
**STRATEGIC HOUSING INVESTMENT PLAN 2024-2029
SUBMISSION**

Report by Director – Infrastructure and Environment

EXECUTIVE COMMITTEE

3 October 2023

1 PURPOSE AND SUMMARY

- 1.1 This report seeks approval of the Strategic Housing Investment Plan (SHIP) 2024 -2029, so that it can be submitted to Scottish Government by 27th October 2023 deadline.**
- 1.2 Local Authorities are required to submit a SHIP to the Scottish Government on an annual basis. Scottish Borders Council with the involvement of its key partners via the SHIP Working Group has prepared this SHIP submission. The SHIP articulates how the Council and its RSL partners will seek to deliver the Border’s affordable housing investment needs and outcomes, identified in the Council’s Proposed Local Housing Strategy (LHS) 2023-2028, over a rolling 5-year planning horizon.
- 1.3 Based on available Resource Planning Allocations from Scottish Government and resource planning assumptions, RSL partner private sector borrowing and commitment from the Council’s Affordable Housing Budget, approximately 201 new homes could be delivered during 2023/24 and potentially up to 1,122 new affordable homes over the five-year SHIP 2024-2029 period. This latter figure assumes that all identified challenges and infrastructure issues are resolved in a timely manner, funding is available, and that agreement is reached between all interested parties and the construction sector has capacity to deliver the identified projects.

2 RECOMMENDATIONS

- 2.1 I recommend that the Executive Committee approves the SHIP 2024-2029 for submission to the Scottish Government - More Homes Division.**

3 BACKGROUND

- 3.1 Since 2007, Local Authorities have been required to produce and submit a rolling five-year Strategic Housing Investment Plan (SHIP) to the Scottish Government, More Homes (East Division) on an annual basis. Current Guidance from Scottish Government, published in June 2023, frames the content and development of this SHIP which needs to be submitted to inform the preparation of the Strategic Local Programme (SLP) Agreement. The Agreement sets out the planned programme across the local authority for 2024/25 and informs resource planning assumptions up to 2025/26. The SHIP 2024-2029 is attached as background to this report.
- 3.2 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 Proposed Local Housing Strategy (LHS) 2023-2028. This SHIP is an ambitious, creative and practical plan that rolls forward projects identified in previous SHIPs and introduces new projects and 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.

4 STRATEGIC HOUSING INVESTMENT PLAN 2024-2029

- 4.1 This is the Council's 15th SHIP submission and over that period the Council and delivery partners have delivered an estimated total of 1,774 new affordable homes. Registered Social Landlords (RSLs) now have an estimated stock of 12,405 homes for social and mid-market rent in Scottish Borders. During 2022-2023, a total of 147 additional affordable homes were delivered, considerably exceeding the LHS annual target of 128. Of the above 147 homes delivered, 133 homes are for affordable rent through new build, remodelling and acquisitions by Registered Social Landlords, 6 affordable homes through the Rural Housing Fund and 8 Open Market Shared Equity purchases.
- 4.2 The Council and its partners continue to collaborate to find innovative solutions and resources to continue to build new affordable homes in the Borders to meet a growing demand. In summary, the SHIP 2024-2029:
- Sets out investment priorities for Affordable Housing with a particular emphasis on extra care housing for older people, wheelchair standard and other housing for people with particular housing needs, and Upper Langlee Galashiels housing-led area regeneration.
 - Demonstrates how and where these will be delivered.
 - Identifies the resources required, innovative funding solutions and procurement approaches to help deliver these priorities.
- 4.3 The SHIP Project Working Group, established in 2007 continues to be the Council's key working group responsible for contributing to the development of SHIP. The group prioritises the affordable housing projects proposed and ensures the ongoing review of new and current projects through collaboration with Scottish Government via regular Quarterly Programming meetings.

