

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 5 NOVEMBER 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 proposed transitional arrangements for the operation of the improvement and repairs grant system following the implementation of part VI of the Housing (Scotland) Act 2001.

2. BACKGROUND

- 2.1 The 2001 Act amendments to the Housing (Scotland) Act 1987 came into force on 1 October 2003. The Council requires to implement the changes in legislation and introduce arrangements to address both future and uncompleted applications submitted and not approved prior to the implementation date of 1 October 2003.
- 2.2 The Guidance for Local Authorities on the implementation of the amendments was provided by the Scottish Executive in September 2003. The legislation and associated statutory instruments introduced significant changes to the operation of the grants system including the test of resources, the minimum percentages and the increase in eligible works for which the Council can give grant.
- 2.3 The proposals to address the changes by introducing new arrangements and alterations to procedures are discussed in section 3 of the report.

3. PROPOSED TRANSITIONAL ARRANGEMENTS

3.1 Grants approved but work has not started

- 3.1.1 Where approval has been given but work has not started, applicants have the option to request that their application be re-assessed under the terms of the amended legislation. Should applicants take this option, the relevant date of application will be considered to be the date of first approach.
- 3.1.2 In practice the Council have approved grants for disabled adaptations, mandatory repairs, lead pipe renewal and roof replacement. It will be necessary to check if work has started in each case, and if not, write to offer a recalculation. Only where approval relates to a 100% grant for disabled adaptations can it be safely assumed that no recalculation will be required.
- 3.1.3 The Council does not anticipate significant dissatisfaction from this approach as the former offer will stand if preferred, but recalculations that result in an enhanced offer may require to await funding if the budget has been fully committed, and this may require an explanation, and the agreement of, the applicant.

3.2 Applications awaiting approval

- 3.2.1 All applications received to date that have not yet been approved will require applicants to complete a new application form and submit to the income assessment introduced in the legislation. All other information supplied in support of the application can be retained.
- 3.2.2 The Council will require to write to all applicants awaiting approval, advising of the effects of both the new legislation, and other implications, if full commitment of budget occurs prior to approving their application.
- 3.2.3 The legislation requires that the income information on the application form is as recent as possible and it is therefore not practical to ask for income information until funding is available for approvals.

3.3 Recording of future applications

- 3.3.1 It is proposed that future applications should be held on a strict “date of first approach” order and not on “the date when complete application received” order that we currently use.
- 3.3.2 This change is considered necessary to ensure that applications are dealt with in strict date order and are not overtaken by other later applications on which income information is more readily available. This is particularly relevant in those cases where receipt of qualifying benefits relieves the applicant of the need to provide any further income information.
- 3.3.3 Information recorded from initial contact will also provide a better base for a statistical examination of the number and type of approaches for financial assistance, and will help to guide future policies and procedures.

3.4 Additional categories of work for which grant can be provided

- 3.4.1 The new legislation allows for additional categories of work for which grant can be given including rewiring, door entry systems, window renewal and other health and safety measures.
- 3.4.2 Although giving grant for such works is desirable and would assist with aspects of the Council’s ongoing capital programmes, the October 2003 introduction of the legislation and budget commitment to that date makes it unlikely that any grant applications for these works will be successful in the current financial year. Nevertheless the situation will be monitored and reviewed over coming months.

3.5 Confirmation of applicants income

- 3.5.1 Agreement has been reached between the Department of Homes and Technical Services and the Department of Finance which will establish processes to aid the financial assessment of each application and seek to minimise those delays which are likely to arise due to the increased amount of information required and the new verification procedure.

3.5.2 To help administer this process, it will be necessary to obtain the National Insurance number of the applicant and any relevant co-owners, and a check list has been compiled to assist applicants to provide this and other necessary documentation in support of their application

3.6 Applications from Landlords and Developers

3.6.1 The new legislation requires that applications from landlords and developers be subject to a separate test. This requires that, either where a grant is mandatory or where the Council decides to exercise its discretion, any grant should only be calculated on those costs that do not increase the value of the property.

