

Report

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Report to:	Housing and Technical Resources Committee
Date of Meeting:	22 August 2018
Report by:	Executive Director (Housing and Technical Resources)

Subject:	South Lanarkshire Council's Strategic Housing Investment Plan 2019 to 2024
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1. Purpose of report

1.1. The purpose of the report is to:-

- ◆ provide an update on progress in delivering affordable housing through the Strategic Local Programme Agreement (SLPA) during 2017/2018
- ◆ propose the content of the updated Strategic Housing Investment Plan (SHIP) for the 5 year period from 2019 to 2024 and request approval to submit the Plan to the Scottish Government

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that progress made in increasing the supply of affordable housing through the Strategic Housing Investment Plan (SHIP) and Strategic Local Programme Agreement (SLPA), be noted; and
- (2) that the content of the Strategic Housing Investment Plan 2019 to 2024, as set out in Appendix 3 to this report, be approved for submission to the Scottish Government.

3. Background

3.1. The SHIP is a 5 year rolling plan which links the strategic priorities identified in the Council's Local Housing Strategy (LHS) to a strategic plan for the delivery of additional affordable housing. The purpose of the SHIP is to guide the allocation of available Scottish Government investment funding to meet the affordable Housing Supply Target as set out in the LHS and the associated priorities and outcomes.

3.2. The Council's LHS, 'Affordable Homes; Sustainable Places', covering the period from 2017 to 2022 was approved by the Executive Committee in August 2017. It included a Housing Supply Target for 1,500 additional affordable homes over this five year period which was based on the robust and credible Glasgow city-region Housing Needs and Demand Assessment (HNDA). Aligned to Scottish Government statutory guidance, the Housing Supply Target (HST) took into consideration availability of funding as indicated by the Scottish Government's Resource Planning Assumptions (RPA). The strategic outcomes identified in the LHS which guide investment priorities within this SHIP include:-

- ◆ increasing the supply of affordable housing in pressured areas
- ◆ increasing the supply of housing suitable for older people and those with disabilities and particular needs

- ◆ prevent homelessness through effective partnership working and support people, who experience homelessness and are provided with temporary accommodation, to move to settled accommodation that meets their needs as quickly as possible
 - ◆ improving the quality and range of housing as part of regeneration strategies, and arresting decline in rural settlements
 - ◆ improving housing quality and energy efficiency with more of the energy used from low carbon and renewable sources
- 3.3. The Scottish Government have confirmed the SHIP as the key document for identifying strategic housing projects to assist the achievement of the Scottish Government's target of 50,000 affordable homes, of which 35,000 are to be for social rent, during the life of the current Parliament.
- 3.4. The Scottish Government use approved SHIPs to inform the allocation of Scottish Government grant funding through a Strategic Local Programme Agreement (SLPA) for each local authority area. This in turn informs local programme agreements for individual council's and RSL's affordable housing programmes in discussion and agreement with the Scottish Government.
- 3.5. The Council's previous SHIP was approved at Committee in October 2017 and covered the 5 year period from 2018 to 2023. In line with Scottish Government Guidance issued in July 2017, the SHIP and SLPA are being reviewed and updated annually to maintain a forward programme matched to Scottish Government grant funding commitments.
- 3.6. This review reflects changes to the 5 year rolling SHIP taking account of progress made delivering affordable housing in 2017/2018, and planned progress in the current year 2018/2019, aligned to updated Resource Planning Assumptions issued by the Scottish Government in June and July 2018.

4. SLPA Progress 2017/2018

- 4.1. Working in consultation with registered social landlord partners (RSL's) and the Scottish Government, good progress was made by the Council and RSL's delivering development priorities to the financial year end in March 2018.
- 4.2. Over the financial year to March 2018, a total of 271 additional affordable homes for social rent were delivered across South Lanarkshire, including 188 new build homes by housing associations, 50 Council new build, and 33 additional Council homes purchased through the Council's Open Market Purchase Scheme.
- 4.3. The 271 additional units delivered in 2017/2018 include a mix of 225 for general needs, 44 for particular needs and 2 units purpose built to meet the needs of families with disabled family members. In accordance with Scottish Government grant requirements all newly constructed homes meet Housing for Varying Needs Standard. Appendix 1 provides a summary of completions in 2017/2018.
- 4.4. Against a planned RPA of £18.074 million for 2017/2018, additional resources of £3.471 million were made available to South Lanarkshire which enabled priority projects from the SHIP in East Kilbride and Hamilton, to be accelerated bringing the final grant spend in South Lanarkshire in 2017/2018 to £21.545 million.

