
STRATEGIC HOUSING INVESTMENT PLAN PROGRESS FOR 2022/23

Report by Director – Infrastructure and Environment

EXECUTIVE COMMITTEE

13 June 2023

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Members of the affordable housing annual completions and progress made in the delivery of the Strategic Housing Investment Plan projects for the period 2022/23 and report on progress related to empty homes.**
- 1.2 The Strategic Housing Investment Plan (SHIP) is the sole document for targeting affordable housing investment in Scottish Borders. It is prepared and submitted to Scottish Government on an annual basis, providing a rolling 5 year planning horizon of identified and prioritised affordable housing development intentions. Scottish Borders Council's SHIP 2023-2028 received positive feedback from Scottish Government Officials.
- 1.3 This report advises Members that for the financial period 2022-2023, 146 affordable homes were delivered. This exceeds the Council's Local Housing Strategy annual target of 128 new affordable homes. Of the 146 homes delivered, Registered Social Landlords delivered 120 additional homes through new building and conversion and an additional 13 via purchases of existing homes. Five homes were delivered through the Rural Housing Grant and 8 individual house purchases were assisted by Scottish Government's Open Market Shared Ownership scheme. This represents a 6 year average annual delivery of 174 affordable homes; 131 of which are 'new' supply.
- 1.4 The report also provides some contextual commentary on empty homes activity and progress in 2022/23, including 36 homes brought back in to use.

2 RECOMMENDATIONS

2.1 I recommend that the Executive Committee:

- (a) Endorse the progress made in the delivery of affordable housing in 2022/23; and**
- (b) Notes the progress made in addressing Empty Homes.**

3 BACKGROUND

- 3.1 Local Authorities are 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 2023-2028](#) 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.
- 3.2 The SHIP 2023-28 sets out how affordable housing projects are prioritised to meet affordable housing needs identified in the Local Housing Strategy and how new planned projects will be delivered in practice. Delivery of the SHIP is dependent upon RSLs continuing to secure ownership of sites and maintaining a land-bank to provide more certainty to programme delivery. The SHIP was formally agreed by the [Executive Committee on 4 October 2022](#) and subsequently submitted to Scottish Ministers prior to the required 31 October 2022 deadline.
- 3.3 Scottish Government Officials have confirmed that, due to the national focus on increasing the supply of affordable housing, SHIP submissions will continue to be required on an annual basis. Work has already started on the next SHIP 2024-2029 due by 31 October 2023. A report will be brought to Committee in prior to submission to Scottish Government.
- 3.4 The Council's Local Housing Strategy (LHS) is a statutory requirement 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, proposed, consultative draft 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 consultative draft LHS 2023-2028 was [considered by committee in April 2023](#). A key Strategic Outcome is the delivery of more homes in well designed, sustainable communities that increase opportunity for all. Delivery of this strategic outcome includes addressing, and utilising empty homes, as well as the new build affordable housing programme.

4 STRATEGIC HOUSING INVESTMENT PLAN PROGRESS UPDATE

- 4.1 The [SHIP 2023-2028](#) [Table 4] estimated 165 affordable housing completions for the period April 2022 – March 2023. At 31st March 2023 a total of 146 affordable homes were completed during 2022/23 as set out in Table 1 at paragraph 4.2. Of the 146 homes delivered, Registered Social Landlords have delivered 120 through new build and remodelling and an additional 13 through individual house purchases. A further 8 individual home purchases have been assisted via the Scottish Government's Open Market Shared Ownership mechanism and 5 mid-market rent homes were delivered through the Rural Housing Grant at Kirkhope Farm Steading.

4.2 This represents a Local Housing Strategy 2017-2022, plus 2023 (6 year) average annual affordable housing delivery of 174 (131 of which are 'new' supply) homes which exceeds the annual target of 128 homes. The level of completions in 2022/23 was however lower than expected and less than in 2021/22. This was anticipated due to the knock on effects of delays resulting from Covid and other challenges. Projects at Glensax Road, Peebles (6 homes) and Tweed Court, Kelso (12 homes) did not complete in 2022/23 as originally planned. The housing providers and their agents are managing the slippage within the terms and conditions of the individual building contracts in order to achieve completions and handovers as soon as possible in 2023/24. Council Officers are monitoring the situation.

