



Housing (Financial Provisions) (Scotland) Act 1972

1972 CHAPTER 46

PART I

HOUSING SUBSIDIES

Housing subsidies payable to local authorities

2 The residual subsidy

- (1) This section has effect as to the circumstances in which residual subsidy is payable to a local authority.
- (2) For the purpose of determining the amount of residual subsidy payable to a local authority for the year 1972-73 and subsequent years, a calculation shall be made of the residual entitlement of the local authority as defined in subsection (3) below.
- (3) Subject to subsections (4) and (5) below, the residual entitlement of a local authority shall consist of—
 - (a) the amount of exchequer contributions to which they are entitled in respect of property to which the housing revenue account relates for the year 1971-72 under the enactments described in Part I of Schedule 1 to this Act, as finally determined by the Secretary of State under paragraph 5 of Schedule 8 to this Act, and
 - (b) the further amount of such exchequer contributions to which they would be entitled for the year 1971-72 if houses, in respect of which proposals for their provision were submitted to the Secretary of State in a form acceptable to him before 1st December 1971 for his approval but which were not completed in that year, had been completed in that year ; and accordingly the provisions of Part I of the Act of 1968 relating to the calculation of exchequer contributions payable thereunder shall apply for the purpose of calculating the amount referred to in this paragraph as if such houses had been so completed, and

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- (c) the amount of any contribution which they are entitled to receive for the year 1971-72 from another local authority under section 9(4)(b) of the Housing and Town Development (Scotland) Act 1957 in pursuance of an overspill agreement.
- (4) The residual entitlement shall not include any amount which was paid to the local authority under any enactment and on receipt of which they were required to make a payment of the same or a greater amount to any other person.
- (5) The residual entitlement shall not include any amount referred to in subsection (3)(b) above in so far as it exceeds any amount carried to the credit of the housing revenue account under paragraph 1(4) of Schedule 7 to the Act of 1968 for the year 1971-72.
- (6) The residual entitlement shall be expressed as a sum per house for the year 1971-72.
- (7) Subject to subsections (8) and (10) below, the amount of residual subsidy payable to a local authority for the year 1972-73 shall be—
 - (a) an amount per house which is £9 less than the residual entitlement as expressed in subsection (6) above, plus
 - (b) where the residual entitlement is limited by subsection (5) above, an amount equal to the amount which is not included in the residual entitlement by virtue of that subsection.
- (8) The amount referred to in subsection (7)(b) above shall be payable only if the local authority comply with the conditions set out in paragraph 1 of Schedule 10 to this Act.
- (9) The amount of residual subsidy payable to a local authority for the year 1973-74 shall be an amount per house which is £10 less than the amount per house payable to them for the year 1972-73 under subsection (7)(a) above; and in each subsequent year the amount per house of residual subsidy payable to a local authority shall be £10 less than the amount per house payable for the immediately preceding year, and so on until the amount becomes zero.
- (10) Where any houses of a local authority referred to in subsection (3)(b) above have not been completed by the end of the year 1974-75, then any residual subsidy which has been paid to the local authority on the basis that those houses had been completed shall, if the Secretary of State so requires, be repaid to him on such terms as he may determine.
- (11) Any question as to the residual entitlement and as to the number of houses to which the housing revenue account relates shall be determined by the Secretary of State.

3 The housing expenditure subsidy and associated rate fund contribution

- (1) This section has effect as to the circumstances in which—
 - (a) housing expenditure subsidy is payable to a local authority, and
 - (b) a contribution out of the general rate fund associated with the housing expenditure subsidy is to be made by the local authority.
- (2) Subject to the provisions of this section, a local authority shall be entitled to housing expenditure subsidy if for the year 1972-73 or any subsequent year there is an increase in the local authority's expenditure per house which exceeds £6 or such other sum as the Secretary of State may by order from time to time determine.

