
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2020-2021

Report by Executive Director Corporate Improvement and Economy

EXECUTIVE COMMITTEE

18 MAY 2021

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Members of the annual completions of affordable homes and progress made in the delivery of the Strategic Housing Investment Plan (SHIP) projects for the period 2020-2021.**
- 1.2 The Strategic Housing Investment Plan (SHIP) is the sole document for targeting investment in affordable homes in Scottish Borders. This provides a rolling 5 year planning horizon of identified and prioritised development intentions for affordable homes. Current Scottish Government Guidance requires that each Council submit a SHIP on an annual basis. In common with previous submissions, Scottish Borders Council's SHIP 2021-26 has also received very positive feedback from Scottish Government Officials.
- 1.3 This report advises Members that for the financial period 2020-2021, 106 affordable homes were delivered against envisaged projects set out in the current SHIP 2021-2026. This falls short of the Council's Local Housing Strategy 2017-2022 (LHS) annual target of 128 new affordable homes. Of the 107 homes delivered, 94 were through new building and conversion by Registered Social Landlords [RSLs], plus 4 individual home purchases. The balance of 9 homes were individual home purchases assisted by Scottish Government's Open Market Shared Ownership scheme. This represents a 5 year average annual delivery 142 homes. On a positive note, as at 31 March 2021, 449 affordable homes were under construction, 176 were at Planning Pre-Application and Application stages and 33 were at pre-site start stage.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members endorse the progress made in the delivery of affordable homes in 2020-2021.**

3 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 3.1 The SHIP 2021-26 sets out how affordable homes projects are prioritised to meet affordable housing needs identified in the Local Housing Strategy 2017-2022 and how new planned projects will be delivered in practice. The SHIP 2021-26 complies with the most recently published Scottish Government Guidance issued in August 2019. The current SHIP was formally agreed by the Executive Committee on 17 November 2020 and subsequently submitted to Scottish Ministers prior to the required December 2020 deadline. Scottish Government Officials have confirmed that due to the current size of SHIP programmes and the national focus on increasing the supply of affordable homes, SHIP submissions will continue to be required on an annual basis. Work has already begun in anticipation of the next SHIP submission 2022-2027 which is anticipated being required by 30 October 2021. It is anticipated that a report will be brought to Committee in due course prior to submission to Scottish Government.
- 3.2 The SHIP 2021-2026 estimates the completion of 122 affordable homes for the period April 2020 – March 2021. Set against this estimate, a total of 107 homes were delivered during 2020-21 as set out in Table 1 below. Of the 107 homes delivered, Registered Social Landlords have delivered 94 homes through new build, and remodelling, plus 4 individual home purchases. Finally, 9 individual home purchases have been assisted via the Scottish Government’s Open Market Shared Ownership mechanism. Trust Housing Association completed 2 flats built to Wheelchair Housing Standard as part of the new build Extra Care Housing Development at Todlaw Duns. Set in context, this represents a 5 year annual average affordable homes delivery of 142 homes. However, largely due to Covid related reasons, new build projects at South Park Peebles (18 homes), Oakwood Park Galashiels (4 homes) and Springfield Ph1B Duns (2 homes) did not complete by 31 March 2021 as envisaged. In addition, Covid has also adversely impacted on other projects under construction and delayed site starts, affecting a number of projects which were originally due to complete in 2021/22, and which have been re-programmed to complete several months later than planned, but still in 2021/22.

Table 1: Project Completions 2020-21

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/21
BHA	Springfield Ph1 Duns	HA Rent	27	2	29	Completed
EHA	St. John’s Court Galashiels	HA Rent	0	3	3	Completed
EHA	Thirlestane Lauder	HA Rent	9	0	9	Completed
SBHA	Heriot Field Oxtun	HA Rent	4	0	4	Completed
Trust	Todlaw Duns - ECH	HA Rent	0	30	30	Completed
Trust	Todlaw Duns - Amenity	HA Rent	0	19	19	Completed
WH	Individual Home Purchase	HA Rent	4	0	4	Completed
OMSE	Open Market Shared Equity purchase	HA Rent	9	0	9	Completed
Total			53	54	107	

3.3 Figure 1 below illustrates the developments which completed during 2020-2021.

Figure 1: Completed Developments in 2020-2021



3.4 The SHIP does not address unsubsidised private sector market housing, or include opportunistic unplanned provision of affordable homes by other means. However, it is recognised that new private home building makes a significant contribution to the sustainability of communities and by providing opportunities to deliver affordable homes by providing sites through the operation of the Planning system and the Council's Affordable Housing Policy, and collaboration with Registered Social Landlords [RSLs].

