

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 3 SEPTEMBER 2003

PRIVATE SECTOR HOUSING GRANT

Report by the Director of Homes and Technical Services

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Committee of the proposed allocation of private sector housing grant (PSHG) to individual local authorities, as contained in the consultation paper 'Private Sector Housing Grant (PSHG) Proposed Arrangements for 2004/ 2005 and 2005/ 2006' from the Scottish Executive.

2.0 INTRODUCTION

- 2.1 Local authorities have been notified about their allocations of PSHG for the financial year 2003/ 2004. Arrangements for the allocation and management of PSHG for the financial years 2004/ 2005 onwards have been the subject of discussion by a joint Scottish Executive and COSLA Working Group.
- 2.2 The Working Group has examined the basis for allocating PSHG to local authorities, the monitoring arrangements and the administration of grant payments, and has invited comments from local authorities on the proposed arrangements.

3.0 BACKGROUND

- 3.1 The Scottish Executive's policy objectives are to: support its strategic priorities for housing investment in the private sector; reinforce a strategic approach by local authorities to the housing needs in their areas; encourage an outcome-led approach to the provision to local authorities of resources for private sector housing investment, and provide authorities with direct grant.
- 3.2 The Scottish Executive's preferred option for the allocation of grant to individual local authorities is based on structured bids. This approach consists of two main parts; the baseline and the bid.

4.0 BASELINE

- 4.1 Baseline expenditure is to be based on the average of the past five years' expenditure. This methodology does not allow for innovation in that initiatives recently developed and implemented by local authorities will not be reflected in their previous years' expenditure.

5.0 BID

- 5.1 The paper reports that local authorities will be given an indicative allocation as a guide to the bid element likely to be made available by the Scottish Executive, to avoid abortive work. However, any bidding by local authorities would appear to be pointless, as the allocations will have already been broadly set. In addition, this proposal does not allow for growth in service provision, even though the extension of services such as Care and Repair are cited in the document.
- 5.2 In terms of establishing the proposed indicative allocations, the document reports that the Working Group sought measures to reflect the need for investment in the private sector, based on available and consistent information. However, the data has been drawn from the disputed information contained in the 1996 Scottish House Condition Survey. As a consequence, the availability and consistency of data do not provide robust indicators of need for investment.

6.0 TARGET OUTCOMES

- 6.1 The purpose of target outcomes is to allow the Scottish Executive to ensure the delivery of national and local priorities. The proposed target outcomes for 2004/2005 and 2005/2006 are for:
- The number of BTS houses brought above the standard,
 - The number of disabled persons provided with adaptations which allow them to continue to live independently in their own houses,
 - The number of elderly households and other households with particular needs assisted through Care and Repair or equivalent services,
 - The number of houses where lead piping has been removed from the supply of drinking water,
 - Progress on an appropriate measure, on any specific initiatives being funded through the 'bid' element of the funding.
- 6.2 However, in terms of these targets:
- East Ayrshire does not have significant levels of BTS houses.
 - The number of adaptations will be restricted, given that the baseline figure proposed amounts to £335,000, whilst approvals for this year already total £385,000.
 - With a reduction in the budget of £65,000, the actions against the target of Care and Repair and lead piping would have to be subsidised via a reduction in action against other targets.
 - Any initiative being funded through the bid element would therefore be used to respond to mandatory requirements, at a lower level, against increasing demands.

- 6.3 The paper notes that proposed outcomes are to be agreed between the authority and the Scottish Executive, after the allocations for 2004/ 2005 and 2005/ 2006 have been finalised. The allocations are therefore to be predetermined based on this proposal. Instead, allocations required should flow from the targets that are set and agreed, rather than the outcomes being determined to suit the allocations.

7.0 ADMINISTRATION

- 7.1 Claims are only to be accepted to the level of the PSHG made available to the local authority in each financial year. It will therefore not be possible to subsidise spend in each financial year to meet the identified need. The use of the average of the past five years' expenditure does not provide an accurate methodology on which to base the allocation of future years' expenditure, as it fails to take account of authorities having made use of additional resources under Section 94 consent arrangements.
- 7.2 Whilst the proposals permit authorities to enter into commitments likely to result in payments of up to 50% of the PSHG for the current year in any future year, this procedure assumes spending in successive years will not exceed the current year's level, and therefore restricts the commitments that can be made to undertake works, in response to national and local priorities.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The structured bid approach will reduce the maximum allocation to East Ayrshire Council to £485,000, from the current figure of £550,000, and a reduction of £65,000 per annum in the financial years 2004/ 2005 and 2005/ 2006.

9.0 POLICY IMPLICATIONS

- 9.1 Any reduction of the Council's allocation of funding over the next two financial years will impact significantly on service provision, as already limited resources will be subject to additional pressures both nationally and locally. This is as a result of changes that are due to the implemented to the eligibility criteria for Improvement and Repair grant in October 2003, as set out in the Housing (Scotland) Act 2001, and in response to the Care and Repair initiative in East Ayrshire.

10.0 LEGAL IMPLICATIONS.

- 10.1 Claims for grant can only be accepted by the Scottish Executive to the level of the PSHG which is available to the local authority in each financial year. It will not be possible to subsidise spending in the way that applied under Section 94 consent arrangements, by using resources allocated for the following year. The local authority will however still require to comply with the legislative requirements contained in the Housing (Scotland) Act 1987 as amended by the changes to be introduced in October 2003 in terms of Part 6 of the Housing (Scotland) Act 2001 with particular reference to the mandatory grant elements.

- 10.2 Where a local authority is likely to overspend, there is an option available to seek a voluntary transfer of grant from an authority that will under spend in the year. The transfer would be on the basis that the resource would be returned to the transferring authority's budget in the next financial year. Authorities are to be permitted to enter into commitments which will result in payments of up to 50% of their PSHG for the current year.
- 10.3 There is no guarantee that any under spend on the overall programme will be carried forward within the Scottish Executive for the same purpose. There is therefore no guarantee of carry forward for individual authorities.

11.0 CONCLUSIONS

- 11.1 The proposed options for the allocation of private sector housing grant to individual local authorities would place East Ayrshire Council in the position of being unable to address basic grant requirements in the private sector and of being unable to meet its statutory duties in respect of the payment of improvement/repair grants, and would impact on Scottish Executive objectives nationally, and the development of the Care and Repair initiative at a local level, as a result of any reduction in the budget.

12.0 RECOMMENDATIONS

- 12.1 It is recommended that Members:

- i) Note the contents of this report,
- ii) Reject the proposed allocation of private sector housing grant, as contained in the consultation paper and approve a response to the Scottish Executive outlining the objections noted in this report, and
- iii) Note that a further report on proposals will be brought to a future Committee meeting, for consideration.

James Lavery
Director of Homes and Technical Services
15 August 2003

LIST OF BACKGROUND PAPERS

'Private Sector Housing Grant (PSHG) Proposed Arrangements for 2004/ 2005 and 2005/ 2006', Scottish Executive, 2003.

For further information please contact Joseph Cassidy, Policy Manager, on 01563 576617.

Implementation Officer: Christopher McAleavey, Head of Homes.