
PROPOSED USE OF SECOND HOMES COUNCIL TAX GRANT TO ASSIST DELIVERY OF AFFORDABLE HOUSING AT THE FORMER HIGH SCHOOL SITE, EARLSTON

Report by Director – Infrastructure and Environment

EXECUTIVE COMMITTEE

1 March 2022

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to seek approval of the Executive Committee to use Second Homes Council Tax funding to grant assist Eildon Housing Association deliver 64 affordable homes at the former High School site, Earlston.**
- 1.2 The Council's current Strategic Housing Investment Plan 2022-27 identifies the former High School site, Earlston as a priority project. This site is owned by Eildon Housing Association and the project has secured Planning Consent, with estimated completion in 2024/25.
- 1.3 This report advises the Committee that as a result of the rising tender prices a funding gap of £200,000 has been identified.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee agrees to grant assist Eildon Housing Association to provide gap funding of up to £200,000 towards the costs of delivering 64 new build affordable homes for social rent at the former High School site, Earlston. It is proposed that the Council's grant will be funded from the Second Home Council Tax available balance.**

3 BACKGROUND

- 3.1 Eildon Housing Association own the Allocated Housing Site [AERL002] at the former High School, Earlston and have secured Planning Consent for its proposals to provide 64 new build affordable homes for social rent. These include a range of homes to meet locally identified needs including two 4 bedroom/6person wheelchair standard houses. Current programming assumptions estimate completion during 2024/25. This project is identified as a prioritised project in the Council's current Strategic Housing Investment Plan [SHIP] 2022-27. In 2017, the Council previously paid £250,000 transfer from the Second Homes Council Tax Budget to the Council's Capital Budget as a contribution towards meeting the market valuation of the site through the sale of the site to the Association. However, in the context of delays to the original project programming, negotiating the relocation of an adjacent business, continued increasing tender prices and despite efforts to make savings, a funding shortfall of £512,082 has been identified.

4 PROPOSED GRANT CONTRIBUTION

- 4.1 Total project costs are estimated to be £12,252,354.

This is to be funded from the Association's private funding contribution of £5,368,572 and grant from Scottish Government Affordable Housing Supply Programme benchmark grant of £6,371,700. Together these leave a shortfall of £512,082. In response to this, Scottish Government has agreed to contribute additional grant of £312,214, which equates to 4.9% above the benchmark grant level. The total revised Scottish Government grant is £6,683,914. Therefore despite this, there is a remaining funding gap of £199,868. It is proposed that the Council contribute grant of up to £200,000 to gap fund the project to enable it to progress.

- 4.2 It is considered that the proposed Council grant contribution of up to £200,000 is an appropriate use of the available Second Homes Council Tax balance and is consistent with the published Scottish Government Regulations which frame the eligible uses of this funding.

5 IMPLICATIONS

5.1 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) The financial comment regarding the recommendation is set out in Section 4.1 above. In the event that the Committee approves the recommendation, it is envisaged that the Association would invoice the Council in 2024/25 to claim the proposed grant, after having fully drawn down the Scottish Government grant allocation. It is envisaged that the Council grant can be met from projected available Second Homes Council Tax budget balances.

5.2 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.

5.3 **Integrated Impact Assessment**

- (a) In line with both Council policy and legislative requirement, the SHIP 2022-2027 was subject to an Equalities Impact Assessment during the development phase. This identified no adverse impacts arising from the delivery of the SHIP. To date none of the SHIP submissions have identified any concerns regarding adverse impact on equalities groups.
- (b) The SHIP is predicated on the endorsement of the principle of equalities as articulated in the SHIP Guidance. In addition to Integrated Impact Assessment, the SHIP was also subject to Strategic Environmental Assessment screening and Rural Proofing Assessment.

5.4 **Sustainable Development Goals**

- (a) The SHIP 2022-2027 was 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 houses, the SHIP 2022-27 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.
- (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.

5.5 **Climate Change**

It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations. New homes will have a general effect on the region's carbon footprint, however, these are addressed through the application of the Council's Planning and Building Standards processes, which are consistent with meeting Scottish Government housing requirement and current applicable standards. The project has secured all required Council Consents.

5.6 **Rural Proofing**

- (a) The Council's Rural Proofing Policy applies to all areas of Scottish

Borders classified by Scottish Government as being '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) It is considered that the delivery of the 64 new homes, at the former High School site Earlston, will have a positive impact by increasing the supply of affordable housing to address identified need in a settlement which is classified as being "accessible rural".

5.7 Data Protection Impact Statement

There are no personal data implications arising from the recommendation set out in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made.

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.
- 6.2 Scottish Government More Homes Division Officials have been consulted and comments included.

Approved by

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Background Papers: Strategic Housing Investment Plan 2022-27. Previous Minute Reference: Report to Executive Committee 7 March 2017, "Proposed affordable housing at the former Earlston High School site" by Service Director Regulatory Services and Service Director Assets and Infrastructure.

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.