REPORT NO 1259/03

ANGUS COUNCIL

Housing Committee – 20 November 2003

TRANSFER OF THE MANAGEMENT OF DEVELOPMENT FUNDING IN ANGUS

REPORT by DIRECTOR OF HOUSING

ABSTRACT

This report gives details of the research commissioned into the transfer of the management of development funding in Angus.

1. RECOMMENDATION

   It is recommended that Members:

   i) Approve, in principle, Option D ie the creation of a Tayside Partnership in which the Council would decide on the allocation of development funding to fulfil the objectives in the Local Housing Strategy, with project appraisal, grant payment and programme monitoring and adjustment being delegated to an appropriate managing agent.

   ii) Approve the Director of Housing entering into negotiations with Dundee City Council, Perth & Kinross Council, and Communities Scotland regarding the establishment of a Partnership and report back to an appropriate meeting of the Housing Committee.

   iii) Approve a financial contribution of £1,500 towards a joint consultancy with the partners to provide a detailed blueprint on the operational arrangements for the Partnership.

2. BACKGROUND

   The Housing (Scotland) Act 2001 (Part 5 – Strategic Housing Functions) contains the powers that facilitate the transfer of Government investment in housing from Communities Scotland to Scottish Local Authorities, thus enhancing the strategic role of Councils.

   A tri-partite group was established in the latter half of 2001 comprising the Convention of Scottish Local Authorities, the Scottish Federation of Housing Associations and Communities Scotland. The group’s purpose was to develop a framework to allow the smooth transfer of the management of development funding. The group reached a common understanding on the approach to developing the framework in January 2002. The common understanding was set out in a Memorandum of Understanding.
The framework for the transfer of the management of development funding was developed around a set of ministerial “checks and balances”. These have now become known as “operational criteria” and were agreed by the tri-partite group in February 2002. All Local Authorities must meet the criteria relating to the Local Housing Strategy, allocation methodology and skills and resources. In addition where Local Authorities intend to retain ownership of their housing stock they must meet criteria relating to separate budgets and registered Social Landlords and funders support.

More recently the tri-partite group has agreed that each Local Authority seeking the transfer of the management of development funding will provide details, within a business case, of how it will meet the relevant operational criteria in making a case for the transfer. Compliance with the operational criteria is a prerequisite to Communities Scotland seeking the authority of Scottish Ministers to approve the transfer to a specific Council.

The Scottish Executive, will, later this year, consult on the terms of the Regulations it proposes to introduce in accordance with Section 93 of the Housing (Scotland) Act 2001 whereby Scottish Ministers will define:

i) The purpose for which development funding is to be used
ii) Who will be eligible to receive it
iii) The criteria Local Authorities should follow in considering whether to allocate financial assistance, and
iv) The terms and conditions under which financial assistance will be given.

The Regulations will ensure that there is uniformity of approach across Scotland in the administration of the following development funding grant schemes:

i) Housing Association Grant
ii) Grants for rent and owner-occupation
iii) Rural Home Ownership Grant
iv) Special Needs Capital Grant
v) Rural Empty Properties Grant
vi) Social and Environmental Grant
vii) New Housing Partnerships – Development and Regeneration Partnerships (existing projects only).

Statutory authority will be sought from Parliament to enable the Regulations to be introduced from 1 April 2004. Comprehensive operational manuals for each of these schemes will be provided by Communities Scotland.

3. RESEARCH

To assist in developing an approach to the transfer of the management of development funding in Angus from Communities Scotland to Angus Council under the terms of Section 90 of the Housing (Scotland) Act 2001, research was commissioned from Consultants (Jack Hunter and Tim Mason). A full copy of the report entitled “An Approach to the Transfer of Development Funding in Angus” has been placed in the Member’s Lounge and a copy of the Executive Summary is attached to this report. A presentation on the report will be given by the Consultants at 2.00pm on 20 November 2003 in the Council Chamber, Town and County Hall, Forfar.
The research report covers the following areas:

i) Background to the study and the brief
ii) Approaches, processes and procedures of Communities Scotland
iii) Requirements of Angus Council in preparing for the transfer of the management of development funding
iv) Views of key players
v) Comparison of options
vi) An Action Plan to introduce the transfer of the management of development funding within in Angus.

The report also has a number of appendices covering

i) Documents consulted
ii) People consulted
iii) The Grant Funding Process
iv) Steps to the transfer of the management of development funding
v) Value for Money Appraisal – Housing Association Grant
vi) Value for Money Appraisal – Grant for Rent & Ownership.

