

Public Document Pack



EXECUTIVE COMMITTEE TO BE HELD ON TUESDAY, 5TH DECEMBER, 2023

Please find attached the Appendix in respect of Items 4, 6 and 12 on the agenda for the above meeting.

4.	Economic Development Update (Pages 3 - 14) Briefing paper by Director, Resilient Communities. (Copy to follow.)	10 mins
6.	Place Making Update Report (Pages 15 - 24) Report by Director Resilient Communities	10 mins
12.	Any Other Items Previously Circulated (Pages 25 - 34) Second Homes Council Tax Affordable Housing Investment Budget Proposals (Part 2) by Director Infrastructure & Environment	

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Economic Development Update

Report by Director - Resilient Communities

Executive Committee

5 December 2023

1 PURPOSE AND SUMMARY

- 1.1 **This report provides elected members with an update on key areas of economic development delivery in the Scottish Borders. It identifies the major policies and strategies that are currently driving regional economic development and details key pieces of work.**
- 1.2 The Local Employability Partnership (LEP) was established in September 2021 to help drive the employability agenda and to foster a strong collaborative approach to delivery. One of the key areas of work is the delivery of the No One Left Behind (NOLB) funding programme which has a greater focus in 2023/24 on Child Poverty. At the end of the first half of 2023/24 the Council's Employability Service has a working caseload of 419 clients across the region with a range of barriers to employment.
- 1.3 Scottish Borders Council and South of Scotland Enterprise (SOSE) agreed to form a strategic partnership for delivery of the Business Gateway service in November 2020, with the transfer of services completed in April 2021. This report provides an update on delivery through the second quarter of the current financial year and indicates strong enquiry numbers and confirms a continued general increase in Business Gateway activities.
- 1.4 All of the key partners in the South of Scotland, including Scottish Borders Council are currently collaborating on the development of a single Responsible Tourism Strategy for the South of Scotland. The development of the new strategy is progressing well following consultation events led by the South of Scotland Destination Alliance (SSDA) over the summer, and it is proposed to launch the strategy at the SSDA Tourism Conference on 20 March 2024.
- 1.5 Following assessment of the latest round of funding applications in November, twelve projects in the Scottish Borders have been awarded approximately £1.45m of UK Government Shared Prosperity (SPF) Funding, and the Scottish Government Community Led Local Development (CLLD) Programme is now fully committed after the approval of a series of successful applications by the Local Action Group.
- 1.6 As part of the Borderlands Inclusive Growth Deal, the Business Infrastructure Programme (Scotland) is a £13.7m capital programme for the

South of Scotland, for building industrial units and the servicing of land at five sites across the South of Scotland, including £3m of Borderlands funding for the Scottish Borders and a contribution of £632k from Scottish Borders Council for investment Coldstream and Hawick in the Scottish Borders. Following recent business case approval by the Scottish and UK Governments and the Borderlands Partnership Board, the Coldstream project has now started and site work will commence early next year.

2 RECOMMENDATIONS

2.1 I recommend that the Executive Committee:

- (a) Notes the information provided regarding current economic development delivery affecting the Scottish Borders; and**
- (b) Notes that future delivery updates will be reported back to the Executive Committee on a regular basis.**

3 KEY AREAS OF ECONOMIC DEVELOPMENT DELIVERY

3.1 The current economic development delivery the Scottish Borders combines various policies and strategies at national, regional and local level. An update on some of the key areas of local economic development delivery are provided below.

3.2 **Employability**

In September 2021, the Local Employability Partnership (LEP) was established to develop a strong collaborative approach to the delivery of regional employability services. The LEP has a leading role in driving the Scottish Government ambitions for No One Left Behind (NOLB), focussing on local need to achieve our vision for economic transformation and tackling child poverty; and aims to deliver a system that is more tailored and responsive to the needs of people of all ages who want help and support on their journey towards employment. This is particularly relevant to people with health conditions, disabled people and others who are disadvantaged in terms of trying to access the labour market. The LEP provides strong leadership and governance with a clear vision statement:

“We will work together to deliver effective and easily understood employability and skills pathways focused on positive outcomes which are person-centred and lead to sustainable, fair and rewarding work”.

The key to how we achieve success lies in adopting a collaborative partnership approach and working closely with our key stakeholders. The LEP has recently set up five sub-groups and has identified lead partners to focus on key priority areas:

- **Transitions** - led by Skills Development Scotland;
- **Barriers** - led by Department of Work and Pensions;
- **Skills** – led by Borders College;
- **Employer Engagement** - led by Developing the Young Workforce; and
- **Leadership** - led by Scottish Borders Council.

One of the main priorities of the LEP is to deliver the No One Left Behind (NOLB) funding programme, which currently has a focus on Child Poverty. Scottish Borders Council are in the process of recruiting a Child Poverty Co-ordinator to work with our LEP partners to further understand the needs of the region to make a significant impact in reducing child poverty.

During the first half of the current financial year the Employability Service has worked with a caseload of 360 people throughout the Scottish Borders. Engagement and participation have consistently risen, indicating a growing demand and a need for additional support. The service has supported 45 people into education and 75 into employment. Additionally, there were 39 people that progressed through the employability support pipeline or entered training, 3 were supported into employment by an Employer Recruitment Incentive (ERI), 7 moved into volunteering, and 21 withdrew from the service due to various reasons such as health issues, caring

responsibilities or moving away. The other service users continue to receive 1:1 keyworker support. We remain committed to supporting more individuals advance towards their employment goals through a variety of interventions including individual support.

The LEP is currently managing a number of funding applications that are currently coming through the open call for projects linked to the Shared Prosperity Fund. Nine applications have currently been supported through this process with a further batch of expressions of interest from partners and third sector organisations currently being considered.

3.3 Business Gateway

Scottish Borders Council and South of Scotland Enterprise (SOSE) agreed to form a strategic partnership for delivery of the Business Gateway service in the Scottish Borders in November 2020, and to transfer the operational delivery to SOSE in April 2021.

As part of this partnership arrangement, it was agreed that regular updates on business start-ups and general activity targets would be provided to Scottish Borders Council.

The Business Gateway outputs from quarter two of financial year 2023/24 (July to September), are highlighted in Table 1. The information provided below indicates a consistent demand for Business Gateway services, particularly through the summer period, with strong enquiry numbers building a strong pipeline of business support moving through the current financial year.