Table 1: Project Completions 2022/23

RSL	Project Name	Supplier	Units GN	Units PN	Units Total	Status Update as at 31/03/23
BHA	Springfield Ph2, Duns	HA Rent	28	-	28	Complete
EHA	Coopersknowe Ph1, Galashiels	HA Rent	63	6	69	Complete
EHA	Elm Court, Hawick	HA Rent	8	-	8	Complete
EHA	Oakwood, Galashiels	HA Rent	0	4	4	Complete
EHA	High Buckholm Ph1, Galashiels	HA Rent	11	-	11	Complete
SBHA	Individual House Purchase	MMR	5	-	5	Complete
SBHA	Individual House Purchase	HA Rent	8	-	8	Complete
OMSE	Open Market Shared Equity	HA Rent	8	-	8	Complete
RHG	Kirkhope Farm Steading, Ettrickbridge	MMR	5	-	5	Complete
Total			136	10	146	

4.3 Figure 1 below illustrates some developments which completed during 2022/23.

Figure 1: Completed Developments in 2022/23



4.4 The pandemic continues to impact on the 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 is all impacting on the delivery of the programme.

- 4.5 The housing market context in which we seek to deliver affordable housing is set out in the [draft LHS 2023-2028](#). As highlighted at 4.4 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.
- 4.6 The amount of grant funding benchmark made available for each affordable home increased in 2021 and is likely to again in 2023, however the increases in construction costs has meant that this has had a limited impact on viability. Scottish Borders Council, and its development partners, have been successful in securing an enhanced level of contribution from Scottish Government however.
- 4.7 RSLs are also under increased financial pressure which may impact 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.
- 4.8 At 31 March 2023, 148 affordable homes were under construction (6 projects). Other projects have secured Planning Consent or are at Planning Application stage. Current programming information suggests that 112 new affordable homes could be approved for site start in the Borders this financial year (2023/24) and based on current delivery programmes, an additional 145 affordable homes could potentially be completed. Approvals for 2022/23 year were however below the original target as RSLs considered delaying procuring new contracts due to cost inflation or due to recent tender returns being 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.
- 4.9 The ambitious programme set out in the SHIP is contingent on the sites being within RSL control/being brought forward in a timeous manner, the necessary funding being in place (both grant funding and private finance) and construction sector capacity to deliver at scale.
- 4.10 Council Officers continue to engage with RSL housing partners to bring forward projects that have been identified through the routine SHIP project prioritisation assessment and review process. This enables projects to be accelerated 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, Waverley Housing, 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 for affordable housing.

- 4.11 As part of the Strategic Housing Investment Plan Guidance local authorities are also required to support a greater focus on wheelchair accessible housing which includes a wheelchair accessible housing target. The target for the Scottish Borders is 20 homes per annum with 15 being provided by RSLs. In 2022/23, 6 wheelchair accessible homes were built. While this is below the annual target the 3 year average annual delivery is 18 per year. Officers are not aware of any new wheelchair accessible homes being delivered in the private sector since the target was introduced.

