

EXECUTIVE NOTE

DRAFT : THE HOUSING SUPPORT GRANT (SCOTLAND) ORDER 2012

The above Order has been drafted in exercise of the powers conferred by sections 191 and 192 of the Housing (Scotland) Act 1987. The Order is subject to the affirmative resolution procedure.

Policy Objectives and Background

This Order sets the amount of Housing Support Grant (HSG) payable to local authorities in 2012-13.

HSG is a central government subsidy paid to councils, which on the basis of reasonable assumptions, would otherwise be unable to balance their Housing Revenue Accounts.

Though other councils have, in the past, been in a position where they need to claim HSG, since 2006 only Shetland Islands Council has qualified for payment. All of the other 25 councils which have retained their housing stock are currently able to secure sufficient income from rents to balance their Housing Revenue Accounts.

The main policy objective of the grant is not only to balance the account but to protect tenants from having to pay substantially higher rents. Other things equal, and without this subsidy, Shetland Islands Council would be required to increase council house rents.

HSG is expected to be abolished in the Local Government Finance (Unoccupied Properties Etc.) (Scotland) Bill, and as such, 2012-13 should be the final year that this grant payment is made.

Consultation

CoSLA as well as Shetland Islands Council have both been consulted and both have been informed of the HSG entitlement for 2012-13.

Financial Effects

The Grant enables the council to help balance its Housing Revenue Account and reduces the rent increase that would otherwise be necessary, therefore lowering the cost of living for council tenants in the Shetland Islands in 2012-13.

Scottish Government
January 2012