

Report

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Report to:	Housing and Technical Resources Committee
Date of Meeting:	4 October 2017
Report by:	Executive Director (Housing and Technical Resources)

Subject:	South Lanarkshire Council's Strategic Housing Investment Plan 2018 to 2023
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ propose the content of the new Strategic Housing Investment Plan (SHIP) 2018 to 2023, 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 the content of the Strategic Housing Investment Plan 2018 to 2023, as set out in Appendix 2 to this report, be approved for submission to the Scottish Government.

3. Background

3.1. The SHIP is a key part of the Local Housing Strategy (LHS) process which links the strategic priorities and outcomes in the LHS to a strategic plan for the delivery of new affordable housing. This in turn is used to guide the allocation of available Scottish Government investment funding to meet these priorities and outcomes.

3.2. The Council's new LHS, 'Affordable Homes; Sustainable Places', covering the 5 year period from 2017 to 2022 was approved by the Executive Committee on the 30 August 2017. An overview of the LHS priorities for affordable housing is summarised in the table at Appendix 1. 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
- ◆ 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. Revised Guidance (MHDGN 2017/03) from the Scottish Government for the preparation of the SHIP published in July 2017 identifies the SHIP as the key document for identifying strategic housing projects to assist the achievement of the Scottish Government's target of 50,000 new affordable homes during the life of the current Parliament.

- 3.4. The Scottish Government utilise approved SHIPs to inform the allocation of grant funding through Strategic Local Programme Agreements (SLPAs). To maximise affordable housing outputs the SHIP and Strategic Local Programme Agreement (SLPA) will now be refreshed and updated annually to maintain a three year forward programme matched to available Scottish Government grant funding.
- 3.5. In June 2017, the Minister for Local Government and Housing announced additional budget to councils across Scotland to increase the supply of affordable housing over the three years to March 2021. The revised Scottish Government Resource Planning Assumptions (RPAs) issued to South Lanarkshire for the three year period to March 2021 amounted to £78.758 million representing a 76% increase on the RPA levels used for planning the previous SHIP.
- 3.6. As noted in the report to this Committee on 9 August 2017, in light of the significant increase in funding, the SHIP has to be updated for submission to the Scottish Government by the 31 October 2017, and thereafter be reviewed and updated annually to facilitate forward planning.

4. SHIP 2018 to 2023 Resource Planning Assumptions

- 4.1. This SHIP has been prepared taking account of the increased long term RPAs of £78.758 million made available to South Lanarkshire Council for planning purposes, for the 3 year period to March 2021. In accordance with the revised guidance, for planning purposes, councils are asked to over-programme by a factor of 25% per year for the three years to March 2021 to allow for slippage in the programme.
- 4.2. As the Scottish Government cannot commit to funding beyond the current parliament, development priorities shown for years 4 and 5 will be subject to future 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 4 and 5 will be presented to committee for approval when funding for these years is confirmed.
- 4.3. However, as the SHIP is a 5 year plan, for forward planning purposes, the grant funding requirement identified in Year 4 and 5 reflects the capacity of potential sites that could be accelerated to deliver more affordable housing in South Lanarkshire should additional resources become available. Table A below shows the total RPA including a 25% slippage factor for the three year period to March 2021.

Table A: South Lanarkshire's Resource Planning Assumptions (RPA)

Financial Year	Scottish Government three year RPA (£0.0 million)	SHIP Planning Assumptions RPA + 25% slippage + future year capacity.(£0.0 million)
Year 1 (2018/19)	£23.592	£24.490
Year 2 (2019/20)	£26.690	£33.363
Year 3 (2020/21)	£28.476	£35.595
Sub-total	£78.758	£98.448
Year 4 (2021/22)*	-	£21.797
Year 5 (2022/23)*	-	£21.732
Total RPA	£78.758	£141.977

* Subject to future years funding commitment.

5. Council Homes – Additional Supply Target

- 5.1. The report to Committee on 9 August 2017 confirmed that by March 2018, a total of 170 new build homes will have been completed towards the Council's target to deliver 1000 additional homes by 2021. Work is well underway to develop the programme with a further 9 sites delivering 208 new homes scheduled to start on site in the current financial year.
- 5.2. Further sites with an estimated capacity of up to 622 new homes have been identified for potential inclusion in the Council New Build Programme. Work is ongoing to develop the detailed programme going forward to contribute to the target of an additional 1000 Council homes by 2021, as detailed within SHIP Table 1A.
- 5.3. In July 2015, the Council also approved an open market purchase initiative which aims to increase supply and support the Council to meet specific and urgent housing need. To date, a total of 33 houses have been purchased through the scheme with a further 25 programmed for acquisition during 2017/2018. The SHIP details proposals to purchase an additional 125 properties over the 5 year period.
- 5.4. Capacity to increase supply of affordable housing has been over programmed to allow for any slippage. Sites are assessed for development constraint, and deliverability. This will enable available investment to be targeted in order of priority and deliverability to best meet local needs and identified LHS outcomes.
- 5.5. There remains a continuing high level of demand for affordable housing, in particular for social rent, across South Lanarkshire. The Council will continue to review the Affordable Housing Programme and consider potential funding opportunities to extend the current programme.

