EXECUTIVE NOTE

DRAFT: THE HOUSING SUPPORT GRANT (SCOTLAND) ORDER 2011 (S.S.I. 2011/)

1. 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 an affirmative resolution procedure.

Policy Objectives and Background

2. This Order sets the amount of Housing Support Grant (HSG) payable to local authorities in 2011-12.

3. 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.

4. 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.

5. 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 Isles Council would be required to significantly increase council house rents.

Consultation

6. CoSLA as well as Shetland Islands Council have both been consulted and both have been informed of the HSG entitlement for 2011-12.

Financial Effects

7. HSG remains a substantial proportion of Housing Revenue Account income in Shetland due to the Council's high loan charges. The Grant enables the council to balance the account without resorting to its reserves but also reduces the rents that would otherwise be payable, and therefore the costs of living, for council tenants in the Shetland Islands.

Scottish Government
January 2011