



Housing (Scotland) Act 1987

1987 CHAPTER 26

PART IX

GOVERNMENT GRANTS AND SUBSIDIES

Housing support grants to local authorities

191 Housing support grants: fixing of aggregate amount

- (1) For the purpose of assisting local authorities to meet reasonable housing needs in their areas, the Secretary of State shall make housing support grants in accordance with the provisions of this Part.
- (2) Subject to subsection (5), for the purpose of fixing the aggregate amount of the housing support grants for any year, the Secretary of State shall, in respect of all local authorities, estimate the following amounts—
 - (a) the aggregate amount of eligible expenditure which it is reasonable for local authorities to incur for that year; and
 - (b) the aggregate amount of relevant income (other than housing support grants) which could reasonably be expected to be credited to the local authorities' housing revenue accounts for that year,and the amount remaining after deducting the amount mentioned in paragraph (b) from the amount mentioned in paragraph (a) shall, subject to subsection (4) and section 193, be the aggregate amount of the housing support grants for that year.
- (3) Before estimating the amounts mentioned in paragraphs (a) and (b) of subsection (2) for any year, the Secretary of State shall consult with such associations of local authorities as appear to him to be concerned and shall take into consideration—
 - (a) the latest information available to him as to the level of eligible expenditure and relevant income;
 - (b) the level of interest rates, remuneration, costs and prices which, in his opinion, would affect the amount of eligible expenditure for that year; and

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- (c) the latest information available to him as to changes in the general level of earnings which would affect the amount of relevant income which could reasonably be expected for that year.
- (4) In fixing the aggregate amount of the housing support grants for any year, the Secretary of State may take into account the extent, if any, to which the aggregate amount of eligible expenditure which it was reasonable for local authorities to incur for any previous year differs or is likely to differ from the aggregate amount for that previous year which he estimated or re-estimated under this section or section 193 respectively.
- (5) In estimating the amounts mentioned in paragraphs (a) and (b) of subsection (2) the Secretary of State may leave out of account the eligible expenditure and relevant income of a local authority if (either or both)—
 - (a) he estimates that the amount of that income will exceed the amount of that expenditure;
 - (b) he determines, under section 192, that no proportion of the aggregate amount of the housing support grants is to be apportioned to that authority.
- (6) In subsection (4), "local authorities" does not include an authority whose eligible expenditure was, for the purpose of the estimate, left out of an account under subsection (5).
- (7) The aggregate amount of the housing support grants, fixed in accordance with subsection (2) for any year, shall be set out in a housing support grant order made by the Secretary of State with the consent of the Treasury.
- (8) A housing support grant order may be made in respect of any year before the beginning of that year.
- (9) No housing support grant order shall be made until that order has been laid in draft before the Commons House of Parliament, together with a report of the considerations leading to the provisions of the order, and has been approved by a resolution of that House.
- (10) In this Act—
 - "eligible expenditure", in relation to any year, means the expenditure which a local authority are required to debit to their housing revenue account for that year in pursuance of Schedule 15;
 - "relevant income", in relation to any year, means the income, payments, contributions (including any rate fund contribution) and receipts which a local authority are required to credit to their housing revenue account for that year in pursuance of that Schedule.

192 Apportionment of housing support grants

- (1) Subject to the provisions of this section, the proportion, if any, of the aggregate amount of the housing support grants payable for any year to a local authority shall be determined by the Secretary of State, after consulting with such associations of local authorities as appear to him to be concerned, by such method as may be prescribed.
- (2) A prescribed portion of the aggregate amount may be apportioned to a particular local authority.

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- (3) The report accompanying a housing support grant order in accordance with section 191(9) shall contain a table showing in respect of each local authority, for the year in question—
 - (a) the estimated amount of grant payable to that local authority; or
 - (b) if no amount of grant is so payable, that fact.
- (4) In prescribing the method of determining the proportion, if any, of the aggregate amount of the housing support grants payable to a local authority for any year, the Secretary of State may take into account any substantial difference in the actual amount of any element of their eligible expenditure as compared with any estimate of the amount of that element made by him in determining the proportion payable to them for a previous year.
- (5) In prescribing the method of determining the proportion mentioned in subsection (1) payable for any year to a local authority the Secretary of State shall have regard to any special needs affecting eligible expenditure.
- (6) The Secretary of State may, for any year (in this subsection referred to as "the current year"), prescribe such method of determining that proportion as to secure that no reduction in the amount of housing support grant payable to any local authority for the current year as compared with the amount of housing support grant so payable for the immediately preceding year is so great that there is an unreasonable increase for the current year over that preceding year in the amount of the authority's eligible expenditure which is required to be met by way of rent or rate fund contributions.
- (7) In this section "prescribed" means prescribed by a housing support grant order.