Table 1 – Business Gateway Outputs – Quarter Two 2023/24

Output Targets 2021/22		Outputs 2022/23		Targets 2023/24		Actual Q1 Outputs		Actual Q2 Outputs		Actual Q3 Outputs		Actual Q4 Outputs		Total 2023/24 Outputs	
Start-up Service	Current Position														
Total number of start-up customers who have begun trading	Building a post-covid recovery pipeline of start-up business	217	160	62	55										
Start-up with Employees	Building a post-covid recovery pipeline of business who are employing staff	19	20	0	11										
Number of business Start-up enquiries	New target introduced to demonstrate demand for individuals exploring business start-up.	450	300	123	96										
Number of Start-up workshops delivered by Business Gateway Scottish Borders	BG workshops delivered locally, these workshops	66	35	11	6										
Number of clients attending start-up workshops/seminars	This target reflects the estimated number of attendees from Scottish Borders at national workshops/seminars, which forms part of our pipeline	525	250	94	87										

3.4 Events, Tourism and Cycling

Events

Officers are continuing to implement the Scottish Borders Strategic Events Strategy. This ambitious plan provides support for strategic events that have a regional economic impact, are sustainable and are working towards the delivery of net zero.

The Council has recently hosted three successful workshops for event organisers, raising the profile of events and covering varying topics from marketing, UCI cycling opportunities, the Safety Advisory Process (SAG), Event Sustainability and the transition to net zero. Most recently, in the series of workshops, the Council covered event funding and sponsorship.

Linked to this, a refreshed Council Strategic Events Fund has also been launched, which has seen changes to the assessment panel, application process, deadlines to the fund and updates to the criteria for a closer alignment with the national and regional events strategy. The Community Cycling and Community Festival and Events Fund were also presented at the workshop and are currently accepting applications, with the funds closing in January 2024.

In line with the Event Action Plan, SBC are currently developing an Events Organiser Toolkit which covers the various stages of the event planning process. The document has taken a cross-departmental approach and will act as a valuable tool to help encourage new organisers to the region and create best practices within the industry. The document will be ready launch early next year.

The National Event Strategy "Scotland the Perfect Stage" is scheduled to be completed by March 2024. The refreshed strategy will be extended through to 2035.

Tourism

All of the key partners in the region, including Scottish Borders Council are currently collaborating in terms of the development of a single Responsible Tourism Strategy for the South of Scotland.

The strategy document has been informed by a consultation exercise undertaken throughout the South of Scotland by the South of Scotland Destination Alliance (SSDA) which has included local area workshops, digital online thematic meetings, and an online survey. This work will contribute to the final document and the associated action plan. It is proposed to launch the strategy at the SSDA Tourism conference on 20th March 2024.

In an ongoing commitment to the Edinburgh and South East Scotland City Region Deal, Scottish Borders Council is an active participant in the Regional Visitor Economy Partnership's Working Group. This collaborative endeavour has provided a platform for meaningful engagement and cooperation and officers continue to contribute insights and expertise through involvement in the short life working groups for Culture, Cycling, Cruise Liners and Data. Each working group will be responsible for developing relevant briefing documentation for proposed future feasibility work.

3.5 Shared Prosperity Fund

The UK Shared Prosperity Fund (SPF) is part of the UK Government Levelling Up agenda, designed to help deliver local investment and to help build pride in place and increase life chances in every area across the UK.

UK Government guidance indicates that this investment should be directed to:

- Help provide an increase in job opportunities;
- Improve living standards;
- Improve public services in areas where they are most needed; and
- Help empower communities to deliver services or facilities for community benefit.

The SPF is delivered over four key funding strands:

- Community & Place;
- Supporting Local Business;
- People & Skills; and
- Multiply (adult numeracy)

In December 2022, Scottish Borders was awarded £5,369,972 and the funding will run until 31st March 2025. The SPF allocation for the Scottish Borders has been provided in Table 2.

Table 2 – SPF Funding Allocation for the Scottish Borders

SPF Funding	2023/24	2024/2025	Total
Community & Place	£673,676	£1,272,032	£1,945,708
Supporting Local Business	£575,090	£681,825	£1,256,915
People & Skills	£573,504	£747,941	£1,331,445
Multiply	£403,718	£217,387	£621,105
4% Management /Admin	£107,399	£107,400	£214,799
TOTALS	£2,333,387	£3,026,585	£5,369,972

Two independent advisory panels have been established to consider SPF applications:

- The Place Partnership considers applications for Community and Place and Supporting Local Business; and
- The Local Employability Partnership considers applications for People and Skills and Multiply.

Once considered by the advisory panels, the applications are further considered by a reference group of Elected Members before being approved under delegated powers.

Following the most recent round of applications, twelve projects have been awarded approximately £1.45m of SPF funding. Details of the successful

projects will be published in the coming weeks, and this information will be distributed to Elected Members in advance of publication.

Following three rounds of application discussions at the Place Partnership and Local Employability Partnership, approximately £3.5m of the Scottish Borders Council SPF allocation has been committed at the present time.

3.6 Community Led Local Development

The Community Led Local Development Fund (CLLD) is a Scottish Government funding programme, administered on behalf of the Local Action Group (LAG) by Scottish Borders Council. The LAG consists of volunteers from the local community and other key organisations.

This year the LAG was allocated £270k in revenue and £120k in capital to distribute to suitable projects that tackle social inclusion, seek to alleviate poverty (especially Child/Fuel poverty) or move towards Net Zero. Applicants were asked to develop projects with an ask of up to £20k.

The LAG chose to fund seven projects predominantly aimed at moving organisations towards Net-Zero, ten projects looking to alleviate poverty, and eleven projects with a strong social inclusion focus.

The CLLD funding for 2023/24 has now been fully committed with the LAG awarding funding to 28 groups in total. Details of all the allocated grants will be published in the near future, and this information will be distributed to Elected Members in advance of publication.

3.7 Borderlands Inclusive Growth Deal

The Borderlands Inclusive Growth Deal was signed in March 2021 by the Borderlands Partnership, the UK and Scottish Governments, and the five local authorities within the Borderlands area: Carlisle City Council, Cumbria County Council,¹ Dumfries and Galloway Council, Northumberland Council, and Scottish Borders Council. The Deal will provide a total funding package of £452m over 10 years for the Borderlands area, with £150m available for the South of Scotland, and £64 million for the Scottish Borders.

Deal Programmes and Projects Updates

Since the last update was provided to the Committee, work has continued on a number of programmes and projects, as detailed below.