3.5 The SHIP also provides wider opportunities to deliver affordable homes by providing sites through the operation of the Planning system, the Council's Affordable Housing Policy and working with Registered Social Landlords. In addition, the private house building industry has also previously created opportunities to deliver affordable homes via the National Housing Trust initiatives and Discounted Sales.

3.6 At 31 March 2021, 449 affordable homes were under construction (18 sites), 176 homes were at Planning Pre-Application or Application stage (4 sites), and 33 homes were at Pre-site start (3 sites). Current information estimates that as a result of postponing site starts for a number of projects due to unprecedented Coronavirus related site closures, plus original planned site starts, it is currently estimated that up to 332 affordable homes could be potentially delivered by RSLs and other grant recipients during 2021/22. This figure does not take account of any Open Market Shared Equity assisted purchases, or other additional opportunistic acquisitions which could potentially complete during 2021/22.

3.7 Council Officers continually engage with its RSL housing partners in order to and remain able to bring forward projects that have been identified through the routine SHIP project prioritisation assessment and review process in the event of any additional funding and resources being made available. Quarterly Programme meetings with Berwickshire Housing Association, Eildon Housing Association, Scottish Borders Housing

Association, Trust Housing Association, Scottish Government (More Homes Division) and the Council are central to this project prioritisation and review process. Officers and partners also continue to proactively seek out and explore potential additional site and project opportunities that can be secured to deliver affordable homes.

4 IMPLICATIONS

4.1. Financial

- (a) Ensuring the effective development and delivery of SHIP projects continues to be dependent on SBC's provision of core services, financial resource allocations from the Scottish Government, partner agencies and private developers and individuals.
- (b) There are a number of funding resources that the Council and its development partners have drawn upon including Affordable Housing Supply Programme Funding, Second Homes Council Tax, Developer Contributions Registered Social Landlord Private Finance Borrowing, Charitable Bond funding, Scottish Water Grant Funding and Rural Housing Fund.
- (c) During 2020-2021, the Council used £6044 Affordable Housing Policy Developer Contributions to assist Scottish Borders Housing Association progress its proposed development at Tarth Crescent Blyth Bridge. In addition, the Council also used £376,194 Developer Contributions to assist Eildon Housing Association progress projects at Jedward Terrace Denholm, Peebles Road Innerleithen and Tweedbridge Court Peebles.
- (d) During 2020-2021, the Council used £1.8m Second Homes / Council Tax funding to assist Eildon Housing Association to provide new build Extra Care Housing at Langhaugh Galashiels, and £0.300m to assist Waverley Housing to acquire a number of privately owned flats as a precursor to housing-led area regeneration at Upper Langlee Galashiels.
- (e) Scottish Government made a record funding allocation of £16.972m to the Scottish Borders area for 2020-2021, however, despite best efforts, for reasons largely attributed to Covid, this has not been fully spent, with around £2.855m being re-allocated by Scottish Government to assist delivery of projects out with Scottish Borders. To set this in context, it is understood that the 3 Lothian Councils and City of Edinburgh Council also had varying amounts of underspend, in addition 2020/21 was only the 2nd year since 1996 when there was an underspend in the Scottish Government's Affordable Housing Supply Programme allocation to Scottish Borders Council area.

In addition, Scottish Government has also contributed an estimated additional £0.333m which has facilitated the individual home purchase of 9 homes through use of its Open Market Shared Equity scheme in 2020/21.

Scottish Government More Homes Division Officials have indicated that the Council and Registered Social Landlord partners should plan on the basis of an Affordable Housing Supply Programme allocation of £18.562m to Scottish Borders for 2021-2022. This is subject to decisions by the new Scottish Government after the outcome of Parliamentary Election in May 2021.