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- (3) In this section "qualifying amount" means, in relation to the year 1972-73 and subsequent years, the excess mentioned in subsection (2) above multiplied by the number of houses to which the housing revenue account relates for that year.
- (4) If there is a qualifying amount for any year (in this section called, in relation to the qualifying amount, "the base year") then for the base year and for each subsequent year—
- (a) housing expenditure subsidy shall be payable to the local authority of an amount equal to the percentage of the qualifying amount specified in relation to the base year in column 2 of the Table below, and
 - (b) the local authority shall make an associated contribution out of the general rate fund of an amount equal to the percentage of the qualifying amount specified in relation to that base year in column 3 of the said Table,
- and accordingly, housing expenditure subsidy, and the associated contribution out of the general rate fund for any year (later than 1972-73) may comprise elements by reference to qualifying amounts for two or more different base years.

TABLE

<i>Base year for which the local authority has a qualifying amount</i>	<i>Amount of housing expenditure subsidy by reference to base year to be the following percentage of the qualifying amount</i>	<i>Amount of associated contribution out of the general rate fund by reference to base year to be the following percentage of the qualifying amount</i>
1	2	3
1972-73	90 per cent	10 per cent
1973-74	85 per cent	15 per cent
1974-75	80 per cent	20 per cent
1975-76 and subsequent years	75 per cent	25 per cent

- (5) Housing expenditure subsidy for which the base year is any of the years 1972-73 to 1977-78 shall not be payable for the year 1982-83 or any subsequent year, and housing expenditure subsidy for which the base year is 1978-79 or any subsequent year shall not be payable for more than five years (including the base year).
- (6) Where by virtue of subsection (5) above housing expenditure subsidy based on any year is not to be payable, the associated contribution out of the general rate fund based on that year shall not be made.
- (7) For the purposes of this section, there is an increase in a local authority's expenditure per house if—
- (a) the local authority's expenditure for the year divided by the number of the local authority's houses to which the housing revenue account relates for that year exceeds

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- (b) such expenditure for the immediately preceding year divided by the number of the local authority's houses to which the housing revenue account relates for that year,
and the excess is the amount of the increase per house.
- (8) Subject to subsections (9) and (10) below and paragraphs 2(6) and 3(5) of Schedule 10 to this Act, for the purposes of this section, references to a local authority's expenditure for any year are references to the total expenditure required to be debited to the local authority's housing revenue account for that year in so far as approved by the Secretary of State, but in the case of expenditure incurred as mentioned in sub-paragraphs (b), (c), (d) and (g) of paragraph 2 of Schedule 4 to this Act they are references to such amount of expenditure as the Secretary of State deems to be so incurred.
- (9) There shall not be included in the local authority's expenditure for a year—
- (a) (notwithstanding paragraph 2(a)(iv) of Schedule 7 to the Act of 1968) any expenditure in connection with houses approved under section 19 of that Act (unfit houses retained for temporary accommodation);
 - (b) (notwithstanding paragraph 2(a)(iii) and (v) of Schedule 4 to this Act) any expenditure relating to the provision or improvement of dwellings in accordance with improvement proposals approved by the Secretary of State under section 2 of the Housing (Scotland) Act 1949 or under section 105 of the Housing (Scotland) Act 1950 or under section 13 of the Act of 1968, or expenditure incurred by the local authority under section 58 of the Act of 1969 (powers of local authority in respect of improvement of amenities of residential areas) on land to which the housing revenue account relates, in so far as such expenditure is met in that year by a contribution to the local authority under the said section 2, 105 or 13 or, as the case may be, under section 59 of the Act of 1969;
 - (c) any amount repaid to the general rate fund under paragraph 1(5) of the said Schedule 4;
 - (d) any amount referred to in paragraph 5 of that Schedule.
- (10) (Notwithstanding paragraph 2(e) of Schedule 4 to this Act) any payment made by an exporting authority to a receiving authority in pursuance of an overspill agreement towards expenditure of the receiving authority which is included in the calculation of the receiving authority's entitlement to any subsidy under Part I of this Act, shall be included in the exporting authority's expenditure to the extent of 25 per cent. of that payment only.
- (11) Section 14 of this Act shall apply to an order under subsection (2) above.

