage is lower than that previously set for a number of eligible works i.e. 90% for lead pipe replacement, 75% for below tolerable standard etc., the mandatory grants are now subject to this minimum plus any effect of the means test up to a maximum of 100%, with possible resultant budget implications.

3.3 Increase in approved expense

The approved expense has been raised from the current level of £12,600 to £20,000 to cover increased costs of works and reduce the instances and need to request appropriate ministerial approval.

Whereas this does not affect the Council's right to decide lower maximum approved costs in relation to discretionary grants, the increase of the approved expense may create an increased financial burden through cases where the full approved expense has been previously provided only for that limit to be raised and allow further relevant applications.

3.4 Assessment of applicant's contribution – landlords, developers etc.

The new legislation makes provision for an assessment of applicant's contribution for landlords, developers etc. by assessing the value of the property against the notional value of the same property, on the same day, but with the improvement carried out.

This valuation must be carried out by an approved valuer such as the district valuer or such other suitably qualified and acceptable persons as the Council decides and, if the increase in value is greater than the approved expense, no grant is applicable and if less, then the percentage by which the approved expense exceeds the increase in value is taken as the percentage grant to be provided.

Apart from the complexity of calculation to determine grant, the difficulty of providing a suitable valuer within a suitable timescale whilst appearing to be trying to avoid holding up other parties in the pursuit of their business activities may be problematical.

4. TRANSITIONAL ARRANGEMENTS

- 4.1 The Guidance provides that, where work has not started, the applicant can ask to be reconsidered under the new legislation to decide which will offer the best grant assistance.

The Guidance does not advise on whether any priority should be given to re-applications and leaves this to the discretion of the Council, but it is reasonably expected that applicants would only add this question to their request to make it both a time and value of grant enquiry.

These transitional arrangements are likely to lead to both a significant increase in workload for the grants section and a reduction of the number of grants approved and finalised whilst dealing with the additional workload.

5 CONCLUSIONS

- 5.1 All of the foregoing points indicate a greatly increased requirement for financial and clerical input from both the applicant and the section(s) charged with assisting applicants in the submission of forms and the subsequent proof gathering to confirm income and percentage grant due.
- 5.2 This increased staff time requirement for involvement at all stages of applications will be more significant where disabled and elderly applicants are involved and will have serious financial and staffing implications for the Department.
- 5.3 Further staff time and financial implications are also indicated by the need to value properties to set the level of grant applicable to developers, landlords and others who will not be the occupiers of the property following conclusion of the works. This will require additional staff input and payment to the appointed valuer with consequent budget implications.

6. FINANCIAL IMPLICATIONS

- 6.1 The potential financial implications are as outlined in section 5 of this report. A further report will be submitted for members consideration by the Director of Homes and Technical Services once the detailed financial implications are known.

7. LEGAL IMPLICATIONS

- 7.1 The Council is required to comply with all details of the enactments and secondary legislation.

8. RECOMMENDATIONS

That the Committee:

- i) Note the contents of the report: and
- ii) Remit to the Director of Homes and Technical Services to provide a further report for consideration following the appraisal of the draft guidance.

James Lavery
Director of Homes and Technical Services
May 2003

LIST OF BACKGROUND PAPERS

1. Guidance for Local Authorities on Improvement and Repair Grants – April 2003

Any person wishing further information should contact Jim Clark, Senior Project Planning Officer, Homes and Technical Services on (01563-576658)

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