3.6.2 To calculate the grant, a valuer approved by the Council is required to value the property before the works take place and provide a notional valuation of the same property on the same day with the works complete. In this way any increase in value can be disregarded from the grant calculation.

3.6.3 It is proposed to use the District Valuer (DV) to provide this service during the transitional period. The DV has indicated that it can carry out 90% of valuations within a 20 day period and the remainder within a 30 day period. The costs are expected to be c. £150 per application and both the time scale and costs will be monitored during the transition period to ensure that the service meets the Council's requirements.

3.7 Setting the Maximum Approved Expense

3.7.1 The new legislation has increased the maximum approved expense attributable to any one house from £12,600 to £20,000.

3.7.2 This has the effect of allowing for increased cost of works over the years since the previous level was set and allows the Council greater scope to address more complicated adaptations for the disabled before requiring to approach the Ministers for approval to increase the level of grant. The ability to approach the Ministers if the grant level exceeds the maximum is unchanged.

3.7.3 In the past, different grants had different levels of maximum approved expense but, although this has been discontinued in the legislation, the Council can still set any level of maximum it so decides and, although this may not be considered appropriate in terms of disabled applications, it may be advisable to set a lower level for mandatory grants to deal with applications from Private Landlords and Developers to avoid possible budget implications arising from the 50% minimum grant applicable to such applications. Nevertheless it is proposed to maintain current levels of maximum approved expense for all categories of applicants meantime with a view to assessing grant demand over the next six months.

4. FINANCIAL IMPLICATIONS

4.1 Financial implication for the remainder of 2003/04

- 4.1.1 The proportion of the budget set aside for disabled adaptations is currently fully committed with approvals having been given to cover the £385K budget plus additional approvals of £40K to address any shortfall from applicants failure to take up grant and the effect of works likely to be delayed beyond the financial year end.
- 4.1.2 The current budgets for capital works, Care and Repair and Mandatory grants, are expected to be taken up in full.

4.2 Anticipated financial implications for 2004/05

At the last meeting members were advised of the Scottish Executives proposed allocation of the Public Sector Housing Grant to East Ayrshire Council for the period 2004/05 and 2005/06. Members agreed to reject the proposed allocation of the Public Sector Housing Grant and approved a response to the Scottish Executive outlining the objections. No response has been received to date. The proposed allocation to East Ayrshire Council is £485K per annum against the current budget of £550K for 2003/04.

5. LEGAL IMPLICATIONS

- 5.1.1 The Council is required to comply with the provisions of the Housing (Scotland) Act 1987 as amended by the Housing (Scotland) Act 2001 and any regulations made thereunder in its operation of the improvement and repair grant system.

6. CONCLUSIONS

- 6.1.1 The introduction of the amended legislation has radically altered the grant system to the extent that previous assumptions on trends in applications and funding requirements are now inappropriate. The situation is further complicated by the introduction of the new grant arrangements half way through the fiscal year when little of the budget remains uncommitted and available to show the implications of new systems in practice.
- 6.1.2 Effects of the new income test, alterations to the minimum percentage for some works and the application of an increased approved amount will require monitoring over a reasonable period with appropriate budget availability before new trends in levels of approach and amount of grant disbursed can be anticipated with any level of confidence.
- 6.1.3 It is equally difficult to predict the volume of the additional work required to administer grants under the new legislation, both for the transitional period and thereafter when in normal operation, and a similar period will be required to examine and report on staff implications.

7. RECOMMENDATIONS

It is recommended that the Committee:

- (i) Approve the transitional arrangements as described in Para 3 above;
- (ii) Agree that the Director of Homes and Technical Services will submit a report detailing progress in implementing the new grant system to a future meeting; and
- (iii) Otherwise note the content of the report.

James Lavery

Director of Homes and Technical Services

14 October 2003

LIST OF BACKGROUND PAPERS

1. Final draft guidance on Improvement and Repair Grants – Version: September 2003.

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

Implementation Officer: Chris McAleavey, Head of Homes