
**ARGYLL AND BUTE COUNCIL
STRATEGIC FINANCE**
**EXECUTIVE
21 AUGUST 2008**

STRATEGIC HOUSING FUND

1 INTRODUCTION

- 1.1 The Council established a Strategic Housing Fund (SHF) to support the development of affordable housing. A set of procedures for use of the SHF were agreed by the Executive in September 2007. One part of these procedures was to report annually on income and expenditure from the SHF. This report summarises the income and expenditure from the SHF for 2007-08.

2 RECOMMENDATION

- 2.1 Members note the terms of this report

3 DETAIL

- 3.1 The Council agreed to set up a SHF in July 2007. The SHF was created from the residual balances on the HRA following housing stock transfer and the council tax collected on second homes. The SHF can only be used to support the development of affordable housing.
- 3.2 A set of procedures for management of the SHF was agreed by the Executive in September 2007. Part of this was a requirement to submit a report to the Executive after the financial year end summarising the income and expenditure on the SHF for the past year.
- 3.3 Income and expenditure on the SHF for 2007-08 was as follows:

	£000	£000
Balance created on establishment of SHF		
• Council tax on second home	3,173	
• HRA balance	65	
• Useable capital receipt reserve	<u>2,539</u>	
		5,777
Income for year		
Income from council tax on second homes	1,743	
Interest	<u>142</u>	
		1,885
Expenditure for year		<u>0</u>
Balance at 31 March 2008		<u>7,662</u>

- 3.4 Against the above balance it should be noted the Council has already agreed the following commitments:

	£000
Fyne Homes – Kilmun Housing Development	242
Fyne Homes – Rothesay Council Chambers	<u>400</u>
	<u>642</u>

- 3.5 Whilst the balance in the Strategic Housing Fund is substantial its use is restricted to the development of affordable housing in accordance with the local housing strategy. The principles for accessing the Strategic Housing Fund were agreed in July 2007 and these are noted below.

“Para 3.12 Principles – Investment must be consistent with priorities identified in the Local Housing Strategy – i.e. the Local Housing Strategy investment framework (from November 2007, the Strategic Housing Investment Plan) will guide investment to priority areas. Funds are primarily for provision of housing for social renting – although other forms of affordable housing can be considered. Formal applications should be made using an agreed format, which will require details of the project, the site and the area as well as the details of the additional funding required and the reason.

Para 3.13 Priority will be given to the use of the fund to top up projects that require additional funding to overcome site-specific issues that would otherwise mean that the project would be unable to proceed. Such projects will be in areas of high priority where there are few alternative opportunities for development. Projects would require to fulfil financial appraisal assumptions applied by Communities Scotland.

Para 3.14 Proposals for funding will normally be discussed initially at formal meetings between the Council and Scottish Government, (formerly Communities Scotland), prior to submission to the appropriate Council committee for final approval. The proposed process is illustrated in the following flow chart. RSLs discuss site in principle with Council and Scottish Government assesses strategic importance of the site against Local Housing Strategy priorities and likelihood of funding from Scottish Government RSL in conjunction with Scottish Government submits formal application to Council for funding Formal evaluation and recommendation to the Executive for final approval Grant award and draw down”

Bruce West
Head of Strategic Finance
14 July 2008
Reports/21Aug Strategic Housing Fund

This page is intentionally left blank