The Mountain Bike Innovation Centre and Adventure Bike Park with Trail Lab at Innerleithen is a £40m capital programme being led by South of Scotland Enterprise submitted its Full Business Case to the UK and Scottish Governments. Scottish Borders Council approved the Full Business Case on 31 August 2023, and it is expected that the Full Business Case will receive

¹ Carlisle and Cumbria Councils have now been superseded by the new unitary authorities of Cumberland Council and Westmorland and Furness Council.

final approval by both governments before going to the Borderlands Partnership Board for approval in December 2023.

The Business Infrastructure Programme (Scotland) is a £13.7m capital programme for the South of Scotland, which includes £3m of Borderlands funding for the Scottish Borders and a contribution of £632k from Scottish Borders Council. This funding is for the building of industrial units and the servicing of land at five sites across the South of Scotland, including Coldstream and Hawick in the Scottish Borders. The Full Business Case for the Coldstream project was approved by Scottish Borders Council on 31 August 2023 and by the Borderlands Partnership Board on 13 September 2023. The Coldstream project has now been initiated and we would hope that site work would be able to commence early in 2024.

The Natural Capital Programme Outline Business Case has been approved by Scottish Government and Scottish Borders Council (on 31 August 2023), and Business Justification Cases are now being progressed for each individual pilot, as follows:

- An Agri-Environment Pilot: Embedding Agricultural Resilience for a Productive Future – Farmers, Landowners and Species-rich Grassland (led by Scottish Borders Council) and Whole Farm Audits and Natural Capital Advisory (led by Dumfries and Galloway Council).
- A Woodland Pilot: Integrated Land Use and Woodland Creation (led by Scottish Borders Council).
- A Marine Pilot: A Sustainable Solway Economy (led by Dumfries and Galloway Council).
- An Investment Pilot: Borderlands Natural Capital Investment Plan (South of Scotland-wide).
- A Data Pilot: Natural Capital Data Audit and Mapping (South of Scotland-wide).

Destination Tweed is a £25m capital programme centred on the creation of a new 113-mile long walking and cycling trail from Moffat to Berwick-upon-Tweed. In addition to the Tweed Trail, the programme constitutes 12 projects that cover economic, cultural, and environmental themes. The Outline Business Case was approved by the Scottish Government and by Scottish Borders Council Council (on 29 June 2023). A draft Full Business Case is due to be submitted for Government consideration in February 2024, before being submitted for approval by Council and the Borderlands Partnership Board for approval.

The Energy Programme is a £31m programme across the Borderlands region, which includes £14m of investment from the Borderlands Inclusive Growth Deal in the South of Scotland, including £3.6m for the Scottish Borders. A Borderlands Energy Masterplan has been developed to provide a

robust evidence base to inform decision-making and identify key areas for investment in low carbon and low-cost energy opportunities across the region. The next step is to develop an Investment Programme and identify where to focus the funding to maximise the impact across the region.

Digital Borderlands is a transformational digital and mobile infrastructure programme to increase rural productivity and support inclusive growth. There is an opportunity to invest £32.2m across the Borderlands region, which includes £16.2m of investment for the South of Scotland and £9.45m for the Scottish Borders. There has been a delay to the Outline Business Case stage because of changes in the public policy and the national investment environment for digital infrastructure, which has led to the need for a programme reset, taking into account the delivery of existing commercial and public funded commitments which is currently underway.

3.8 South of Scotland Regional Economic Strategy

The South of Scotland Regional Economic Partnership (REP) has agreed to refresh the current Regional Economic Strategy delivery plan, with a sharper focus on delivering Housing, Skills and Transport priorities over the next two years. Work on this refresh is underway, and a number of sub-groups have been established to take this work forward, which will be reported to Council for approval early in 2024.

This follows discussions with Scottish Government at the Convention of the South of Scotland in Galashiels in September, which focus on 'Gateways of Opportunity' in the South of Scotland, and joint action around Place Making, and the creation of a new Net Zero Innovation Zone in the South of Scotland to attract new investment into the region.

3.9 UK Government Levelling Up Partnership

The Chancellor announced in the Autumn Statement £80million for four new Levelling Up Partnerships (LUPS) in Scotland, including the Scottish Borders. These are the first for Scotland, following UK Government delivery of a programme of LUPs across England.

Up to £20million direct capital funding will be available for each of the four LUP areas in Scotland, covering Scottish Borders, Western Isles, Argyll & Bute and Dundee City councils.

Levelling Up Partnerships are about Government working with a place to address specific local challenges and opportunities. The first stage of the process will involve a three month 'deep dive' with Government officials, to understand the needs and aspirations of local communities. The process will focus on areas of greatest need, and will involve consultation with local residents and community groups.

This process will also look at quantitative evidence to identify challenges and opportunities, working closely with the local authority and also with

Scottish Government officials to also consider linkages to the Growth Deals and the Regional Economic Partnership.

The funding will be allocated based on evidence, and the deliverability of potential projects. This £20million capital funding requires to be spent in the financial year 2025/26.

Further guidance from UK Government on the process is expected early in the new year, and a further update on this will be brought to Council later this month.

4 IMPLICATIONS

4.1 Financial

Each programme of work noted in the paper is being delivered within approved budgets. This is a descriptive report and therefore detailed analysis of each project has not been provided.

4.2 Risk and Mitigations

Each programme of work noted in the paper has their own particular issues in relation to risk and potential mitigation and will be reported on individually. This is a descriptive report and therefore detailed analysis of each project has not been provided in this instance.

4.3 Integrated Impact Assessment

Each programme of work noted in the paper has their own particular issues in relation to potential impact assessment and will be reported on individually. However, a key aspect of Scottish Borders Council's work in relation to Economic Development is to reduce barriers to inequality and help to promote sustainable, inclusive economic growth.

4.4 Sustainable Development Goals

The intension is for each of the programmes of work noted in the paper to provide socially and environmentally responsible decision making, balanced with delivering economic benefits to help sustain local communities and where applicable driving local supply chains and the circular economy.

4.5 Climate Change

The intension is for each of the programmes of work noted in the paper to provide socially and environmentally responsible decision making processes and to have sustainability as a core theme.

4.6 Rural Proofing

This report provides an update on a number of programmes of work that will have a positive impact on all areas of the Scottish Borders.

4.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

4.8 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the scheme of administration or the scheme of delegation proposed in this report.