- (f) The delivery of new supply affordable homes will generate additional Council Tax income for the Council, estimated to be in the region of £0.118m in 2021/22 as a result of the completions in 2020/21. This income has been reflected in the Councils revenue budget. In addition the positive economic impact of the delivery of the affordable homes programme has an important role in reducing income inequality for people in the Borders, and has led to the creation of numerous direct construction jobs, apprenticeships, and indirect jobs within the construction supply chain.

4.2 **Risk and Mitigations**

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 beyond the control of the Council. However, governance and control measures are in place to ensure delivery of the SHIP including monitoring contractor performance and quarterly programme meetings involving Council Officers, RSL partners and Scottish Government Officials. Unfortunately, from near the end of March 2020, the Coronavirus outbreak adversely impacted on the delivery of 12 projects [312 homes] where construction was halted. In addition, 9 projects [199 homes] had site starts postponed. These factors adversely impacted on the number of home completions achieved when compared to anticipated completions. In order to minimise the threat of potential underspend of the Affordable Housing Supply Programme allocation in 2021/22, it is intended that the annual budget over-commitment tolerance be increased and RSLs are further encouraged to progress pipeline projects and site acquisition opportunities.

4.3 **Equalities**

- (a) In line with both Council policy and legislative requirement, all Strategic Housing Investment Plans are subjected to an Equalities Impact Assessment during the development phase. To date none of the SHIP submissions have identified any concerns regarding adverse impact on equalities groups through delivery of the SHIP.
- (b) These plans are predicated on the endorsement of the principle of equalities as articulated in the SHIP Guidance. SHIPs are 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, the RSLs are subject to the weight of Statutory Scrutiny via the Scottish Housing Regulator's Regulation and Inspection processes.

4.4 **Acting Sustainably**

- (a) All SHIP documents are subject to a pre-screening assessment in accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 using the criteria specified in Schedule 2 of the Act. The pre-screening assessments identified no, or minimal, negative effects in relation to the environment, hence SHIPs have been exempt from Strategic Environmental Assessment (SEA) requirements under Section 7(1) of the Act.
- (b) By seeking to deliver more new affordable homes, the SHIP 2021-26 promotes sustainable communities and helps to overcome many of the housing supply challenges faced locally.

- (c) There are no adverse economic or social effects resulting from the recommendations of this report. In addition, delivery of SHIP 2021-26 and potential environmental effects from new build homes will be addressed through the Development Management and Planning processes and application of national policies and standards.
- (d) The objectives of SHIP are consistent with the United Nations Sustainable Development Goals [SDG], 11 Sustainable Cities and 13 Climate Action. Specifically, the SHIP responds to the ambition of SDG 11 by promoting access 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.

4.5 **Carbon Management**

- (a) It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- (b) New additional affordable homes will have a general effect on the region's carbon footprint, however these are addressed within the planning process, and in meeting the housing requirements and standards as set out by the Scottish Government. RSLs aim that their new homes will be built to "Silver Standard" which exceeds current Scottish Building Standards.
- (c) It should be noted that at its meeting of 25 September 2020, the Council committed to setting a target "as soon as possible" for achieving a reduction in the Council's carbon emissions, which is at least consistent with the Scottish Government's target of net zero by 2045 and the intermediate targets set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Council's Planning and Building Standards will reflect the developing public policy position nationally and locally within Scottish Borders.

4.6 **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 all areas of Scottish Borders outwith the towns of Galashiels/Tweedbank, Hawick, Peebles, Kelso, Selkirk, Jedburgh, Eyemouth, and Innerleithen.
- (b) The SHIP Project Working Group carries out a rural proofing exercise as part of the preparation of each SHIP. It is determined that the delivery of SHIPs will not have an unforeseen adverse impact on the rural areas and that the needs of rural areas have been properly taken into account.

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

There are no changes to be made.

5 **CONSULTATION**

- 5.1 The SHIP Working Group has been consulted and contributed to this report.
- 5.2 The Executive Director Finance and Regulatory Services, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, Service Director Human Resources and Communications, Clerk to the Council and Corporate Communications have been consulted and comments received have been incorporated in the final report.

Approved by

Rob Dickson

Signature.....

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**Background Papers: Strategic Housing Investment Plan 2021-26.
Previous Minute Reference: Report by Executive Director Corporate
Improvement and Economy to Executive Committee 17 November 2020.**

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies. Contact us at Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 824000 ext 5431, email jwhitelaw@scotborders.gov.uk.