5. Council Homes + Programme Update

- 5.1. Work is well underway on the Council's programme to deliver 1000 additional homes, with a total of 168 new build homes completed to date and construction work ongoing on 8 sites across Hamilton, Blantyre, East Kilbride and Carluke to deliver a further 210 new build homes over the next 12 months.
- 5.2. The Council continues to use the new build programme to increase the supply of specialist housing to meet particular needs. Of the 378 new build homes completed or under construction to date, 194 homes (51%) are designed for particular needs and include 78 barrier free amenity flats designed to meet the needs of older people.
- 5.3. A number of flexible house types have been designed including a convertible 1 bedroom wheelchair accessible bungalow which can be adapted to a 2-3 bed family home, and a larger 4 bedroom family home with a ground floor bedroom and wet floor bathroom to meet the needs of families with a disabled family member.
- 5.4. The Council's open market purchase scheme is closely aligned to LHS priorities and targets the purchase of property to increase the Councils supply of priority house types and sizes depleted through Right To Buy, meeting specific and urgent housing need, and wider housing quality improvement and regeneration priorities. In 2017/2018, 33 homes were purchased through the scheme and a further 30 programmed for acquisition during 2018/2019.
- 5.5. This scheme continues to be a cost effective and quick method of delivering much needed homes in priority areas particularly in cases where an urgent housing need can be met. While the new SHIP proposes to continue open market purchase at the rate of 30 per year to add an additional 150 properties over the 5 year period, this purchase target will be subject to annual review.
- 5.6. Work on procurement across other sites in the programme is well underway to ensure the target of 1000 additional Council homes is achieved by March 2021. A summary of the 378 new build homes either under construction, completed to date through the Council's Homes+ Programme and the total acquisitions, is contained in Appendix 2.
- 5.7. The updated SHIP tables include sites with an estimated capacity of up to 730 new homes for potential inclusion in the new Council housing programme. Work continues to develop the detailed programme going forward and progress will be reported to Committee through the annual SHIP review.

6. SHIP 2019 to 2024 - Resource Planning Assumptions (RPAs)

- 6.1. As noted in the previous report to Committee (October 2017), The Scottish Government made available long term Resource Planning Assumptions (RPA's) to South Lanarkshire of £78.758 million for the three years to March 2021.
- 6.2. In June 2018, the Scottish Government announced revised RPA allocation for the financial year 2018/2019, with the RPA for South Lanarkshire increasing from £23.592 million to £25.199 million. More recently the Council has been advised by the Scottish Government that a further £5 million has been allocated to South Lanarkshire increasing the allocation for 2018/2019 to £30.199 million. The RPA's for Year 1 (2019/2020) and Year 2 (2020/2021) for the new SHIP are unchanged.

- 6.3. Preparation of the new SHIP (2019 to 2024) takes account of the development progress made in 2017/2018 and the increased RPA of £30.199 million allocated to South Lanarkshire for the current financial year.
- 6.4. In line with updated Scottish Government Guidance for the preparation of the SHIP (July 2018), for forward planning purposes, a slippage factor of 25% per year is added to the annual RPA for 2019/2020 and 2020/2021 to allow for slippage in the programme. The RPA used in the preparation of the new SHIP for the five year period are summarised in Table A below:-

Table A: RPA (July 2018) Financial Year	Scottish Government three year RPA (£0.0 m)	SHIP Planning Assumptions RPA + 25% slippage applied Y1 and Y2 (£0.0 million)
Year 1 (2019/20)	£26.690	£33.363
Year 2 (2020/21)	£28.476	£35.595
Sub-total	£55.166	£68.958
Year 3 (2021/22)*		£25.308*
Year 4 (2022/23)*		£23.873*
Year 5 (2023/24)*		£23.723*
Total RPA		£141.862*

*Subject to future years funding commitment

- 6.5. As the Scottish Government cannot commit to funding beyond the current Parliament, assumptions have been made in relation to the RPA's for years 3, 4 and 5 of the rolling SHIP in line with current Scottish Government guidance.
- 6.6. These future years RPA's will be subject to decisions about the overall budget for new affordable housing in the next parliament. As part of the review process for the SHIP, proposals currently outlined for years 3, 4 and 5 will be presented to Committee for approval when funding for these future years is confirmed.
- 6.7. The development priorities and potential grant funding requirements identified in Year 3, 4 and 5 of the new SHIP (2019 to 2024) reflect the development capacity of potential sites that could be brought forward to increase the supply of affordable housing in South Lanarkshire should resources become available.