6. South Lanarkshire SHIP 2018 to 2023

- 6.1. A copy of the SHIP and associated tables is appended to this report (Appendix 2). The document reflects Scottish Government guidance and provides a detailed context and rationale for the priorities which could be delivered over the 5 year period to March 2023.
- 6.2. The tables appended to the SHIP reflect the new rolling programme for grant expenditure and take account of progress delivering the Council's previous SHIP and Strategic Local Programme Agreement (SLPA). The tables outline a combination of project rolled forward from previous years and new sites consistent with the LHS strategic outcomes.
- 6.3. Table 1A sets out priorities for grant funding to be delivered over the first 3 years covered by the SHIP (i.e. April 2018 to March 2021) in line with the Scottish Government's 3 year spending allocation. Table 1B sets out priorities identified for year 4 and year 5 of the SHIP which will be brought forward subject to the availability of resources through the annual review process.
- 6.4. The tables include 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.
- 6.5. The SHIP includes projects with a total potential capacity for delivering up to 2670 new affordable homes in South Lanarkshire over the five year period to March 2023 including 2,545 new build and 125 through open market purchase. 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 2023. The

new build projections include projects under development by both the Council and a number of RSL partners.

- 6.6. Table B below shows the distribution of anticipated unit completions across the four housing market areas in South Lanarkshire over the 5 year period.

Table B: Combined five year Affordable Housing Supply Programme (AHSP) and Non AHSP housing units

Clydesdale	Hamilton	East Kilbride	Rutherglen/Cambuslang	SLC
308	926	863	573	2670
12%	35%	32%	21%	100%

- 6.7. 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. 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.

7. Next Steps

- 7.1. The SHIP will be submitted to the Scottish Government 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.
- 7.2. 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.
- 7.3. A report monitoring delivery of the Council programme will be presented to Housing and Technical Resources Committee annually.

8. Employee Implications

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

9. Financial Implications

- 9.1. The SHIP contains sites with sufficient capacity to ensure the Council's commitment to deliver additional 1000 new 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.
- 9.2. 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 a part of the Housing Revenue and Capital Account Budget annually.

10. Other Implications

- 10.1. Provision of new affordable housing is one of the Council's top risks and is included on the Resource Risk Register.
- 10.2. 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.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. The SHIP is a delivery plan for the Council's LHS which has been subject of an equalities impact assessment.
- 11.2. 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)

12 September 2017

Link(s) to Council Values/Objectives

- ◆ Improve the quality, access and availability of housing
- ◆ Improving services for older people
- ◆ Support the local economy by providing the right conditions for growth, improving skills and employability
- ◆ Tackling disadvantage and deprivation
- ◆ Develop a sustainable council and communities
- ◆ Improve the quality of the physical environment

Previous References

- ◆ Executive Committee, 30 August 2017, Local Housing Strategy 2017-2022
- ◆ Housing and Technical Resources Committee, 9 August 2017 -Council House New Build
- ◆ Housing and Technical Resources Committee, 12 October 2016 - Strategic Housing Investment Plan 2017-2022
- ◆ Housing and Technical Resources Committee, 13 November 2013 - Proposals for Council New Build Housing Programme
- ◆ Housing and Technical Resources Committee, 4 September 2013 - Strategic Housing Investment Plan 2013 to 2018

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: Local Housing Strategy Affordable Housing Investment Priorities 2017 – 2022

Housing Market Area (HMA)	Housing supply, choice and affordability		Housing quality and energy efficiency		Supporting Independent Living and Specialist Provision		Sustainable places	
	Outcomes 1, 2		Outcome 4		Outcome 5		Outcome 9	
Clydesdale	✓	Address shortages of affordable housing in high demand areas: Carluke, Lanark towns, Biggar	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people	✓	Progress the local area housing sustainability action plans in Clydesdale South and Clydesdale North.
East Kilbride	✓	Address shortage of affordable rented housing throughout HMA	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people		
Hamilton	✓	Address identified shortage of affordable housing. Ensure land releases incorporate affordable component to increase supply in pressured areas: Bothwell and Uddingston	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase the supply of amenity housing for older people		
Rutherglen and Cambuslang	✓	Address shortages of affordable housing and improve sustainability in priority neighbourhood areas.	✓	Increase supply of low carbon and highly energy efficient homes	✓	Increase supply of amenity housing for older people	✓	Continue to progress regeneration programmes in Cairns and Fernhill. Deliver East Whitlawburn Masterplan.
All HMA	✓	Implement Affordable Housing and Housing Choice Policy on all new developments >20 units. Investigate intermediate tenure choices.	✓	Increase supply of low carbon and highly energy efficient homes to meet the Energy Efficiency Standard for Social Housing (EESH), tackle fuel poverty and address climate change	✓	Investigate ways to provide new affordable homes, including shared equity and low cost home ownership. Improve housing choices of older owner occupiers.	✓	Promote the continued use of brownfield sites and use of vacant or derelict land. Address shortages in particular house sizes.