



Housing and the Budget for 2010-11

Initial response from Shelter Scotland, September 2009

Key message: the budget for affordable housing investment has been the single biggest loser in the draft 2010-11 budget, falling by 30% between 2009-10 and 2010-11. As it stands, the Scottish Government has missed a major opportunity to sustain investment in homes and jobs, at a time when the market is weak. Shelter urges MSPs to re-seize that opportunity as the Budget goes through Parliament.

The Budget for Housing

The housing budget falls within the Health and Wellbeing portfolio. However, the published figures in the draft Budget do not give the full picture, so this briefing provides a more comprehensive assessment than is available from the Government.

The overall housing budget is made up of a number of spending headings. Most of the budget is made up of the affordable housing investment programme (AHIP) of which more below. Other significant spending areas include energy efficiency and fuel poverty (around £60 million) and private sector grants (just under £20 million). Items formerly included in the budget, such as local authority borrowing and support for vulnerable people are no longer there.

The published figures show that, from 2009-10 to 2010-11, the housing budget falls by £169 million or 29%. Money for tackling fuel poverty falls by £5 million, as a result of £5 million *extra* being added in 2009-10. Although money for private sector grants rises to £19 million next year this is a £6.4 million cut from plans.

The Affordable Housing Investment Programme (AHIP)

The AHIP makes up 85% of the housing budget. It is the part of the budget that pays for new affordable homes and is rightly regarded as the litmus test of commitment to housing as a spending area.

However, the figures published in the Budget do not give the full picture. For example, they do not include £119.1 million of investment in housing for Glasgow and Edinburgh which is notionally rolled up in the general local government settlement. Nor does the Budget include the £31 million added to the 2009-10 total in June 2009 following additional "Barnett consequentials" from the UK Treasury. By adding them back in, Shelter can give a more complete picture.

Back in 2007, the last Comprehensive Spending Review anticipated the AHIP rising from £566 million in 2009-10 to £591 million in 2010-11: a rise of £25 million. However, in the meantime, the

Scottish Government secured UK Treasury consent to draw forward £120 million from 2010-11 into 2008-09 (£40 million) and 2009-10 (£80 million). All the changes are shown in table 1 below. A projected rise in the original CSR of £25 million turns into a fall of £204 million. This fall of £204 million represents a decline of 30% from 2009-10 to 2010-11.

Table 1: Changes in the AHIP between 2007 and 2009			
<i>2009-10 (original)</i>	<i>2009-10 (revised)</i>	<i>2010-11 (original)</i>	<i>2010-11 revised</i>
£566m		£591m	
Add £80 million brought forward		Deduct £120 million taken forward	
	Add £31m from Barnett consequentials		
	£675m		£471m
<i>Note: numbers don't fully add up due to rounding</i>			

Ideally, we would like to look at the AHIP in more detail, distinguishing between what is spent on rented homes as opposed to other programmes like home ownership. However, that useful information is not generally available until February or March.

Shelter Scotland's view: a budget for homes?

Shelter Scotland's Budget submission to the Cabinet Secretary for Finance called for the 2010-11 Budget to be a Budget for Homes. We pointed out the looming 2012 homelessness commitment as well as the need to sustain jobs in construction. The draft Budget, as it stands, fails to do that.

The Scottish Government is at pains to point out that, over the three year period 2008-11 it still plans to invest £1.65 billion in affordable homes. The dramatic changes to 2010-11 are a result of bringing money forward. However, when the re-phasing of the Budget was first announced in August 2008 it was assumed that, by now, the private market would have picked up again. This has not happened. The case for public investment to bridge the gap is as pressing as it was then.

Besides, in itself, £1.65 billion has never been sufficient to meet the many challenges facing the Scottish housing sector. The backlog of unmet needs – soaring use of temporary accommodation, rising house waiting lists, falling numbers of lets – tells us that. Shelter believes that this is a major opportunity to acquire land and employ staff when costs are lower and competition weak. It is far better use of public money to invest now. There could be no better illustration of efficiency than to add money to the housing budget.

So, as the Budget begins its parliamentary passage, Shelter urges all MSPs to recognise and promote the urgent case for greater housing investment. That can be done through bringing forward more money from future years or making tough choices about the relative merits of different expenditure areas. The priority remains to make this a Budget for Homes.

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