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**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 7  
DECEMBER 2021**

**SUBJECT: MORAY AFFORDABLE HOUSING PROGRAMME**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of progress on the Affordable Housing Programme in Moray.
- 1.2 This report is submitted to Committee in terms of Section III G (10) Council's Scheme of Administration relating to the preparation and implementation of strategic housing plans.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee:-**

- i) scrutinises and notes progress on the Moray Strategic Local Programme 2021/22 programme;**
- ii) scrutinises and notes progress on the delivery of the Council's new build programme;**
- iii) scrutinises and notes progress on delivery of housing at Bilbohall, Elgin; and**
- iv) agrees that the site at Elgin South (Fyvie Green) is added to the main programme.**

**3. BACKGROUND**

- 3.1 The Council receives an annual resource allocation from the Scottish Government to fund the supply of new affordable housing in Moray. The Council's Strategic Housing Investment Plans (SHIP) determines how this funding will be used to plan and deliver the affordable housing priorities of the Local Housing Strategy. The investment and project priorities set out in the SHIP form the basis of an annual Strategic Local Programme Agreement between the Council and the Scottish Government. The agreement details the projects that will be funded during the year, the affordable housing

developers who will deliver them, the targets for grant expenditure and the milestones by which progress on delivery will be measured. The Council and Registered Social Landlords (RSLs) are the principal developers of affordable housing in Moray.

- 3.2 On 8 June 2021, the Economic Growth, Housing and Environmental Sustainability Committee considered a report detailing the 2019/20 outturn on the Strategic Local Programme (SLP), progress on the SLP for 2020/21 and the Resource Planning Assumption (RPA) for the 2021/22 programme (paragraph 17 of the Minute refers).
- 3.3 On 19 October 2021, this Committee approved the Council's Strategic Housing Investment Plan (SHIP) for submission to the Scottish Government (paragraph 5 of the Minute refers).

#### **4. MORAY STRATEGIC LOCAL PROGRAMME 2021/22**

- 4.1 The Scottish Government have issued the Council with a Strategic Local Programme Agreement (SLP) for 2021/22 based on the resource allocation of £10.357m. On 16 July 2021, Officers submitted a signed SLP to the Scottish Government, which detailed the use of this funding.
- 4.2 As in previous years, the Moray programme will be delivered by a combination of the Council and the RSLs, Grampian Housing Association, Cairn Housing Association, Hanover Housing Association and Osprey Housing.
- 4.3 There have been some underspends on the previously reported programme i.e. Findrassie, Elgin Phase 1, Knockomie, Forres mainly due to delays in achieving contractual agreements between developers and RSLs; but conversely some sites have progressed well and have spent more than previously anticipated i.e. Keith, Banff Road Phase 1 and Village Garden, Elgin South. Changes in the Council's own programme are detailed in Section 5.
- 4.4 The impact of these changes on the Strategic Local Programme are shown at **APPENDIX I**. Taken together, these changes to the programme would result in a projected spend of £10.573m at end March 2022, i.e. 2.1% over 2021/22 RPA.
- 4.5 The Scottish Government have indicated that there is significant slippage in other local authority areas e.g. Highland. Therefore, officers have considered options for bringing projects forward to take advantage of this opportunity. The assessment has indicated that most of the projects identified in the Acquisitions and Shadow programme are not at a sufficiently advanced stage to be brought forward.
- 4.6 The only project suitable to be brought forward from the Acquisition and Shadow Programme is a development of 17 units adjacent to the Council's recent completions at Elgin South (Fyvie Green). This project is included in the Strategic Housing Investment Plan approved by this Committee on 9 October 2021. To date a partner landlord has not been identified due to the

development capacity of all partners, including the Council, being fully committed on the main programme.