5 **CONSULTATION**

5.1 The Director of Finance and Procurement, the Director of Corporate Governance, the Chief Officer Audit and Risk, the Director of People Performance & Change, the Clerk to the Council and Corporate Communications are being consulted on this report. Comments received on the day will be incorporated into the final version of the report.

Approved by

Samantha Smith
Jenni Craig

Chief Officer Economic Development
Director of Resilient Communities

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Background Papers:

Previous Minute Reference:

Economic Development Update, 12 September 2023

Economic Development Update, 18 April 2023

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Graeme Johnstone can also give information on other language translations as well as providing additional copies.

Contact us at: gjohnstone@scotborders.gov.uk

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PLACE MAKING UPDATE

Report by Director Resilient Communities

EXECUTIVE COMMITTEE

5 December 2023

1 PURPOSE AND SUMMARY

- 1.1 **The report updates members on progress with Place Making, including an update on funding allocated and the planning process in relation to the development of Local Place Plans, including the four Borderlands priority towns.**
- 1.2 Place making continues to represent a significant opportunity for communities across the Borders to unlock external funding opportunities and shaping and informing the planning and delivery of critical public services. It is increasingly built into legislation (e.g. the Planning Scotland, Joint Working (Scotland), and Community Empowerment Acts). It will impact on and transform the way both Council and Community Planning Partners work together with communities to understand, support and respond to local needs and ambitions.
- 1.3 Continuing to follow the inclusive approach agreed with Area Partnerships to open up place making opportunities to all communities, over 50 places have noted an interest in developing community-led plans and their progress is supported through the place making officers within Community Engagement, Planning and Transformation teams.
- 1.4 Over the coming year, the main focus of place making activity will be around four main areas of work:
 - a) supporting the plans of Borderlands communities - Eyemouth, Galashiels, Hawick and Jedburgh - through the approval process to develop Borderlands Town Investment Plans;
 - b) continuing to support other participating communities to progress their plans and ambitions;
 - c) ensuring that funds such as the Shared Prosperity Funds are used to best effect in supporting communities;
 - d) ensuring that place making is seen as “the way things get done” – informing service and community planning, the way that projects are identified and developed and the key to accessing external funding – all built on community needs, aspirations and priorities.

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- (a) notes the progress made with place making activity across the Scottish Borders.**
- (b) agrees the continued focus for delivery in the coming year is on the four Borderlands towns as outlined in paragraph 4.4 and 4.5.**

3 BACKGROUND

- 3.1 In August 2021, the Council agreed to work with Area Partnerships to develop and implement a Borders-wide approach to place making. The approach was intended to complement the related Place Programme under the Borderlands Inclusive Growth Deal which focusses on the four target towns of Eyemouth, Galashiels, Hawick and Jedburgh.
- 3.2 Place making continues to represent a significant opportunity for communities across the Borders to unlock external funding opportunities and to shape and inform the planning and delivery of critical public services. It is increasingly built into legislation (e.g. the Planning Scotland, Joint Working (Scotland) and Community Empowerment Acts). It will impact on and transform the way both the Council and Community Planning Partners work together with communities to understand, support and respond to local needs and ambitions.
- 3.3 In practice, all place making activity (or community led planning as some communities have opted to name their process) is about communities leading on the development and delivery of an action plan for their place which identifies local needs and ambitions which then prioritises actions and projects to address these. Continuing to follow the inclusive approach agreed with Area Partnerships to open up place making opportunities to all communities, over 50 places have noted interest in developing community-led plans and their progress is supported through the place making officers within Community Engagement, Planning and Transformation teams.
- 3.4 Communities are being supported to develop Place Plans by a number of partners. Area Partnerships have played a central role in enlisting the support of capable and motivated members of their communities who have shaped and supported the development of place making in their localities. Area Partnerships have a vital and continuing role in co-ordinating and supporting the development of community-led plans in their area. They have a role, too, in seeking to ensure that there is a single locality plan for their area which reflects and addresses the needs, ambitions and priorities of their communities.
- 3.5 Borders Community Action (formerly Borders TSI) continue to play a key role in supporting communities, and working with the Area Partnerships to support and shape the inclusive place making approach. The focus on building capacity in communities includes training in Community Engagement and use of the Place Standard Tool as part of their wider [programme](#). Recognising the challenge of supporting the number of interested communities, Borders TSI have successfully applied for funding from SBC's Community Engagement Fund for a project to provide a dedicated capacity building officer to support communities in the eastern Borders.
- 3.6 SBC continues to provide [support](#) to Area Partnerships and communities through two Place Planning and Regeneration Officers and five Community Engagement Officers (one for each locality). Additional support is provided from two members of the Council's transformation team, the Climate Change Officer, Green Spaces Programme Manager and the Economic

Development Team. Staff from South of Scotland Enterprise also provide support to local communities. Scottish Futures Trust (SFT) continues to provide support throughout the development of our place making approach to both the Council and to individual communities.

- 3.7 A [procurement framework](#) established in collaboration with Borders Community Action (formerly Borders TSI), community representatives and South of Scotland Enterprise provides a pool of organisations with the necessary expertise, experience and capability to support communities in two parts: The first offers support for communities in developing their plans; and the second offers support for those communities that need technical support to both develop their plans and associated business cases. Communities from within the Borderlands process, and the wider community are engaging with consultants to formulate briefs unique to their needs, supported by officers from Scottish Borders Council, South of Scotland Enterprise and Borders Community Action.
- 3.8 More detail on both the place making approach and progress in communities is available online [here](#) and by following the links in the table below. Highlighted communities are presently the most active in developing plans with “Town Teams” in place.

