

**Please note: this is a working paper of the Group and the information contained in it has not yet been finalised – some awaits correction. However, the paper below is the one presented to the third meeting of the WGHAI. Please see the minutes of this meeting for details of the discussion which took place.**

## **HOUSING (SCOTLAND) BILL: RESOURCE ALLOCATION**

### **Introduction**

The last full meeting of WGHAI agreed that Option 6 – a flat fee plus per capita top up – would be adopted as the vehicle to allocate resources to social housing providers to support the introduction of the Scottish Secure Tenancy. This paper provides more detailed proposals on this specific option.

### **Background and formula proposed**

As pointed out in the previous paper (WGHAI-6), £10 million is to be made available over the next 2 years to assist local authorities and housing associations in implementing measures in the Housing (Scotland) Act 2001. The last meeting agreed that Option 6 should be adopted, although the precise formula was left as a matter for further consultation. It was also agreed that the SFHA would suggest a formula for dealing with smaller housing associations.

Although all members of the WGHAI were encouraged to provide views on their preferred formula, the opinions of housing association and local authority representatives were specifically sought out. The Scottish Executive spoke to both Alan McKeown (CoSLA) and David Bookbinder (SFHA) on 7 August 2001. Although CoSLA indicated that they would prefer a higher per capita figure, the representatives of the two organisations agreed to a compromise amount of £10 per unit, together with whatever flat fee arose from this. David Bookbinder also suggested an incremental flat rate system for dealing with smaller housing providers which could be introduced with or without an additional per capita rate.

### **The Calculation**

The main workings are provided in the Appendix, based upon the most reliable stock figures we were able to obtain. The final allocations are likely to be slightly different to those outlined here, owing to transfers and developments, but we expect them to be roughly in line with what is given.

Two options are given in the calculations:

Option 1 – This only allows for a rising scale of flat rate allocations to smaller housing associations. All providers with more than 250 units would receive £14,935 and £10 per unit.

Option 2 – This allows for a rising scale of flat rate and per unit allocations to smaller housing associations. All providers with more than 250 units would receive £14,499 and £10 per unit.

Under present circumstances, both options would result in the total being broken down as approximately £6.0 million to local authorities and £3.7 million to the housing association sector.

**Way forward**

Working Group members are asked to confirm their acceptance of the £10 per unit allocation and provide a view on the two options which arise from this.

**The Scottish Executive**

**September 2001**

## Appendix

**Option 1: Flat rate for smaller landlords (with <251 units) and flat rate and per capita (£10) for landlords with 251 or more units.**

0-25 units	=	£5,000
26-50 units	=	£6,000
51-100 units	=	£7,000
101-150 units	=	£8,000
151-200 units	=	£10,000
201-250 units	=	£12,000

Flat rate for smaller associations (<251 units). This amount distributed totals £524,000.

$10,000,000 - 524,000 = 9,476,000$  (total amount available for all other landlords)

Total number of units:	LAS	552,291
	HAS	127,972 (135,763 minus smaller landlords 7791)
	TOTAL	680,263

$680,263 \text{ UNITS} \times £10 \text{ PER CAPITA} = 6,802,630$

$9,476,000 - 6,802,630 = 2,673,370$  (available for landlords as a flat rate)

2,673,370/total number of landlords LAS = 32  
 HAS – 198-51 (smaller LL) = 147  
 Total Landlords = 179

$2,673,370/179 = \underline{\underline{£14,935}}$

**Option 2: Flat rate for smaller LL with <251 units and per capita rate. Separate flat rate for LL with 251 or > units and same per capita rate (£10)**

0-25 units	=	£5,000
26-50 units	=	£6,000
51-100 units	=	£7,000
101-150 units	=	£8,000
151-200 units	=	£10,000
201-250 units	-	£12,000

Flat rate for smaller associations (<251 units). This amount distributed totals £524,000

$10,000,000 - 524,000 = 9,476,000$  (total amount available for all other landlords)

Total number of units :	LAS	552,291
	HAS	135,763 (keeping in smaller landlords 7791)
	TOTAL	688,054

$688,054 \text{ units} \times £10 \text{ per capita} = 6,880,540$

$9,476,000 - 6,880,540 = 2,595,460$  (available for landlords as a flat rate)

$2,595,460 / \text{total number of landlords} \text{LAS} = 32$

HAS – 198-51 (smaller LL) = 147

Total Landlords = 179

$2,595,460 / 179 = \underline{£14,499}$