5 ACTIVITY IN RELATION TO EMPTY HOMES

- 5.1 The Housing (Scotland) Act 2001 places a statutory requirement on local authorities to develop a Local Housing Strategy, supported by an assessment of housing need and demand. This strategy sets out the strategic direction for housing investment and service delivery in the Scottish Borders. The current LHS and proposed LHS 2023-2028 identifies the need to bring empty properties back in to effective use.
- 5.2 In April 2021 the [Committee agreed](#) to part fund a full time, dedicated empty homes officer for a period of 24 months. Following successful recruitment the new Officer was appointed in July 2021.
- 5.3 The position was incorporated into the structure of the Housing Strategy, Policy and Development Service within Planning and Housing and over the last 21 months has contributed to the strategic objectives for empty homes as highlighted in the LHS, the Strategic Housing Investment Plan (SHIP) and the Rapid Re-Housing Transition Plan (RRTP). Tackling empty properties has supported our approach to town centres and regeneration, helping improve the sustainability of town centres through the re-provisioning or re-purposing of existing buildings to help better meet the needs of the current/future population. The Officer has also supported the re-use of empty homes in more rural locations across the Borders.
- 5.4 The role co-ordinates cross-resource working with other Council services such as council tax, homelessness, environmental health, anti-social behaviour, legal, landlord registration and planning as well as external partners such as local RSLs, Rural Housing Scotland and South of Scotland Community Housing.
- 5.5 The dedicated Officer provides a range of services, advice and assistance tailored to the individual needs of each owner. Activity includes data collection, analysis and monitoring; contact with empty home owners and community organisations; case Management; managing the Matchmaker Scheme and delivery of the Empty Homes Grant. The [report to Committee in February 2023](#) provided an update in relation to the delivery of the Empty Homes Grant Scheme.

5.6 During the period April 2022 to March 2023 the officer has:

- Written to every empty home owner in the Borders;
- Had an active case load of 185 empty properties (around 11% of the total number of empty homes);
- Carried out 119 property visits
- Closed 36 cases where the home was brought back in to effective use. 18 of these required light touch intervention and a further 18 required significant Officer time and engagement to support.
- Supported and assessed 16 applications for empty homes grant;
- Registered 84 buyers in the Borders Matchmaker Scheme;
- Undertaken an ongoing programme of communications/introductions to all owners who move to the premium Council Tax rate;
- Undertaken an ongoing programme of pre-emptive lettering to owners who are on a discount code but will be on the premium rate within the next month
- Identifying correspondence addresses for empty home owners (the numbers with no correspondence address have reduced from 23% to 8% since the Officer has been active);
- Improved our understanding of why homes are empty and the pattern of use, and anticipated use, across the Borders;
- Responded to national consultations, presented at conferences and shared advice and best practice examples to other empty homes officers across Scotland; and
- Been shortlisted for the Empty Homes Partnership "Rising Star" award

5.7 In April 2023 the Executive Committee agreed this post would be made permanent to ensure this activity continues beyond July, when the Officers current temporary contract would have ended. The activity has been demonstrated to have a positive impact in terms of delivering on our strategic priorities. The costs of empty homes to the local economy impact on both the community and the Council. Community impacts include reduction in property values, anti-social behaviour, vandalism, increased levels of stress and anxiety and a loss of community pride. Bringing these properties back into use helps to reverse these negative effects. The benefits to the Council include an increased supply of housing across tenures, supporting communities, creating an improved property market, increased revenue through collection of council tax (if the property was previously exempt), potentially reduced legal costs and less intervention required by staff.

5.8 There are increasing challenges in terms of housing supply which this activity is helping address. The Housing Strategy Team are proactively working with prospective landlords and other services to explore how initiatives such as the empty homes grant scheme can be deployed in a way which supports the creation of private sector tenancy opportunities which meet a range of housing needs, including those engaging with the Homelessness service, housing for key workers and Ukrainian Displaced Persons. Additionally the team intend to expand the area of activity and focus by taking a more active role in commercial properties which are vacant and could be brought back in to use as housing, as well as considering vacant and derelict land opportunities and continuing to work proactively with the South of Scotland Community Housing and

Communities to support community led housing opportunities across the area.