7. South Lanarkshire SHIP 2019 to 2024

- 7.1. A copy of the SHIP and associated table of priority sites is appended to this report (Appendix 3). The document has been updated in line with the Scottish Government guidance for the preparation of SHIPs available at the time of preparation. It provides a detailed context and rationale for the priorities which could be delivered over the 5 year period to March 2024.
- 7.2. Table 1 annexed to the SHIP sets out priorities for grant funding to be delivered over the rolling 5 year period of the SHIP (i.e. April 2019 to March 2024). Priorities identified for year 3, 4 and 5 of the SHIP will be brought forward subject to the availability of resources through the annual review process.
- 7.3. The SHIP includes projects with a total potential capacity for delivering up to 2576 new affordable homes in South Lanarkshire over the 5 year period to March 2024 including 2,426 new build and 150 purchased through the open market purchase scheme. The actual output will be subject to a detailed development assessment of

the viability of each site as well as the level of grant funding which is available over the period until 2024.

- 7.4. Table B below shows the distribution of anticipated new build completions across the four housing market areas in South Lanarkshire over the 5 year period, and the 150 units to be purchased in priority areas across South Lanarkshire.

Table B: SHIP Priorities by Housing Market Areas

Clydesdale	Hamilton	East Kilbride	Ruth/Camb	OMP (All Areas)	South Lanarkshire
250	761	760	655	150	2576
10%	29.5%	29.5%	25%	6%	100%

- 7.5. The SHIP tables reflect development progress and comprise a combination of projects rolled forward from the previous SHIP and new sites consistent with the LHS strategic outcomes. The information provided includes estimates of site capacity, the mix of general or special needs housing to be provided, indicative site start and completion dates along with associated grant funding requirements, based on the current Housing Subsidy Target levels.
- 7.6. The assumptions and forecasts set out in the tables are based on the best information available at the time of preparation and will be subject to refinement as part of the annual review of the SHIP and preparation of SLPA's as individual projects are developed.
- 7.7. In accordance with the Guidance, the SLP will continue to be managed, reviewed and refreshed annually in consultation and agreement with the Scottish Government and housing association partners.

8. Next Steps

- 8.1. The SHIP will be submitted to the Scottish Government by the deadline of 26 October 2018 subject to Committee approval. The Scottish Government's Housing Supply Team (More Homes Division) will collate the SHIP into a national programme for Ministerial approval and thereafter the SLPA will be prepared for sign off by each authority.
- 8.2. Once the SLPA is finalised, the Scottish Government will issue individual programme agreements for RSL and council projects covering the units, tenure mix, subsidy levels, site start and completion dates, as these come forward. Monitoring and review of the delivery programme by the Council, its RSL partners and the Scottish Government will take place on an ongoing basis throughout the year.
- 8.3. The Council will continue to review its Affordable Housing Programme, based on known demand for additional affordable housing and annual RPA adjustments determined via the SHIP development process, to consider wherever possible the opportunities to extend the current programme to meet this identified local housing need and demand.
- 8.4. A report monitoring delivery of the Council programme will be presented to Committee annually.

9. Employee Implications

- 9.1. There are no employee implications arising from the information presented in this report.

10. Financial Implications

- 10.1. The SHIP contains sites with sufficient capacity to ensure the Council's commitment to deliver 1000 additional Council homes by 2021 is achieved. The cost of delivering these new homes will be met through additional borrowing supplemented by Scottish Government grant funding over the development programme.
- 10.2. The impact of the additional borrowing and all additional costs have been reviewed in line with the long term business plan and will be submitted for approval as part of the Housing Revenue and Capital Account Budget annually.

11. Other Implications

- 11.1. Provision of new affordable housing is one of the Council's top risks and is included on the Resource Risk Register.
- 11.2. The new build specification for future projects will achieve higher energy standards reflecting enhanced building regulations and will therefore make a positive contribution to both the Council's sustainability, climate change and fuel poverty reduction targets.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. The SHIP is a delivery plan for the Council's LHS which has been subject of an equalities impact assessment.
- 12.2. Consultation on the preparation of the SHIP has taken place with RSL partners, other Council Resources and the Scottish Government.