4. OPTIONS FOR THE TRANSFER OF THE MANAGEMENT OF DEVELOPMENT FUNDING

The report outlines a number of options in regard to the transfer of the management of development funding.

Option A – Status Quo
Under this option the current arrangement of consultation with Angus Council and other partners in regard to the allocation of resources in accordance with ministerial programmes and targets would continue with Communities Scotland being responsible for all stages of programme management.

Option B – Full Transfer of Responsibilities to Angus Council
This would involve the Council taking on full responsibility for managing the approved development programme. The Council would report on the processes, outputs and outcomes of the programme to Communities Scotland. Adequate staffing resources would require to be devoted to all aspects of managing the programme.

Option C – Transfer of Programme Planning to Angus Council, with Subsequent Stages Remaining with Communities Scotland
This option would involve the Council in deciding on the allocation of development funding to fulfil the relevant objectives contained within the Local Housing Strategy. The Council would then utilise Communities Scotland as a managing agent to deal with project appraisal, grant payment and programme monitoring and adjustment.

Option D – Tayside Partnership
Under this option a partnership of the three Tayside Local Authorities would be established, but each authority would be responsible for deciding on the allocation of development funding to meet their particular housing needs. A range of tasks, including project appraisal, grant payment and programme monitoring and adjustment would be delegated to perhaps Communities Scotland, acting as a management agent (Option D1), or to one of the
authorities fulfilling this role (Option D2) or indeed the Partnership could directly provide the staff and facilities (Option D3).

The Consultant’s report goes into a detailed comparison of the pros and cons of each of the options, and take into account that the current level of development funding allocated to Angus each year is in the region of £3million.

Details are provided on possible staffing arrangements and costs.

On balance it is considered that Option D would be the most appropriate way of managing the development funding resources allocated to Angus Council.

There have been preliminary discussions with Dundee City Council and Perth & Kinross Council and Communities Scotland regarding options for the transfer of the management of development funding. Approval is sought from members to allow the Director of Housing to now enter into more formal discussions with these partner Agencies in regard to the establishment of a Tayside Partnership. The outcome of these discussions will be reported back to a future meeting of the Housing Committee.

There is a need to undertake further research to develop a blue print in regard to the operational arrangements for the proposed Tayside Partnership, and allow an informed decision to be taken regarding which sub-option (D1, D2 or D3) would be the most appropriate. Consequently, approval is sought to make a financial contribution towards further consultancy work. The estimated cost of the research is £6,000 and it is therefore proposed to make a contribution of £1,500.

5. RESOURCING THE INTRODUCTION OF THE TRANSFER OF THE MANAGEMENT OF DEVELOPMENT FUNDING

Given that the Angus Local Housing Strategy will be submitted to Communities Scotland for evaluation no later than April 2004, the earliest it may be possible for the transfer of the management of development funding to be achieved is the 2005/06 financial year.

Considerable work will require to be undertaken to develop a Tayside Partnership, ensure compliance with the operational criteria, develop a business case for the transfer of the management of development funding and so on.

The workload involved cannot be accommodated within existing staff resources and consequently a further report will be submitted to Committee in due course on the resource implications.

6. FINANCIAL IMPLICATIONS

The contribution of £1,500 towards the Consultancy will be met from the Housing Department’s Research budget.

7. HUMAN RIGHTS IMPLICATIONS
There are no Human Rights Implications arising from this report.

8. CONSULTATION

In preparing this report there has been consultation with the Chief Executive, Director of Finance, Director of Law and Administration and Director of Property Services.

9. CONCLUSION

The research report has greatly assisted in obtaining a better understanding of the overall process of development funding, and also in regard to the underlying processes which support the system. There is a ministerial commitment to some form of transfer of the management of development funding and consequently Angus Council must prepare for this. Given the relatively small size of the development programme in Angus, it is considered that the most appropriate way of managing the programme would be via a Tayside Partnership arrangement with Dundee City Council, Perth & Kinross Council and Communities Scotland.

Ron Ashton
Director of Housing

Note:- The following background papers as defined by Section 50d of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information), were relied upon to any material extent in preparing this report.

Memorandum of Understanding Between COSLA, The Scottish Federation of Housing Associations and Communities Scotland – Transfer of Development Funding

COSLA Briefing No 56 – Housing – Transfer of Development Funding

Communities Scotland Letter Dated 1 August 2003 – Transfer of the Management of Development Funding