5 PRIORITISATION

- 5.1 The projects contained within the SHIP programme are prioritised by taking a number of factors into consideration. The Project Priority Assessment Tool is a project priority weighting matrix that has been developed to provide a bottom up assessment of relative priorities of housing projects delivered by RSL's (and other potential Developers) in the Scottish Borders over the five year rolling planning horizon covered by SHIP.
- 5.2 The model used in the project assessment and prioritisation process reflects the reality of the ever changing political and economic climate and is used by the SHIP Project Working Group to review, track and monitor the relative priority of existing and new projects that arise. In this way projects are either brought forward or deferred depending on changing circumstances.
- 5.3 Using this tool, individual projects included in earlier SHIPs can be reviewed to determine their priority and new projects brought forward for inclusion. Analysis of the outcomes of the weighting assessment exercise and project descriptions can be viewed in Appendix 1 of the SHIP update 2024-29. A number of projects have been accelerated into the Strategic Local Programme Agreement during 2023/24, most of which have enabled or are envisaged to spend Affordable Housing Supply Programme funding. In addition, some new potential projects have been included in this SHIP 2024-29 for the first time.
- 5.4 New projects include:
- Former Primary School, Duns
 - Gavinton West Expansion
 - Land at Rear of Primary School, Reston
 - Burnside, Eddleston
 - Main Street, Reston
 - Heather Mill, Selkirk
 - Channel Street, Galashiels
 - Balgownie, Newtown St Boswells
 - Eildon Brae, Newtown St Boswells
 - Howdenburn, Jedburgh
 - High St, Jedburgh (SBHA)
- 5.5 The methodology developed and used by Scottish Borders Council is well regarded by the Scottish Government as being a transparent, robust and credible process and is regularly reviewed and updated to reflect existing priorities for the Council such as Older Peoples Housing, and the Rapid Rehousing Transition Plan.

6 INVESTMENT PRIORITIES FOR AFFORDABLE HOUSING 2024-2029

- 6.1 The SHIP 2024-29 has been developed in line with the current Guidance published by Scottish Government in June 2023. The planned development programme set out in tables 8 to 8D on pages 34-36 of the SHIP show proposed affordable housing projects and commitments for 2024-2029. Table 4 on page 20 of the SHIP estimates the completion of around 201 new affordable homes during 2023-2024. Programming project delivery is agreed through collaboration between Officers from the Council, Scottish

Government - More Homes Division (East) Office, and locally active Registered Social Landlords.

- 6.2 To assist budget estimating, the Council and its partners have developed this SHIP 2024/29 based on an indicative grant of £96k/unit (slightly above benchmark), and RSL Private Finance contribution of £144k/unit (previously £104k/unit), which illustrates the increasing pressure on individual RSL finite financial capacity. However, through the SHIP and Quarterly Programming Meeting arrangements, projects have been identified that could potentially deliver 1,122 new affordable homes over 2024-29 (see Tables 4, 8 and 8A-8D pages 20 and 34-36). In addition, Table 9 on page 36 identifies Potential Pipeline Development Projects which require further work before they could potentially be accelerated into the 5 year programme or included in future SHIPs in due course. Many of these are developer-led or privately owned sites, which draws attention to the importance of the housing market in the delivery of affordable housing. The new Scottish Parliament has confirmed that it will continue to prioritise investment in affordable housing to reflect this intention as set out in the Scottish Government's "[Housing to 2040](#)" vision.
- 6.3 It is recognised that there may be other Private Developer and Open Market Shared Equity Scheme and Discounted Sales house completions during the period of the SHIP, but these cannot be identified meantime as these are not delivered via programme arrangements. The Council and its partners continue to work together to identify new affordable housing site opportunities. In the event of any additional funding and resources being made available from Scottish Government, the Council and its partners will look to bring forward prioritised projects or positively respond to windfall project opportunities (including site acquisition) through the Quarterly Programme meetings with the RSLs, and the Scottish Government More Homes Division.
- 6.4 It should be noted that the slow-down in house sales and low level of private sector house building and completions continues in Scottish Borders after the financial crash of 2008. This adversely impacts on the release of developer-led land supply and reduces Developer Contributions being received by the Council which in turn are used to assist affordable housing delivery. The general trend remains that landowners remain reluctant to sell sites for affordable housing and typically have expectations of pre-financial crash land valuations. On a more positive note, there continue to be examples where Developers have been keen to partner with an RSL to help "de-risk" i.e., starting to open up a housing site through delivery of affordable housing units as a precursor to construction of houses for market sale, or opting to provide 100% affordable housing, thereby providing more certainty in terms of cash flow and income.
- 6.5 This SHIP submission outlines the delivery of 146 new affordable homes over the period 2022/23, anticipated delivery of 201 during 2023/24 and an ambitious and aspirational 1,122 new affordable homes over the life of the SHIP 2024-29. Should all identified challenges and infrastructure issues be resolved in a timely manner as well as anticipated grant funding being brought forward, the sector has the capacity to deliver at this scale. The Council and its partners are optimistic that we can deliver more affordable homes than identified in the SHIP through initiatives such as the Empty

Homes Grant and by working with partners on Community Led housing opportunities, which will not only help more Borders communities access affordable homes but will also contribute towards assisting the economic recovery following the Covid pandemic and Cost of Living Crisis.