Daniel Lowe

Executive Director (Housing and Technical Resources)

1 August 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Improve the availability, quality, and access of housing
- ◆ Improve later life
- ◆ Support our communities by tackling disadvantage and deprivation and supporting aspiration
- ◆ Work with communities and partners to promote high quality thriving and sustainable communities.
- ◆ Support the local economy by providing the right conditions for growth, improving skills and employability

Previous References

- ◆ Local Housing Strategy 2017-2022 Report to Executive Committee 30th August 2017
- ◆ Council House New Build Report to HTR Committee 9 August 2017
- ◆ Strategic Housing Investment Plan 2017-2022 Report to HTR Committee October 2017
- ◆ Proposals for Council New Build Housing Programme, November 13th 2013
- ◆ Strategic Housing Investment Plan 2013-2018 Report to HTR Committee 8th September 2013

List of Background Papers

- ◆ Scottish Government Guidance - Preparation of Strategic Housing Investment Plans (MHDGN 2017/03) www.gov.scot
- ◆ Scottish Government – Affordable Housing Supply Programme (AHSP) Process and Procedures Guidance (HSGN 2014/05) www.gov.scot
- ◆ Scottish Government SHIP Guidance Note (HSGN 2013/02) www.gov.scot
- ◆ Scottish Government SHIP Guidance Note (HSGN 2012/06) www.gov.scot

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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APPENDIX 1 - Summary of SLPA Completions within South Lanarkshire 2017/18

Site	Provider	Total	General Needs	Specialist Provision	
				Elderly Amenity (<i>Wheelchair Accessible</i>)	Wheelchair Standard
Maxwellton Primary School Site	SLC	16	4	12 (6)	
Community Hall Uddingston	SLC	12		12 (12)	
Carluke Primary School	SLC	22	20		2
Open Market Purchase Scheme	SLC	33	33		
Council Programme Sub Total		83	57	24 (18)	2
Mavor Avenue, East Kilbride Ph1	CVHA	60	60		
Mavor Avenue, East Kilbride Ph2	CVHA	50	28	22	
Market Place, Carluke Ph 2	CVHA	10	10		
Wellhall Rd (Avon Bar), Hamilton	CVHA	14	14		
Hyndford Road, Lanark	CVHA	32	32		
Wellcroft Road, Hamilton (Add on)	CVHA	3	3		
Livingstone Drive, East Kilbride	Link HA	19	11	6	2
RSL Programme Sub total		188	158	28	2
CNB and RSL Combined Total		271	215	52 (18)	4

Appendix 2

Council New Build and Acquisition Programme Summary

Table 1 Council new build completions to March 2017:-

Site	Area	General Needs	Particular Needs	Total Units	Year completion
Baird Hill,	East Kilbride	14	14	28	2015/16
Belmont Drive	East Kilbride	6	14	20	2016/17
Fernhill Road,	Rutherglen	36	34	70	2016/17
Old Mill Rd,	Uddingston		12	12	June 2017
Maxwellton Avenue	East Kilbride	4	12	16	July 2017
Belstane Gate	Carluke	22		22	Feb 2018
New Build completions	Sub-total	82	86	168	
Open Market Purchase	All Areas	12	1	13	2015/16
		20		20	2016/17
		32	1	33	2017/18
Total new supply		146	88	234	

Table 2 2017/18 Current sites under construction:-

Site	Area	General Needs	Particular Needs	Total Units	Est completion
Almada Street,	Hamilton	10		10	Aug 18
South Vennel,	Lanark		18	18	2018/19
Morven Avenue	Blantyre	14		14	2019/20
Highstonehall Road	Hamilton	22	4	24	2018/19
Kirkton Avenue	Carluke		18	18	2019/20
East Milton,	East Kilbride		30	30	2019/20
St Blanes PS site	Blantyre	10	10	20	2019/20
Heathery Knowe	East Kilbride	4	12	16	2018/19
St Leonards,	East Kilbride	44	16	60	2019/20
Total On site		102	108	210	

New Build Total (complete or under construction)	184	194	378	
Overall New Supply Total (New Build and Open Market Purchase)	248	196	444	