Table 1: Communities that have expressed an interest in Place Making

Locality	Community	Locality	Community	
Berwickshire	Abbey St. Bathans, Bonkyl & Preston	Eildon	Earlston	
	Allanton, Whitsome and Edrom		Ettrick & Yarrow	
	Ayton		Galashiels*	
	Burnmouth		Lilliesleaf	
	Chirnside		Newstead	
	Cockburnspath and Cove		Newtown St. Boswells	
	Coldstream		Oxton & Channel	
	Duns		Selkirk, the Valleys & TD7	
	Eyemouth*		Stow & Fountainhall	
	Foulden, Mordington and Lamberton			
	Gavinton, Fogo & Polwarth	Teviot & Liddesdale	Denholm	
	Gordon & Westruther		Hawick*	
	Grantshouse		Newcastleton	
	Greenlaw & Hume		Southdean & Hobkirk	
	Hutton & Paxton		Upper Liddesdale & Hermitage	
	Lammermuir			
	Leitholm, Eccles & Birgham		Tweeddale	Broughton
	Reston & Auchencrow			Carlops
	St.Abbs			Clovenfords
	Swinton & Ladykirk			Eddleston
			Innerleithen	
Cheviot	Ancrum		Lamancha + Kirkcud	
	Crailing, Eckford & Nisbet		Newlands	
	Ednam, Stichill and Berryross		Peebles	
	Heiton and Roxburgh		Romanno Bridge	
	Jedburgh*		Tweedsmuir	
	Kalewater (Morebattle)		Skirling	
	Kelso		Walkerburn	
	Smailhom		West Linton	
	Sprouston			

*Borderlands priority town

4 CURRENT PROGRESS

- 4.1 Our collective understanding of place making continues to grow and we now have a wider network linking us with communities and organisations beyond the Borders with experience and [case studies](#) and examples of community-led planning continue to be shared with key partners, particularly from Borderlands communities in Dumfries and Galloway.
- 4.2 Peer learning opportunities to support an emerging network within the community have fostered through the development of a series of [webinars](#) designed to focus on key topics of interest and provide insight from communities that have undertaken a project in that subject area.
- 4.3 A youth led approach to place making is being piloted in Jedburgh through a collaborative project on a project entitled “Young Persons 20 Minute Neighbourhood”. This is being led by [A Place In Childhood](#) and taking place in Jedburgh Grammar with the support of Inspire Learning, the school management team, and supported by council officers and endorsed by the Jedburgh Town Team who will use the information gathered from the project to enrich their engagement. The learning from this project will be shared with other communities and help to inform Scottish Borders Council approach to youth engagement.
- 4.4 The nature of community led plans is that the pace is determined by the individual community. However, the timescales for the four Borderlands Town Plans is also driven by a £7.25 million capital investment commitment in principle from the Borderlands Inclusive Growth Deal. In order to secure this investment, a timeline and high level plan of the Borderlands communities progress and projected milestones is outlined below.

	2023-2024															
Eyemouth	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Town Team Planning	■	■	■													
Community Engagement				■	■	■										
Development of draft LPP						■	■									
Further Consultation								■								
Final Draft								■								
Acceptance by SBC									■							
Acceptance by PMO										■						
Develop BTIP											■	■	■	■		
BTIP Approval															■	
Access Funding																■

	2023-2024															
Hawick	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Town Team Planning	█	█														
Community Engagement			█	█												
Development of draft LPP				█	█											
Further Consultation						█										
Final Draft						█										
Acceptance by SBC							█									
Acceptance by PMO								█								
Develop BTIP									█	█	█	█				
BTIP Approval													█			
Access Funding														█		

	2023-2024															
Galashiels	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Town Team Planning	█	█	█													
Community Engagement			█	█	█	█										
Development of draft LPP					█	█	█									
Further Consultation							█	█								
Final Draft								█								
Acceptance by SBC									█							
Acceptance by PMO										█						
Develop BTIP											█	█	█	█		
BTIP Approval															█	
Access Funding																█

	2023-2024															
Jedburgh	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Town Team Planning	█	█	█													
Community Engagement			█	█												
Development of draft LPP					█	█	█									
Further Consultation							█	█								
Final Draft								█								
Acceptance by SBC									█							
Acceptance by PMO										█						
Develop BTIP											█	█	█	█		
BTIP Approval															█	
Access Funding																█

These timelines are estimates based on current projections from the respective "Town Teams" and their approach to wider community engagement utilising the Place Standard Tool. Dates for presenting

Borderlands Place Plans to the UK and Scottish Governments, and to the Borderlands Partnership Board for endorsement are still to be confirmed, but expected to be between April to June 2025 at the earliest.

4.5 Over the coming year, the main focus of place making activity will continue to be around four main areas of work:

- e) supporting the plans of Borderlands communities - Eyemouth, Galashiels, Hawick and Jedburgh - through the approval process to develop Borderlands Town Investment Plans;
- f) continuing to support other participating communities to progress their plans and ambitions;
- g) ensuring that funds such as the Shared Prosperity Funds are used to best effect in supporting communities;
- h) ensuring that place making is seen as "the way things get done" – informing service and community planning, the way that projects are identified and developed and the key to accessing external funding – all built on community needs, aspirations and priorities.

5 IMPLICATIONS

5.1 Financial

- a) Initial funding of £410K was identified in the April update to support communities to develop local action plans. This comes from two main sources:
 - SBC's Community Engagement Fund – SBC made £110K available over 22/23 and 23/24 to enable early place making activity. £10K of this is being used by the Council's Community Engagement Team to support early engagement work including venue, hire, materials such as maps, printing, catering and facilitation across all localities. At time of this report circa £5k is still available for incidental spend. £83,600 has been allocated to Borders TSI capacity support project.
 - The Shared Prosperity Fund (SPF): Investment in capacity building and resilience for local groups was applied for and granted by the Place Partnership advisory panel in July 2023. This has provided:
 - £120k for the development of Borderlands plans, £30k per community
 - £180k for the development of community plans
- b) These funds are available to communities via a simple application process with delegated responsibility for sign off to the Director of Resilient Communities.
- c) There is a range of other funding which communities will be able to access depending upon location and eligibility criteria. A summary of these has been made available through a [Funding](#) page within the [Place Programme](#) web presence.

5.2 Risk and Mitigations

- (a) Community Expectations – while the approach seeks to encourage the identification of local needs, ambitions and priorities, these need to be grounded in the reality of the changing and challenging financial landscape.
- (b) Collaborative Approach – Without collaboration with and between communities, council services and community planning partners during engagement and the development of plans and projects, there is a risk that public service providers do not respond effectively to local needs and priorities and do not reflect these in their plans and strategies.

5.3 Integrated Impact Assessment

An integrated impact assessment has been completed. It is anticipated that there will be no negative impacts under either the Equality Duty or the Fairer Scotland Duty

5.4 Sustainable Development Goals

Place making contributes to Goal 3 – “Ensure healthy lives and promote wellbeing for all at all ages” by encouraging community involvement in planning, with partners, to identify actions that meet local needs and priorities. Place making also contributes to Goal 3 - “Sustainable Cities and Communities” and Goal 8 “Decent Work and Economic Growth”.

