

## **POLICY NOTE**

### **THE HOUSING (SCOTLAND) ACT 2001 (ASSISTANCE TO REGISTERED SOCIAL LANDLORDS AND OTHER PERSONS) (GRANTS) AMENDMENT REGULATIONS 2013**

#### **SSI 2013/7**

1. The above instrument was made in exercise of the powers conferred by section 93(2) and 109(1) and (2) of the Housing (Scotland) Act 2001. The instrument is subject to negative procedure.

#### **Policy Objectives**

2. The Housing (Scotland) Act 2001 (“the 2001 Act”) identified the potential for councils to play a more strategic role in the provision of housing, including the management of the Development Funding programme for their area. Section 93 of the 2001 Act allows Scottish Ministers to make Regulations in relation to:

- the purposes for which each grant scheme can be used;
- who will be eligible to receive grants;
- the criteria local authorities must follow in considering whether to allocate financial assistance; and
- the terms and conditions under which financial assistance will be given.

3. The Housing (Scotland) Act 2001 (Assistance to Registered Social Landlords And Other Persons) (Grants) Regulations 2004 (“the 2004 Regulations’) make provision in relation to certain kinds of grant assistance provided by local authorities to registered social landlords and other persons out of grants paid to the local authority by Scottish Ministers (unless the relevant offer of grant by the Scottish Ministers excludes their application). This includes grants made by local authorities under the Transfer of Management of Development Funding arrangements (TMDF).

4. The instrument amends the 2004 Regulations and introduces certain changes.

5. The 2004 Regulations provide for GRO for Owner Occupation (‘GRO Grants’) which were grants provided by local authorities to non registered housing associations, housing trusts, or private developers to build houses for sale in areas with little or no private housing and to help meet local shortages. The GRO Grant Scheme has been replaced by the Partnership Support for Regeneration Scheme (‘PSR’) and the Amendment Regulations replace the provision for GRO Grants with provision for PSR so that certain procedures are followed by local authorities and that certain terms and conditions will apply when PSR grants are made.

6. In 2011, the Scottish Government launched the Innovation and Investment Fund (‘IIF’) 2011/12, a competitive funding arrangement to finance new affordable housing developments across the country. The IIF was divided into categories: Council House Building for social rent; Registered Social Landlord Building for social rent and other types of affordable housing and an Innovation Fund open to all providers. Under TMDF arrangements, Glasgow and Edinburgh City councils provided IIF opportunities for RSLs in their area. The instrument adds IIF grants to

the categories of grant assistance that may be provided by a local authority under the 2004 Regulations. This will ensure that prescribed procedures are followed by local authorities and that prescribed terms and conditions will apply to any offer of IIF grant that is made.

7. The 2004 Regulations provide for assistance to registered social landlords known as Housing Association Grant ('HAG'). HAG assists with providing, improving, adapting and repairing housing. The local authority must determine the appropriate funding route for each grant applicant based on the 'performance grading' of the landlord and projects may be terminated by the local authority if the 'performance grading' of the landlord reduces. Changes made by the Housing (Scotland) Act 2010 mean that, Scottish Ministers no longer have power to grade registered social landlords, which means that changes are needed to replace references to 'performance grading' in the 2004 Regulations. The instrument inserts references to information about the performance of the landlord or their ability to deliver a project contained in documents such as a performance report published by the Scottish Housing Regulator or a report of an inquiry made by the Regulator.

### **Consultation**

8. Draft Amendment Regulations were subject to a 12 week public consultation ('the first consultation') from 4<sup>th</sup> May – 27 July 2012. Although only seven responses were received, they showed that there was good support for proceeding with the Amendment Regulations. A report analysing responses to the consultation was published on the Scottish Government website in September 2012. Following comments from the Scottish Parliament's Subordinate Legislation Committee, Regulations made after the first consultation were revoked without coming into force. A further set of Amendment Regulations ('the new Regulations') were prepared that specifically responded to the drafting issues raised by the Scottish Parliament. A short consultation period of two weeks was undertaken with the seven respondents who submitted a response to the first consultation. No responses were submitted by any of the respondents on the new Regulations.

### **Financial Effects**

9. There will be no cost to the Scottish Government for introducing the Amendment Regulations.

10. We do not expect there to be any increased administration burden on local authorities.

11. The finalised Business Regulatory Impact Assessment for the Amendment Regulations is available on the Scottish Government website at <http://www.scotland.gov.uk/Topics/Business-Industry/support/better-regulation/partial-assessments/full>.

John Mcrorie

Scottish Government Directorate for Housing, Regeneration, the Commonwealth  
Games and Sport  
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