193 Variation of orders

- (1) Subject to the provisions of this section, the Secretary of State may re-estimate the aggregate amount of eligible expenditure estimated under section 191.
- (2) He shall first consult such associations of local authorities as appear to him to be concerned.
- (3) Then if it appears to him—
 - (a) that after that amount was estimated for any year, the eligible expenditure of local authorities for that year has been, or is likely to be, substantially increased or decreased by means of changes which have taken place or are likely to take place in the level of the matters specified in section 191(3)(b), and
 - (b) that inadequate account was taken of those changes when that amount was estimated,he may re-estimate that amount.
- (4) On such re-estimate he may, by an order made in the like manner and subject to the same provisions as a housing support grant order, increase or, as the case may be, decrease the amount fixed by the relevant housing support grant order as the aggregate amount of the housing support grants for that year.
- (5) An order made under this section with respect to any year may, as respects that year, vary any matter prescribed by the relevant housing support grant order.

Grants to the Scottish Special Housing Association and other bodies

194 Grants payable to the Scottish Special Housing Association and development corporations

- (1) The Secretary of State may each year make grants, of such amount and subject to such conditions as he may determine, to the Scottish Special Housing Association ("the Association") and to development corporations in accordance with the provisions of this section.
- (2) Grants under this section shall be payable for any year to the Association and to development corporations in respect of the total net annual expenditure (as approved by the Secretary of State and calculated in accordance with rules made by him with the consent of the Treasury) necessarily incurred for that year by the Association, acting otherwise than as agents, or by any development corporation—
 - (a) in providing housing accommodation by—
 - (i) erecting houses,
 - (ii) converting any houses or other buildings into houses,
 - (iii) acquiring houses;
 - (b) in improving housing accommodation so provided;
 - (c) in managing and maintaining any housing accommodation so provided or improved;
 - (d) in improving the amenities of a predominantly residential area;
 - (e) in providing or converting buildings for use as hostels or as parts of hostels, and in improving, managing and maintaining buildings so provided or converted;
 - (f) in doing anything ancillary to any of the activities mentioned in paragraphs (a) to (e).
- (3) In subsection (2) "improving" includes altering, enlarging or repairing.

195 Grants for affording tax relief to Scottish Special Housing Association

- (1) The Secretary of State may, on the application of the Association, make grants to the Association for affording relief from—
 - (a) income tax (other than income tax which the Association is entitled to deduct on making any payment); and
 - (b) corporation tax.
- (2) A grant under this section shall be of such amount, shall be made at such times and shall be subject to such conditions as the Secretary of State thinks fit.
- (3) The conditions mentioned in subsection (2) may include conditions for securing the repayment in whole or in part of a grant made to the Association in the event of tax in respect of which the grant was made subsequently being found not to be chargeable or in such other events as the Secretary of State may determine.
- (4) An application under this section shall be made in such manner and shall be supported by such evidence as the Secretary of State may direct.
- (5) The Commissioners of Inland Revenue and their officers may disclose to the Secretary of State such particulars as he may reasonably require for determining whether a grant

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should be made under this section or whether a grant so made should be repaid or the amount of such grant or repayment.

196 Advances to Scottish Special Housing Association for provision or improvement of housing accommodation

- (1) The Secretary of State may make advances, of such amounts, on such terms, and repayable over such periods, as may be approved by the Treasury, to the Scottish Special Housing Association for the purpose of—
- (a) enabling or assisting the provision or improvement of housing accommodation by the Association (whether as principals or as agents for a local authority or for any other person);
 - (b) meeting the whole or any part of the expenditure incurred by the Association in connection with any scheme submitted to the Secretary of State by the Association under which the Association will provide or improve housing accommodation, and as to which the Secretary of State is satisfied that the housing accommodation so provided or improved will be let or kept available for letting except at such times and in such cases as the Secretary of State may approve;
 - (c) enabling or assisting the Association to carry out such other works in connection with housing accommodation provided or improved by them as the Secretary of State may with the agreement of the Treasury approve;
 - (d) assisting the Association to acquire any land compulsorily under section 23;
 - (e) enabling or assisting the Association to purchase, on terms approved by the Secretary of State, all or any of the assets of any housing trust to which section 119 of the Housing (Scotland) Act 1925 applied;
 - (f) enabling or assisting the Association to make loans, on such terms as the Secretary of State may determine, to persons intending to purchase housing accommodation or a part share of such accommodation provided or improved by the Association;
 - (g) enabling or assisting the Association to provide or convert buildings for use as hostels:

Provided that—

- (i) the aggregate amount of the advances made under this subsection, together with any advances made under section 94(1) of the Housing (Scotland) Act 1950 or section 25(1) of the Act of 1968, shall not exceed six hundred million pounds or such greater sum, not exceeding seven hundred and fifty million pounds, as the Secretary of State may by order specify;
 - (ii) the aggregate amount of the advances made under paragraph (b) of this subsection shall not exceed one million pounds.
- (2) It shall be the duty of the Association, if they accept any advances under paragraph (b) of subsection (1) in connection with a scheme, to comply with any directions which the Secretary of State may give to them with respect to the administration of the scheme and the disposal of the assets provided under the scheme.
- (3) The power to make orders conferred on the Secretary of State by paragraph (i) of the proviso to subsection (1) shall be exercisable by statutory instrument, and no order shall be made in the exercise of that power unless a draft of the order has been laid before the House of Commons and has been approved by a resolution of that House.

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- (4) The Treasury may issue to the Secretary of State out of the National Loans Fund such sums as are necessary to enable him to make advances under this section; and any sums received by the Secretary of State in repayment of such advances shall be paid into the National Loans Fund.
- (5) The Secretary of State shall—
- (a) prepare in respect of each financial year an account, in such form and manner as the Treasury may direct, of sums issued to him for advances under this section, and of sums received by him under this section, and of the disposal by him of those sums respectively, and
 - (b) send it to the Comptroller and Auditor-General not later than the end of November in the following financial year;
- and the Comptroller and Auditor-General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.
- (6) In this section—
- (a) references to the provision of housing accommodation are references to the provision of housing accommodation whether by building new houses or by the acquisition of houses; and
 - (b) references to the improvement of housing accommodation are references to the improvement of housing accommodation—
 - (i) by the provision of dwellings by means of the conversion of houses or other buildings, or
 - (ii) by the improvement of dwellings.
- (7) Any reference in this section to a house shall be construed as including a reference to any residential accommodation provided for occupation by not more than two persons and equipped with cooking facilities for the exclusive use of those persons, notwithstanding that it is not equipped with facilities of other kinds for such exclusive use.

In this subsection the expression "cooking facilities" in relation to any residential accommodation means facilities suitable for the preparation of food for the number of persons for which the accommodation is provided, and if any question arises whether any particular facilities fall within that description it shall be decided by the Secretary of State.

197 Financial assistance to voluntary organisations concerned with housing

- (1) The Secretary of State may, with the consent of the Treasury and upon such terms and subject to such conditions as he may determine, give to a voluntary organisation assistance by way of grant or by way of loan, or partly in the one way and partly in the other, for the purpose of enabling or assisting the organisation to provide training or advice, or to undertake research, or for other similar purposes relating to housing.
- (2) In this section "voluntary organisation" means a body the activities of which are carried on otherwise than for profit, but does not include any public or local authority or a registered housing association.

Payment of grants

198 Payment of grants and accounting provisions

- (1) Any grant to be paid by the Secretary of State under this Part shall be payable at such times and in such manner as he may determine and subject to such conditions as he may impose.
- (2) Without prejudice to the generality of subsection (1), the making of any such payment shall be subject to the making of an application for the payment in such form, and containing such particulars, as the Secretary of State may from time to time determine.

199 Termination of certain exchequer payments to housing authorities

Schedule 12 shall have effect for the purpose of terminating certain exchequer payments to housing authorities.

Slum clearance subsidy

200 The slum clearance subsidy

- (1) 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 IV and Part VI 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);
 - (c) any payment under section 308 (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 304 (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) the cost of any works carried out by the local authority under section 121(7) (local authority may acquire and repair a house or building liable to closing or demolition order);
 - (f) any payment under section 234(5) or (6) (payment of removal and other allowances to person displaced);
 - (g) such other expenditure as the Secretary of State may direct.
- (2) The amount of slum clearance subsidy payment to a local authority shall be 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 (1), payable annually for the period of 20 years beginning with the year immediately following the year in which the expenditure was incurred.