- 4.7 Despite this, it is proposed that, as a minimum, the acquisition of the site at Elgin South (Fyvie Green), by a landlord still to be identified, is added to the 2021/22 Strategic Local Programme. The impact of this additional item on the programme is detailed at **APPENDIX I**.
- 4.8 The value of the amended projected spend, including those projects brought forward into the 2021/22 programme, would total £11.243m, well in excess of the RPA. This over-commitment has the support of the Scottish Government as an opportunity to take advantage of programme slippage in other local authority areas and to contribute to the aims of Housing to 2040.
- 4.9 Officers and local development partners will continue to take steps to ensure that a sufficient pipeline of alternative development opportunities is available as a contingency against slippage. These will be mainly sites already in the programme. Full details of the 2022/23 forward programme are available in **APPENDIX II**.
- 4.10 Progress on programme delivery will be reported to this Committee on a biannual basis.

## **5. COUNCIL NEW BUILD PROGRAMME PROGRESS**

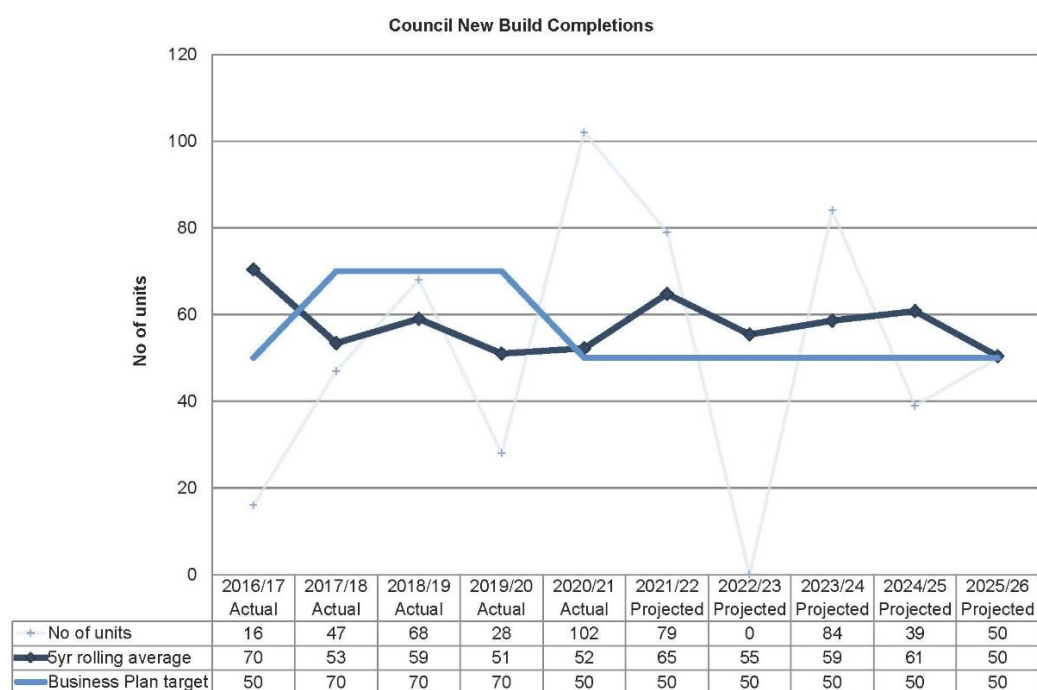
- 5.1 Since submission of the signed SLP in July 2021, Moray Council projects have been delayed i.e. Bilbohall, Elgin, Speyview, Aberlour and the acquisition of the former Spynie Hospital site. These changes are detailed at **APPENDIX III**. The changes result in a 30% underspend on the previously agreed Council programme (£1.994m). Therefore, grant funding would be available to bring a project into the 2021/22 programme to compensate, if there were capacity within the Council's prudential borrowing.

