

REFERENCE:  
ORGANISATION:  
CATEGORY:

049  
EAST AYRSHIRE COUNCIL  
LOCAL AUTHORITY

**Department of Neighbourhood Services**

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27 March 2008

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Rec'd  
3/3/08 (49)

31 MAR 2008

Dear Alistair

**Communities Scotland Consultation  
Better Value From Housing Association Grant: Changes to Grant from 2008/09**

I refer to the consultation paper launched on 13 February and have to say that I am disappointed that my local authority was not on the list of consultees.

The subject in question is crucial to how a local authority takes forward its Local Housing Strategy, especially that part of the Strategy dealing with affordable housing. As you will be aware from your colleagues, East Ayrshire Council makes significant use of public sector owned land to increase the supply of affordable housing both for sale and rent via our partner RSLs, and consequently we feel it important that we are able to comment on your proposals, and these are set out below:

- Timescale

The short time frame for suggested changes to funding calls into question the position of the SHIP submitted by the Council in November 2007. While recognising that the SHIP may not have any resource implications at this stage, SHIP assumptions are founded on existing funding allowance, understanding that there may be annual adjustments, not the fundamental changes suggested in this document.

- Regional Procurement

As indicated in our response to Firm Foundations we are nervous about the issue of "Regionality". We need to be assured that this does not grow into a "Strathclyde" or "Greater Glasgow" consortium. We have, through work with local RSLs, tried to ensure that the economic benefits of public expenditure have remained within Ayrshire, and support the retention and development of local skills by the RSLs and local companies.

Cont./

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We are not against "Regionalisation" as such but rather wish to ensure that it is sensitive to local needs. Consequently we would favour an all Ayrshire approach.

- Volume Procurement

While recognising the imperative of better value for public expenditure we would welcome an evidence based approach through piloting of this idea to show that the savings suggest will materialise. This change can only work if the necessary players i.e. the Local Authority, RSLs and Government support each other to take forward the proposal with the necessary business support, set within an appropriate local context.

- Cash in Hand

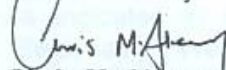
We note the comment in regard to £290m held in cash by RSLs (140%). However, we are not clear about is how much of that money is forward committed and how equally it is spread among the individual RSLs. If there is "free" money we would suggest that, on an individual basis, RSLs made additional funds available to their projects until such times as they reach the normal 110%. This should answer any objections raised by developers in our authority who question the fairness of RSLs being exempt from making developer contributions under the Council's draft Affordable Housing Policy, which is currently out for consultation.

- Private Finance

It would have been helpful if the views of the Council of Mortgage Lenders had been set out in the paper. There are comments on the reduction in HAG, savings through volume procurement, rents being inflation plus 1% but the element of private finance has not been discussed. It was helpful to receive from SFHA last year's Community Scotland worked example re-worked using the assumptions set out in your paper which showed Private Finance increasing from 21.34% to 28.95%, representing a percentage change in the private finance element of the total scheme costs of 35.67%.

I hope you find these comments useful and look forward to hearing the outcome of your consultation exercise in due course. In the meantime, please do not hesitate to contact me if you require any further information or clarification of any of the points raised in this letter.

Yours sincerely

  
**Chris McAleavey**  
Head of Housing

cc: Joe Cassidy  
Deborah Brady