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- (3) For the purposes of subsection (2) 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 20 years.

Payment of subsidies

201 Payment of subsidies and accounting provisions

- (1) Any subsidy to be paid by the Secretary of State under this Part shall be payable at such times and in such manner as the Treasury may direct and subject to such conditions as to records, certificates, audit or otherwise, as the Secretary of State may, with the approval of the Treasury, impose.
- (2) Without prejudice to the generality of subsection (1), the making of any such payment shall be subject to the making of a claim for the payment in such form, and containing such particulars, as the Secretary of State may from time to time determine.
- (3) The aggregate amount of any one subsidy payable under this Part to a housing authority for any year shall be calculated to the nearest pound, by disregarding an odd amount of 50 pence, or less, and by treating an odd amount exceeding 50 pence as a whole pound.
- (4) Subsection (1) applies to Exchequer contributions payable under the enactments specified in Schedule 13 as it applies to subsidies paid under this Part, and Schedule 13 shall have effect for the purposes of this subsection.
- (5) Schedule 14 shall have effect for the purposes of specifying such Exchequer contributions as may be reduced, suspended or discontinued under section 202(3).

Secretary of State's power to vary Exchequer contributions

202 Power of Secretary of State to reduce, suspend, discontinue or transfer particular Exchequer contributions

- (1) The Secretary of State may in the circumstances mentioned in subsection (2) reduce the amount of a subsidy to be paid under this Part or suspend or discontinue such payment or part of such payment.
- (2) The circumstances are—
- (a) where the Secretary of State is satisfied that the local authority has failed to discharge any of their functions;
 - (b) where the subsidy is payable subject to a condition, and the Secretary of State is satisfied that the condition has not been complied with.
- (3) The Secretary of State may, in any of the circumstances mentioned in subsection (2), reduce the amount of any Exchequer contribution being an Exchequer contribution falling to be made under any of the enactments specified in Schedule 14 in respect of a particular subsidised unit, or suspend or discontinue the payment of such Exchequer contributions or part thereof, as he thinks just in those circumstances.

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- (4) Where an Exchequer contribution is made to a local authority in respect of a subsidised unit in relation to which an annual grant is payable by the authority to a development corporation or a housing association, then, if the amount of the Exchequer contribution is reduced or the payment of the Exchequer contribution or part of it is suspended or discontinued under this section, the authority may reduce the annual grant to a corresponding or any less extent or suspend the payment thereof, for a corresponding period or discontinue the payment, or of a corresponding part, as the case may be.
- (5) The circumstances referred to in subsection (3) are—
- (a) that the Exchequer contribution is to be made to a local authority and the Secretary of State is satisfied that the authority have failed to discharge any of their duties under this Act or that they have failed to exercise any power mentioned therein in any case where any such power ought to have been exercised;
 - (b) that the Exchequer contributions fall to be made or the subsidy falls to be paid subject to any conditions and the Secretary of State is satisfied that any of those conditions has not been complied with;
 - (c) that the subsidised unit has been converted, demolished or destroyed;
 - (d) that the subsidised unit is not fit to be used or has ceased to be used for the purpose for which it was intended;
 - (e) that the subsidised unit has been sold or has been leased for a stipulated duration exceeding 12 months;
 - (f) that the subsidised unit has been transferred, whether by sale or otherwise.
- (6) Where the Secretary of State's power under this section to discontinue the payment of the whole or part of any Exchequer contributions to be made to a recipient authority in respect of a particular subsidised unit becomes exercisable in the circumstances mentioned in paragraph (e) or paragraph (f) of subsection (5) and the subsidised unit has become vested in or has been leased to another recipient authority, then, if the Secretary of State exercised that power he may make to that other authority Exchequer contributions of the like amount as he would otherwise have made to the first-mentioned authority if the conditions subject to which the first-mentioned Exchequer contributions fell to be made had been complied with.
- (7) In this section—
- "recipient authority" means a local authority, a development corporation, a housing association or the Scottish Special Housing Association.
 - "the subsidised unit" means the house, hostel or other land in respect of which Exchequer contributions fall to be made, whether they fall to be made in respect of it or its site or in respect of land comprising it or in respect of the cost of any houses, or the acquisition of any land, comprising it.