

REPORT TO: COMMUNITIES COMMITTEE ON 13 APRIL 2010

**SUBJECT: SCOTTISH GOVERNMENT AFFORDABLE HOUSING
INVESTMENT PROGRAMME (AHIP) IN MORAY 2010/11**

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report provides the Communities Committee with details of the Scottish Government's funding of the Affordable Housing Investment Programme (AHIP) in Moray in 2010/11. The reports provides outline details of the indicative Moray AHIP for 2010/11.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the Council's strategic housing role.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) welcomes the AHIP planned expenditure in Moray during 2010/11;
and
- (ii) notes the details of the indicative Moray AHIP for 2010/11.

3. BACKGROUND

- 3.1 Public investment in new affordable housing in Moray is mainly provided by the Scottish Government through the Affordable Housing Investment Programme (AHIP). The funding is largely in the form of Housing Association Grant to Registered Social Landlords (RSLs) to provide housing for affordable rent and shared equity. However, the programme also includes grants to private developers for low cost home ownership and funding for disabled adaptations to RSL properties.
- 3.2 Details of final outturn spend on the AHIP since 2004/05 are provided in the table below:-

Year	AHIP outturn spend
2004/5	£5.300m
2005/6	£9.360m
2006/7	£11.262m

2007/8	£14.744m
2008/9	£5.508m
2009/10	£11.123 (projected)

Source: The Scottish Government, Housing Investment Division

It should be noted that the figures in the table represent outturn spend rather than the initial funding allocation. Over the years, Moray has had an excellent record of taking advantage of AHIP underspend in other parts of the country. This has enabled the Moray programme to consistently spend more than its initial funding allocation.

4. PLANNED INVESTMENT 2010/11

- 4.1 On 25 March 2010, the Minister for Housing and Communities announced the AHIP for 2010/11 and provided details of funding allocations to each local authority area. The total AHIP for Scotland is £471m, which represents a significant reduction on the 2009/10 AHIP of £644m. The reduction in funding reflects the acceleration of £120m of funding from 2010/11 to 2008/09 and 2009/10 as part of the Government's measures to tackle the economic downturn and stimulate the building industry.
- 4.2 At a local level, the total AHIP allocation to the Grampian area has fallen from £34m in 2009/10 to £20.664m in 2010/11, representing a reduction of around 40%. The Moray allocation of the 2010/11 Grampian AHIP is £9.578m. Although this is lower than the 2009/10 allocation, it is the highest allocation in Grampian and represents over 45% of the total area budget. The other local authorities in the Grampian area, Aberdeen City and Aberdeenshire, have received allocations of £8.287m and £2.359m respectively.
- 4.3 In the current climate of public sector budget cuts, Moray has maintained a relatively high funding allocation that compares favourably not only with the other Grampian local authorities but with local authorities throughout Scotland. Excluding Glasgow and Edinburgh, Moray's allocation is the fifth highest in Scotland. The 2010/11 Moray AHIP includes funding of £1.2m for Phase 1 of the Council's new build programme. The remaining £8.378m is mainly for RSL development.
- 4.4 The Council will shortly be meeting with the Scottish Government to discuss the details of the 2010/11 AHIP in Moray. It is anticipated that programme, as well as meeting existing funding commitments, will enable significant progress to be made on affordable housing projects in Elgin and Forres being delivered under the Moray Volume Procurement Programme. These projects are identified as programme priorities in the Council's Strategic Housing Investment Plan (SHIP) submitted to the Scottish Government on 30 November 2009.
- 4.5 Outturn spend on the 2009/10 Moray AHIP together with further details of the 2010/11 AHIP will be presented to the Committee in a future report.

5. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

Both the Single Outcome Agreement and the Local Housing Strategy identify that there is a shortage of affordable housing in Moray. Increasing the supply of affordable housing in Moray is a key action of Local Outcome 4.

(b) Policy and Legal

The Housing (Scotland) Act 2001 identified that local authorities have the strategic role in housing. The Local Housing Strategy and SHIP set out the strategic priorities in each local authority area.

(c) Resources (Financial, Risks, Staffing and Property)

The AHIP is funded by the Scottish Government. There are no financial implications for the Council resulting from the 2010/11 investment programme.

(d) Consultations

Consultation on this report has been carried out with the Director of Community Services, the Chief Housing Officer and the Housing Programmes Manager.

6. CONCLUSION

6.1 The Scottish Government funds the provision of new affordable housing through the Affordable Housing Investment Programme (AHIP). This report provides details of the 2010/11 Moray AHIP recently announced by the Minister for Housing and Communities.

Author of Report:	Graeme Davidson, Housing Strategy & Policy Manager
Background Papers:	Held by author
Ref:	GD/AHIP 2010/11