5.5 Climate Change

A Borders-wide and sustained engagement with communities, will contribute to net zero transition through the identification and delivery of a range of related projects including:

- Providing and enhancing local amenities and services
- Reuse and conservation of buildings and local assets
- Making use of existing or underused heritage assets
- Providing opportunities for food growing, recreation, education, skills development as well as health and wellbeing benefits.
- Actively engaging with the newly formed Scottish Borders Climate Action Network delivered by Southern Upland Partnership to support projects in climate action projects

5.6 Rural Proofing

Not applicable.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

Not applicable

6 CONSULTATION

- 6.1 The Director (Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Name Jenni Craig **Title** Director of Resilient Communities

Author(s)

Name	Designation and Contact Number
Naomi Sweeney	Portfolio Manager

Background Papers: N/A

Previous Minute Reference: N/A

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SECOND HOMES COUNCIL TAX AFFORDABLE HOUSING INVESTMENT BUDGET PROPOSALS (Part 2)

Report by Director Infrastructure and Environment

Executive Committee

5th December 2023

1 PURPOSE AND SUMMARY

- 1.1 The purpose of the report is to approve the reallocation of £273k from a £450k commitment from the Council's Second Homes Council Tax Affordable Housing Investment Budget, initially earmarked for a project at Heather Mill, Selkirk to a project at Fairhurst Drive, Hawick.**
- 1.2 In May 2023 the Executive Committee approved the allocation of £450k to support SBHA with the acquisition of Heather Mill, Selkirk and £512k to ensure the delivery of affordable homes at Fairhurst Drive and Leishman Place, Burnfoot, Hawick
- 1.3 Due to significant change in the costs associated with the delivery of the homes at Burnfoot in Hawick there is a currently a substantial funding deficit of £374k. A Vacant and Derelict Land Fund (VDLF) application has been submitted to the Scottish Government which will help to fund the deficit at Burnfoot but the outcome of the application to Scottish Government will not be announced until the end of January 2024.
- 1.3 Delaying the site start until after the outcome of the VDLF decision could result in a potentially greater project deficit due to continued construction price inflation and it would also delay the project delivery times detailed in the SHIP 2024-2029. As a result, this adds further risks related to maximising the Affordable Housing Supply Programme grant funding allocated to the Borders in the current financial year.

2 RECOMMENDATIONS

2.1 I recommend that the Executive Committee agrees:

- (a) To approve the reallocation of £273k of the £450k approved to support Heather Mill, Selkirk to the project at Fairhurst Drive, Burnfoot, Hawick;**

- (b) To note that initially this is an underwriting position. If the VDLF application is successful the reallocation of funds would not be required, but if the VDLF application was not successful the reallocation would be required to ensure the project is able to progress;**
- (d) To delegate authority to the Director of Finance and Procurement to liaise with SBHA and agree the timing and payment arrangements for the £273k reallocation should the outcome of the VDLF application not be favourable.**

3 BACKGROUND

- 3.1 The Council's Local Housing Strategy (LHS) is a statutory document that provides the strategic direction to tackle housing need and demand and informs future investment in housing and related services across Scottish Borders Council's area. The new LHS has been prepared in accordance with Scottish Government Guidance which sets out the statutory requirements, essential links and outcomes that should be considered within the strategy. The LHS 2023-2028 [was considered and approved by committee](#) in November 2023. A key Strategic Outcome is the delivery of *more homes in well designed, sustainable communities that increase opportunity for all and support our economy to thrive*. Delivery of this strategic outcome includes addressing, and utilising empty homes, as well as a deliverable new build programme.
- 3.2 Based on the outcome of the Housing Need and Demand Assessment 3 (HNDA3) and aligning with National Planning Framework 4 (NPF4) the proposed housing supply target (HST) for the period of the strategy has been set at 370 new homes per year, of which 141 should be affordable housing.
- 3.3 Local Authorities are also required to produce and submit a rolling five-year Strategic Housing Investment Plan (SHIP) to the Scottish Government, on an annual basis. The SHIP's core purpose is to set out the key strategic housing investment priorities over a five-year period and is consistent with the identified priorities set out in the Council's LHS. The [SHIP 2024-2029](#) is an ambitious, creative and practical plan that rolls forward projects identified in previous SHIPs and introduces new projects. It demonstrates how, when and where the Council and its partners intend to develop new homes. It also illustrates how a variety of funding mechanisms are maximised to ensure the delivery of the projects.
- 3.4 The projects contained within the SHIP programme are prioritised by taking a number of factors into consideration. Delivery of the SHIP is dependent upon RSLs continuing to secure ownership of sites and maintain a land-bank to provide more certainty to programme delivery.
- 3.5 This SHIP 2024-2029 was developed in a challenging economic climate. While the SHIP sets out an extremely ambitious development pipeline over the next five years there is considerable uncertainty regarding the timescales of when sites will be brought forward due to high development costs and economic uncertainties.
- 3.6 The pandemic continues to impact on development and construction of affordable housing across Scotland. In addition to this the war in Ukraine and the cost-of-living crisis has had a major impact in the delivery of current projects and delays in projects being brought forward for approval. Construction industry capacity, construction materials availability and costs, availability of grant funding and borrowing capacity of RSLs are all impacting on the delivery of the programme.
- 3.7 The housing market context in which we seek to deliver affordable housing is set out in the [LHS 2023-2028](#). As highlighted at 3.6 the impact of the

war in Ukraine, as well as the long-term impact of the pandemic has seen costs in the construction sector [increase exponentially](#). While material cost increases have been significant, there are predictions this may slow and stabilise over 2023/24, however they are unlikely to reduce and labour will replace materials as the main cost driver in the near term, given skills and staff shortages which are likely to push up wages.

- 3.8 The amount of grant funding benchmark made available for each affordable home increased in 2021 and again in 2023, however the increases in construction costs has meant that this has had a limited impact on viability, as it only represents around 35% of the cost of an affordable home in the current climate (previously closer to 50%). Scottish Borders Council, and its development partners, have been successful in securing an enhanced levels of contribution from Scottish Government however.
- 3.9 In 2023 inflation reached its highest levels for forty years and mortgage rates exceeded 6% for the first time in 14 years. The number of available mortgage products also reduced which brings additional risk for house builders as homes may go unsold for longer periods resulting in some house builders delaying new developments, delivering smaller phases, and/or reducing the number of homes which come to market each year. This can also subsequently delay land brought forward through the Affordable Housing Policy. Additionally, developers and investors generally opt to develop elsewhere in Scotland (e.g. central belt).
- 3.10 RSLs are also under increased financial pressure which also impacts on new development. The cost-of-living crisis and inflationary rises have meant the day-to-day delivery of RSL services are costing more. Wider statutory investment commitments also mean that landlords are having to prioritise investment to bring existing homes up to meet Energy Efficiency Standard for Social Housing 2 (EESH2), for example. In addition to this, keeping rents low and affordable means that borrowing levels can be affected, which impacts on RSLs ability to finance new build programmes and puts increasing pressure on available grant funding.
- 3.11 Council officers anticipate, based on current delivery programmes, an additional 200 affordable homes could potentially be completed this year. Approvals for 2023/24 are however below target as RSLs consider delaying procuring new contracts due to cost inflation or due to recent tender returns being completely unviable. Recent tender returns for some proposed Affordable Housing developments in the Borders have been £100-£150k per unit more expensive than would have been generally anticipated or have seen a 50%-75% increase in anticipated costs.