### **Bilbohall, Elgin Update**

- 5.2 At a meeting of the Planning and Regulatory Services Committee on 23 March 2021, full planning consent was granted for 194 units and associated shared infrastructure, subject to conclusion of a legal agreement (Paragraph 6a of the Minute refers). The consented site is owned by Moray Council and Grampian Housing Association. On 16 April 2021, the Council published a tender for 84 units on the Council owned site, and all the associated shared infrastructure. The tender deadline was 7 July 2021 but no tenders were received. Contractors who had previously indicated keen interest have since commented that they were unable to accept the risk of a fixed price contract in the context of the volatility of the price of materials being experienced by the construction industry at a national level.
- 5.3 The tender exercise for development of 84 units at Bilbohall Phase 1 will be repeated. Since the original process we have had positive engagement with potential developers and it is anticipated that a contractor will be appointed by 31 March 2022.

## **HRA Business Plan and Prudential Borrowing**

- 5.4 Following review of the Housing Business Plan in 2019, the Council agreed that 50 council houses will be built per annum over the three-year period up to and including 2021/22.
- 5.5 A review of the HRA Business Plan is ongoing with a final report expected in February 2022, and will make recommendations in respect of the scale of the Council's new build programme in future years. The recommendations will be informed by the Scottish Government's recent review of the level of grant to made available to fund Council new build programmes.
- 5.6 The timing of the delivery of new Council housing will be limited by the capacity for prudential borrowing identified within the forthcoming HRA Business Plan review. As a result, it may be necessary to landbank sites and delay site start until HRA prudential borrowing becomes available.
- 5.7 The number of Council completions varies from year to year. The chart below illustrates the rolling average completion rate compared to successive HRA Business Plan targets, projected to 2025/26. The chart shows completion of Bilbohall Phase 1 in 2023/24; Speyview, Aberlour in 2024/25, Banff Road, Keith Phase 2 in 2025/26, and Spynie Hospital in 2026/27.



## 6. SUMMARY OF IMPLICATIONS

### (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Addressing the shortage of affordable housing in Moray is a key priority of the Corporate Plan and 10 Year Plan, the Council's Local Housing Strategy and Strategic Housing Investment Plan (SHIP) and the Housing and Property Service Plan. The Strategic Local Programme reflects priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

The affordable housing programme supports the aims of the 10 Year Plan by providing new affordable housing for an increasing population and a growing and diversifying economy. The target of 50 Council house completions per annum will be delivered within the investment planning and funding framework provided by the programme.

**(b) Policy and Legal**

The affordable housing supply programme contributes to meeting the Council's statutory duties to address housing need in Moray.

**(c) Financial implications**

The report provides details of the resources being made available by the Scottish Government to fund affordable housing in Moray. The Council has agreed that 50 new council houses will be built per annum over the three-year period up to and including 2021/22. The current HRA Business Plan has made provision for the level of borrowing required to fund the Council's housebuilding programme.

**(d) Risk Implications**

There are no specific risks arising from this report, however the programme may be impacted by market conditions and site specific issues as developments proceed. There are processes in place to manage these risks and mitigations considered.

**(e) Staffing Implications**

There are no staffing implications arising from this report.

**(f) Property**

The report details the ongoing programme for development of additional affordable housing in Moray in response to strategic needs and specifically the Council new build programme to enhance the Council's stock.

**(g) Equalities/Socio Economic Impact**

The housing needs of equalities groups are identified in the Local Housing Strategy (LHS). The Moray Affordable Housing Programme seeks to deliver the housing priorities contained in the LHS.

**(h) Consultations**

This report has been subject to consultation with the Depute Chief Executive (Economy, Environment and Finance), the Head of Housing and Property, the Legal Services Manager, the Housing Strategy and Development Manager, the Head of Economic Growth and Development, the Strategic Planning and Development Manager, Deborah O'Shea (Principal Accountant) and the Committee Services Officer.

## **7. CONCLUSIONS**

**7.1 The report provides details of an update on the 2021/22 affordable housing programme, and an indication of the 2022/23 programme. The report seeks approval of an addition to the 2021/22 programme. The**

**report also provides an update on the Council's own new build programme, including an update on procurement of housing at Bilbohall, Elgin.**

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