4 The high cost subsidy and associated rate fund contribution

- (1) This section has effect as to the circumstances in which—
- (a) high cost subsidy is payable to a local authority, and
 - (b) a contribution out of the general rate fund associated with the high cost subsidy is to be made by the local authority.
- (2) Subject to the provisions of this section, a local authority shall be entitled to high cost subsidy for any year if—
- (a) the amount of income per house which would have been receivable by them for the year from standard rents if no high cost subsidy or associated contribution out of the general rate fund had been payable for that year or any

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- previous year (in this section referred to as " the local authority rent income") exceeds the amount of income per house receivable by all the local authorities in Scotland for that year from standard rents (in this section referred to as " the Scottish rent income ") by more than £39; and
- (b) the amount of expenditure per house falling on the housing revenue account of the local authority for that year in so far as approved by the Secretary of State exceeds the amount of expenditure per house falling on the housing revenue accounts of all the local authorities in Scotland for that year (in this section referred to as " the Scottish average expenditure ") by more than £39.
- (3) In this section " the qualifying amount" means the amount, if any (multiplied by the number of houses to which the housing revenue account relates for the year in question), required to be deducted from the local authority rent income to make that income equal to the Scottish rent income plus the sum referred to in subsection (2)(a) above or, as the case may be, that sum as varied by an order under subsection (7) below.
- (4) If, under subsection (2) above, a local authority are entitled to high cost subsidy for any year, then—
- (a) high cost subsidy shall be payable to the local authority of an amount equal to 75 per cent. of the qualifying amount, and
- (b) the local authority shall make an associated contribution out of the general rate fund of an amount equal to 25 per cent. of the qualifying amount together with an amount equal to the amount which would have been carried to the credit of the housing revenue account under paragraph 1(5) of Schedule 4 to this Act for that year if no high cost subsidy had been payable to the authority for that year or any previous year.
- (5) For the purposes of this section, the local authority rent income shall be determined under section 28 or 29 of this Act as if the expenditure specified in Schedule 4 to this Act had been such expenditure in so far as approved by the Secretary of State.
- (6) For the purposes of this section, the Secretary of State may for any year by order determine the Scottish rent income and the Scottish average expenditure.
- An order under this subsection may be varied or revoked by a subsequent order under this subsection and shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) The Secretary of State may from time to time by order vary the sums referred to in subsection (2) above and section 14 of this Act shall apply to any such order.

5 The rent rebate subsidy

- (1) This section has effect as to the circumstances in which rent rebate subsidy is payable to a local authority.
- (2) Subject to subsection (3) below, the amount of rent rebate subsidy payable to a local authority for any year shall be the percentage specified in column 2 of the following Table of the local authority's standard amount of rent rebates for the year as defined for the purposes of Part II of this Act.

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TABLE

1	2
<i>Year for which subsidy is payable</i>	<i>Percentage of standard amount of rent rebates for the year to be met by rent rebate subsidy</i>
1972-73	90 per cent.
1973-74	85 per cent.
1974-75	80 per cent.
1975-76 and subsequent years	75 per cent.

- (3) For the purposes of this section, a local authority may add to their standard amount of rent rebates for the year 1972-73 such expenditure as the Secretary of State may approve as being incurred by the local authority in granting rent rebates under section 151(4) of the Act of 1966 between the beginning of that year and 30th September 1972.

6 The rent allowance subsidy

- (1) This section has effect as to the circumstances in which rent allowance subsidy is payable to a local authority.
- (2) Subject to subsection (4) below, the amount of rent allowance subsidy payable to a local authority for any year shall be the percentage specified in column 2 of the following Table of the following amounts added together—
- (a) the local authority's standard amount of rent allowances for the year as defined for the purposes of Part II of this Act, and
 - (b) the amount of the local authority's costs of administering the allowance scheme for the year.

TABLE

1	2
<i>Year for which subsidy is payable</i>	<i>Percentage of amount in paragraphs (a) and (b) of this subsection for the year to be met by rent allowance subsidy</i>
1972-73	90 per cent.
1973-74	85 per cent.
1974-75	80 per cent.
1975-76 and subsequent years	75 per cent.