4 DELIVERY OF NEW HOMES AT FAIRHURST DRIVE AND LEISHMAN PLACE, BUNRFOOT, HAWICK

- 4.1 Affordable Housing developments, totalling 16 units at Fairhurst Drive (12) and Leishman place (4) were identified in the SHIP 2023-2028 as priority projects, with estimated completions in October 2024. Due to delays in securing technical consents this is now likely to slip to January 2025.
- 4.2 In terms of deliverability, this project is in a strong position as SBHA own the sites and have planning permission and building warrants in place. The

project will deliver the redevelopment of a 0.34ha Vacant and Derelict site which was previously used at a knitwear mill before being demolished. The project will provide 16 energy efficient/ low carbon homes for affordable rent with access to green space and woodland. The development will enhance the Burnfoot area of Hawick, an area identified in the SIMD 2020 and is in the top 10% of most deprived areas in Scotland. The site is an infill site within an established residential area and is allocated as a redevelopment opportunity within the Scottish Borders Local Development Plan (2016).

- 4.3 When originally tendered in March 2023 the returned costs were very high (29% beyond the original cost plan assumptions). This was due to the lack of tenders returning prices because of remote location and buoyancy in the market. A significant VE exercise was undertaken and the final total development cost was anticipated as £4.692m with a contract sum of £4.116m. The combination of the Councils contribution of £512k from Second Homes Council Tax Affordable Housing Investment Budget, an above benchmark grant approval from Scottish Government and SBHA accepting a higher private finance burden resulted in the project being able to progress.
- 4.4 In August 2023, upon confirmation of funding approvals from SBC, Scottish Government and SBHA's Board the tender was formally accepted. Since then the contractor and SBHA have been working towards a start on site but have faced delays due to statutory consents (Roads Construction Consent and Scottish Water Technical Consent) as well as a long process to agree the remediation strategy for the site.
- 4.5 On 23rd November 2023 the contractor reported that they now face a £374k project additional cost which they cannot absorb. They have sought help from SBHA to resolve the issue. They have reported that this is a result of the time lost since originally accepting the tender and a change of position on the disposal of materials from the site.
- 4.6 A significant proportion of the additional costs can be attributed to the groundworks which are required as part of the remediation strategy. Although the specification of the works have not changed significantly there have been changes in the rates associated with haulage and tipping costs for the waste material which are also impacted by the hauliers view on soil classification and approach to risks associated with the works.
- 4.7 SBC and SBHA have submitted an application to VDLF which may cover all or part of the of the £374k construction cost shortfall but the outcome will not be announced until late January 2024. In the interest of progressing the project quickly and reduce the risk of being exposed to further additional costs it is proposed that a fallback or underwrite position is established that will allow the project to progress now and not be delayed until the outcome of the VDLF application is announced.
- 4.8 The Scottish Government's More Homes Division have agreed to push the grant benchmark rate up by an additional 2% which puts the project significantly over benchmark. This will provide an additional £37k. SBHA are able to contribute an additional £41k in private finance into the project by taking a view on contingency allowances across the programme. The

contractor has taken a commercial view on the project in the interests of keeping the project moving forward and they are able bring a commercial saving of £23k. This additional £101k leaves a deficit of £273k. It is therefore requested that the sum of £273k is reallocated from previously committed funding for Heather Mill to Burnfoot as an underwriting position. This funding would only be used if the VDLF application is not successful.

4.9 The acquisition of the site at Heather Mill has not been progressed due to the seller being unwilling to dispose of the site based on the market valuation. If the VDLF application is unsuccessful and the £273k is required then the balance of the Council's commitment to Heather Mill, Selkirk would be £177k.

4.10 Fairhurst Drive is a brownfield infill opportunity and is adjacent to an existing residential development. The local community are keen to see the site developed and welcome the varied supply of housing. The site is currently unsightly and attracts antisocial behaviour so the community want to see the site redeveloped as soon as possible. The site has also been designed to provide easy access to existing pedestrian, road and public transport links and a developer contribution will be made by SBHA towards local play facilities.

4.11 The development will also help tackle disadvantage/promote inclusive growth/ support just transition/build sustainable communities by:

- Creating energy efficient homes to help address and alleviate fuel poverty;
- Developing net zero homes to assist with the wider journey to net zero and climate change;
- Providing additional affordable housing which will strengthen the feasibility of existing community facilities and local services;
- Providing homes for older people and/or those with disabilities thereby allowing people to remain in their existing community in a home that meets their needs;
- Allowing opportunities to promote 'right-sizing' and freeing up larger homes that can be better utilised and
- The project will also provide affordable housing within one of the most deprived areas of the Scottish Borders

5 IMPLICATIONS

5.1 Financial

- (a) Ensuring the effective development and delivery of SHIP projects and LHS priorities continues to be dependent on SBC's provision of core services, financial resource allocations from the Scottish Government, partner agencies, private developers and individuals.
- (b) Scottish Government made an allocation of £15.954m to assist delivery of affordable housing projects in Scottish Borders in 2023/24. There is likely to be a substantial underspend this year and a further underspend forecast if SBHA are unable to progress phase 1 and draw down £1.450m in AHSP grant funding this year.