7 IMPLICATIONS

7.1 Financial

- (a) Ensuring the SHIP's effective implementation and delivery as a strategic housing authority is dependent on SBC's continuous provision of core services, financial resource allocations from the Scottish Government, partner agencies, private developers and individuals.
- (b) This SHIP is based on a number of known and assumed funding resources that the Council and its development partners will draw upon. These include Affordable Housing Supply Programme grant Allocations of £15.954m in 2023/24, with assumptions of £16.010m in 2024/25 and £16.275m in 2025/26. The SHIP also assumes use of up to £5.1m Second Homes Council Tax funding from the Council and up to £154m of estimated private borrowing by the Registered Social Landlords over the period of the SHIP to 2029. Table 13 (page 53) of the SHIP 2024-29 illustrates estimated potential total investment in the region of £267m over the period 2024-2029.
- (d) The SHIP 2024-2029 presents an unprecedented challenge and opportunity, when compared with previous estimated unit annual delivery numbers, especially in the context of Scottish Borders affordable housing delivery annual average of 115 over the last 20 years. The investment will provide a massive boost to the construction sector and the local economy. Should all the potential 1,122 new homes be delivered then an estimated £1.3m additional income from Council Tax could be generated for the Council over period 1 April 2024 to 31 March 2029.

7.2 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.
- (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 around programme delivery. Officers will continue to work with partner RSLs to ensure that there is a strategic approach to land-banking for affordable housing. In particular this collaboration has identified a number of Council-owned sites which are envisaged for release and development by RSLs to provide Extra Care Housing in key Borders settlements.
- (c) The Council continuously reviews its Corporate Property Strategic Asset Management Plan for the management of the Council's property assets in order to maximise their contribution to the Council's

corporate and service goals and objectives as economically, efficiently and effectively as possible; providing the right space, at the right time, in the right location at the right cost. Therefore a strategic approach to the development of additional affordable homes across the Borders will aim to make the most effective use of land and/or property wherever possible, taking advantage of the Council's property and asset rationalisation and disposal process through collaborative working opportunities.

7.3 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 was 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.
- (d) The Lead Officer – Housing and Development will continue working with the Corporate Risk Officer to drive to completion the development of a Strategic Housing Risk Register that is reflective of the objectives of the Strategic Housing Service. Once such risk focuses on delivering the Strategic Housing Investment Plan (SHIP) with a comprehensive suite of Internal Controls identified to facilitate the achievement of its various outcomes. Once finalised the risk register will support the achievement of this and additional service objectives and will be managed and reviewed following a proportionate and value based approach. It should be noted that as the management of risk (incl. the identification of risk) is not a one-off exercise the Strategic Housing Risk Register will evolve over time to capture new threats as they arise and are identified along with opportunities that should be capitalised on in order to further the achievement of objectives and deliver positive outcomes for the Scottish Borders.

7.4 Sustainable Development Goals

- (a) In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of the SHIP 2024-2028 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 update will promote sustainable communities and help to address many of the housing supply challenges identified in the Proposed Local Housing Strategy 2023-2028.
- (c) There are no adverse economic or social effects resulting from SHIP delivery, and potential environmental effects from new build housing will be addressed through the Planning Process and National policies and standards.
- (d) 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.

7.5 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) It is anticipated that RSL affordable housing proposed in the SHIP 2024- 2029 will be built to meet Scottish Government's "Silver Standard". In the event that this cannot be reached, new houses will be built to comply with current Scottish Building Standards, thereby seeking to maximise the opportunity for energy efficiency and reduction of fuel poverty.
- (c) It should also be noted that at its meeting on 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. At its meeting on 17 June 2021, the Council agreed a Climate Change Route Map which set out a range of actions to progress in order to work towards achieving this strategic vision. The Council's planning and building standards will reflect the developing public policy positions nationally and locally within the Scottish Borders.

7.6 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, 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 this 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.

7.7 Data Protection Impact Statement

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

7.8 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.

8 CONSULTATION

- 8.1 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.
- 8.2 The SHIP Working Group has been consulted and contributed to this report.

Approved by

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Background Papers: Strategic Housing Investment Plan 2024-2029 and associated appendices.

Previous Minute Reference: [Item 2: Strategic Housing Investment Plan 2023-2028](#)
[Item 8: Strategic Housing Investment Plan Progress for 2022/23](#)

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.

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