- (3) A local authority's costs of administering the allowance scheme for any year shall be arrived at by the local authority in accordance with such formula as the Secretary of State may from time to time determine.

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Before making any such determination the Secretary of State shall consult with such associations of local authorities as appear to him to be concerned, and with any local authority with whom consultation appears to him to be desirable.

- (4) For the purposes of this section, a local authority may add to their standard amount of rent allowances for the year 1972-73 such expenditure as the Secretary of State may approve as being incurred by the local authority in granting rent allowances under Part II of this Act between the date when this Act comes into force and 31st December 1972.

7 The slum clearance subsidy

- (1) This section has effect as to the circumstances in which slum clearance subsidy is payable to a local authority.
- (2) Subject to the provisions of this section, a local authority shall be entitled to slum clearance subsidy in respect of such expenditure incurred by them as may be approved by the Secretary of State which falls within any of the following categories—
- (a) any expenses in demolishing a building in pursuance of any provision of Part II or Part III of the Act of 1966 or Part I of the Act of 1969 less any such expenses which the local authority have recovered from the owner of the building under any such provision and any amount realised by the local authority in the sale of materials of the building ;
 - (b) any expenses in the clearance of the site of any such building as is referred to in paragraph (a) above;
 - (c) any payment under section 18 of the Act of 1969 (payments to certain owner-occupiers and others in respect of houses not meeting tolerable standard which are purchased or demolished) other than any such payment in respect of an interest in a house which has been purchased by the local authority for the purpose of bringing that house or another house up to the tolerable standard;
 - (d) any payment under section 25 or 49 of the Act of 1966 or section 11 of the Act of 1969 (payments in respect of well-maintained houses) other than any such payment in respect of an interest in a house which has been purchased by the local authority for the purpose of bringing that house or another house up to the tolerable standard;
 - (e) any expenditure incurred under section 52 of the Act of 1966 or section 15 of the Act of 1969 (provisions as to apparatus of public undertakers);
 - (f) such part of the compensation paid to an owner of trade or business premises purchased by the local authority under Part III of the Act of 1966 or Part I of the Act of 1969 as is applicable to disturbance or to such other matters not directly relating to the value of the land purchased as may be determined by the Secretary of State;
 - (g) the cost of any works carried out by the local authority under section 20(8) of the Act of 1966 (local authority may acquire and repair a house or building liable to closing or demolition order) or section 40 of the Act of 1966 or section 8 of the Act of 1969 (power of local authority to retain houses subject to demolition for temporary occupation);
 - (h) any payment under section 160 of the Act of 1966 (payment of removal and other allowances to persons displaced) other than a payment under—
 - (i) subsection (1)(a)(i) of that section in respect of any person displaced from a house or building under Part VII of that Act, or

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- (ii) subsection (1)(a)(v), or (1)(b) where the recipient of the payment is also in receipt of compensation from the local authority in respect of property which he owned;
 - (i) such other expenditure as the Secretary of State may direct.
- (3) A local authority shall not be entitled to slum clearance subsidy in respect of expenditure incurred by them—
 - (a) before the beginning of the year 1971-72, or
 - (b) after the beginning of the year 1971-72 and before the beginning of the year 1975-76, if it is expenditure in relation to land, being land expenditure in respect of which an exchequer contribution has been paid under Part I of the Act of 1968 or land which would be included for the purposes of residual entitlement under section 2(3)(b) of this Act.
- (4) If, under the foregoing provisions of this section, a local authority are entitled to slum clearance subsidy, then slum clearance subsidy shall be payable to the local authority of an amount equal to 75 per cent. of the annual loan charges referable to the amount of expenditure incurred by them in a year which falls within any of the categories set out in subsection (2) above, payable annually for the period of twenty years beginning with the year immediately following the year in which the expenditure was incurred.
- (5) For the purposes of subsection (4) above the annual loan charges referable to the amount of expenditure incurred by the local authority shall be the annual sum which, in the opinion of the Secretary of State, would fall to be provided by the local authority for the payment of interest on, and the repayment of, a loan of that amount repayable over a period of twenty years.