6 IMPLICATIONS

6.1 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, Development Contributions Registered Social Landlord Private Finance Borrowing, Charitable Bond funding, Scottish Water Grant Funding and Rural Housing Fund.
- (c) During 2022/23, the Council used Affordable Housing Policy Development Contributions to assist consultation activity in relation to the new proposed Local Housing Strategy and associated activity related to the housing needs of Gypsy and Gypsy Travellers.
- (d) During 2022/23, the Council used £0.488m Second Homes Council Tax funding to assist Eildon Housing Association to provide Extra Care Housing through conversion of the former Kelso High School, £0.271m for the development of the High St/Market place building in Jedburgh, £0.037m grant contribution to assist Ettrick and Yarrow Community Development Company deliver its Kirkhope Steading project, £0.021m towards costs of employing an Empty Homes Officer, £0.042m towards Empty Homes Grants and £0.021m to support the demolition and site clearance works at Melrose Road affordable housing site Galashiels. In addition a contribution of £0.140m was made to the Council's Revenue Budget as the annual recharge made to Second Homes Council Tax for Housing Strategy & Services staffing resources involved in the delivery of affordable housing.
- (e) The Second Homes Council Tax Affordable Housing Investment budget makes provision for the following spend commitments in 2023/24; £0.111m for demolition and site clearance works at Melrose Road, Galashiels, £0.929m grant towards costs of High St/Market Place Jedburgh, £0.458m for Empty Homes Grants, £0.450m to support the acquisition of an affordable housing site in the central Borders area, £0.300m to support the delivery of new affordable homes in Hawick and £0.208m transfer to revenue budget for staffing resources related to affordable and empty homes activity. This leaves an uncommitted balance of £2.911m.

Table 1: 2nd Homes Council Tax financial table

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Funding brought forward	3,987	4,138	2,911	2,577	2,206	3,388
Anticipated 2nd Homes Council Tax	1,170	1,229	1,278	1,329	1,382	1,437
Total Funding Available	5,157	5,367	4,189	3,906	3,588	4,825
Current Investment Commitments	1,019	2,456	1,612	1,700	200	950
Available Funding	4,138	2,911	2,577	2,206	3,388	3,875

- (f) Scottish Government made a funding allocation of £16m from its Affordable Housing Supply Programme budget to the Scottish Borders area for 2022/23. The final outturn spend figure for financial year 2022/23 is £13,916,426.79. This is £2,083,573.21 below the funding allocation.
- (g) In addition, Scottish Government has also contributed an estimated additional £0.470m which has facilitated the individual home purchase of 8 homes through use of its Open Market Shared Equity scheme in 2022/23.
- (h) 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 £15.954m to Scottish Borders for 2023-2024; £16.010m in 2024/25 and £16.275m in 2025/26. A Resource Planning Assumption of £16.275m has been made for 2026/27.
- (i) The delivery of new supply affordable houses in 2022/23 will generate an estimated £0.151m additional Council Tax income for the Council in 2023/24, based on average of Band “C”. This income has been reflected in the Councils revenue budget. In addition the positive economic impact of the delivery of the affordable housing 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.

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 4 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 2023-2028 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 2023-2028 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 2023-2028 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 SEA requirements under Section 7 (1) of the Act.
- (b) By seeking to provide more new affordable houses, the SHIP promotes sustainable communities and help to address many of the housing supply challenges identified in the Local Housing Strategy.
- (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. RSLs aim that their new housing is built to "Silver Standard" which exceeds current Scottish Building Standards.
- (b) There are also likely to be positive effects by promoting sustainability through better use of existing stock. Bringing empty homes back in to use is a sustainable way of increasing the local supply of housing and has the environmental benefit of reduced CO2 production compared with new build.

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 all areas of Scottish Borders out with the towns of Galashiels/Tweedbank, Hawick, Peebles, Kelso, Selkirk, Jedburgh, Eyemouth, and Innerleithen.
- (b) The SHIP Project Working Group carried out a Rural Proofing exercise as part of the preparation of the SHIP 2023-2028. It is considered that the delivery of the SHIP will have no unforeseen adverse impacts on the rural areas, and that the needs of rural areas have been properly taken into account. It is considered that the SHIP will have a positive effect by increasing the supply of affordable homes throughout the Scottish Borders.

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 & 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.

7.2 The SHIP Working Group has been consulted and contributed to this report.

Approved by

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Background Papers: Strategic Housing Investment Plan 2023-28.

Previous Minute Reference: Report by Director Infrastructure and Environment to Executive Committee 4 October 2022.

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

Contact us at: Housingenquiries@scotborders.gov.uk