- (c) The arrangements to collect and use the Council’s “Second Homes Council Tax” budget are framed by Scottish Government Guidance. This budget can only be used to assist delivery of affordable housing. The Council is required to provide statistical reports to evidence available balances and projects assisted. This reporting is now included within the SHIP document. The Guidance enables any unspent balance to be carried forward to subsequent financial years to dovetail with partners financial planning and project programming. This has enabled the Council to build up an available balance of £3.5M in anticipation of this being required to provide complementary funding to assist and ensure the delivery of affordable housing. The Council plans on the basis of around £1.2m net annual income to top up the budget.
- (d) Should the Committee agree to reallocate the £273k this will secure the allocated Scottish Government grant and RSL private borrowing. The timing of the potential Council contribution has yet to be agreed and is dependent on the outcome of the VDLF application.
- (e) It is estimated that once completed, these 16 homes will generate around £18k per annum in annual Council Tax income to the Council. This figure is based on the 2023/2024 Council Tax rates and assumes the homes will be mainly Band C. This figure also assumes estimates related to Council Tax Reduction and Single Person Discounts.
- (f) Furthermore the construction phase should positively contribute to reducing income inequality for people in the Borders through the creation of numerous direct construction jobs and indirect jobs within the construction supply chain.
- (g) Table 3 below shows the balance of available funding with the inclusion of the commitments potentially agreed at item 10 on today’s agenda.

Table 3: 2nd Homes Council Tax financial table including the proposed re-allocation.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Funding brought forward	4,150	3,273	2,649	1,798	2,980
Anticipated 2nd Homes Council Tax	1,331	1,278	1,329	1,382	1,437
Total Funding Available	5,481	4,551	3,978	3,180	4,417
Current Investment Commitments	2,209	1,902	2,181	200	1,400

- (g) If the Committee agrees to assist SBHA through the re-allocation of funding it is proposed that the Director of Finance and Procurement will liaise with SBHA regarding agreeing timing and payment arrangements in due course.

6.2 Risk and Mitigations

- (a) Delivery of the SHIP is largely dependent upon a number of variables not least of which relate to resource and other political and organisation decision making processes, most of which are beyond the control of the Council. As described in Section 3 of this report there are a number of challenges currently impacting on the delivery of the Affordable Housing Supply Programme, and significant pressures on the local supply of homes.
- (b) Delivery of the SHIP is also dependent upon RSLs continuing to secure ownership of sites and maintain a land-bank to provide more certainty to programme delivery. Officers will continue to work with partner RSLs to ensure that there is a strategic approach to land-banking for affordable housing.
- (c) In publishing its final report on the 17th January 2023 Internal Audit found examples of good practice and provided substantial assurance on the governance and controls in place to ensure efficient and effective use of funding and other resources for the provision of affordable housing to ensure achievement of the local housing strategy with partners.
- (d) Furthermore, the audit report also identified scope for improvement to formalise risk management arrangements, for the Strategic Housing Service, to ensure compliance with the Council's Risk Management Framework. One low-rated recommendation was made, in this regard, by Internal Audit and was agreed by the Lead Officer - Housing Strategy and Development. Follow-up meetings and work have since been undertaken to meet this recommendation, supported by the Corporate Risk Officer. A Strategic Housing Risk Register has been developed which is reflective of the objectives of the service and includes the delivery of the Strategic Housing Development Plan.

6.3 **Integrated Impact Assessment**

- (a) In line with both Council policy and legislative requirement, the SHIP 2024-2029 has been subjected to an Integrated Impact Assessment. The outcome of that assessment did not identify any concerns arising from the delivery of the SHIP potentially adversely impacting on any of the equalities groups.
- (b) The development of SHIP 2024-2029 was predicated on the endorsement of the principle of Equalities as articulated in the SHIP Guidance. The SHIP and LHS were both subjected to an Integrated Impact Assessment, Strategic Environmental Assessment Screening and Rural Proofing Assessment.
- (c) Homes produced by Registered Social Landlords will be allocated according to their individual allocations policy and procedures. As a consequence of being an RSL, they are subject to the weight of statutory scrutiny via external Regulation and Inspection by the Scottish Housing Regulator.

6.4 **Sustainable Development Goals**

- (a) In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2024-2029 has been undertaken using the criteria specified in Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from full SEA requirements under Section 7 (1) of the Act.
- (b) By seeking to provide more new affordable houses on a currently derelict site, the proposed activity will promote sustainable communities and help to address many of the housing supply challenges identified in the Local Housing Strategy 2023-2028.
- (c) The objectives of the SHIP are consistent with UN Sustainable Development Goals [SDG] 11 Sustainable Cities and Communities and 13 Climate Action. Specifically, the SHIP responds to the ambition of SDG 11 by promoting access for all to adequate, safe and affordable Housing, by ensuring integrated, inclusive and sustainable settlement, and by strengthening regional development planning. With respect to SDG 13 development will be at least consistent with Scottish Building Standards and the national objective of net zero greenhouse gases by 2045.

6.5 Climate Change

- (a) While no direct impacts on the Council's carbon emissions arise as a result of the report recommendations, New Build housing will have a general effect on the region's carbon footprint. However, these effects are addressed within the Council's Planning and Building Standards processes, and will be consistent with meeting the housing requirements and standards as set out by the Scottish Government.
- (b) The design of the homes will help reduce the running costs of each home and also help address fuel poverty. The development will meet the silver standards of the building regulations for CO2 emissions and energy for space heating, going beyond the minimum standards and targeting higher levels of sustainability. The development has been designed in accordance with the energy hierarchy of reducing energy demand, meeting the demand as efficiently as possible and then considering the use of renewable energy to offset the outstanding demand. Each home will have a heating system which produces net zero direct emissions at the point of use. All homes will feature photovoltaics (PV) technology to generate power for the tenant's consumption. Each home will also have access to electric vehicle (EV) charging points either in curtilage as part of their home or in a communal area.

6.6 Rural Proofing

- (a) Rural proofing applies to all areas of Scottish Borders classified by Scottish Government as 'Remote Rural' or 'Accessible Rural'. This applies to most areas of Scottish Borders outwith the towns of Galashiels/Tweedbank, Hawick, Peebles, Innerleithen, Selkirk, Eyemouth, Jedburgh and Kelso.
- (b) The SHIP project working group carried out a Rural Proofing exercise as part of the preparation of the SHIP. It was considered

that the delivery of the SHIP will have no unforeseen negative impact on the rural area, and is more likely to have positive effects by increasing the supply of affordable housing.

6.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

6.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or Scheme of Delegation as a result of this report.

7 CONSULTATION

7.1 The Director (Finance & Procurement), the Director (Corporate Governance), the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Name: John Curry Title: Director Infrastructure and Environment

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Background Papers: [Local Housing Strategy 2023-2028](#)
[Strategic Housing Investment Plan 2024-2029](#)

Previous Minute Reference: Executive Committee 16th May 2023

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