

PERTH AND KINROSS COUNCIL

Housing & Social Wellbeing Committee

2 November 2022

STRATEGIC HOUSING INVESTMENT PLAN 2023/24 – 2027/28

Report by Executive Director (Communities)

(Report No 22/262)

1. PURPOSE

- 1.1 To seek approval of the Strategic Housing Investment Plan (SHIP) 2023/24 – 2027/28. (Appendix 1)

2. RECOMMENDATIONS
2.1 It is recommended that Perth and Kinross Council, Housing & Social Wellbeing Committee approves: 1 the content of the Strategic Housing Investment Plan 2023/24 – 2027/28. 2 the ongoing development of the SHIP and gives delegated authority to the Strategic Affordable Housing Board to ensure that where projects fall out of the plan, alternative projects, prioritised in the same way are substituted for them. 3 submission of the SHIP to the Scottish Government.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4 – Background / Main Issues
- Section 5 – Proposals
- Section 6 – Conclusion
- Appendices

4. BACKGROUND / MAIN ISSUES

4.1 The context for the SHIP is:

- National
 - o [Housing to 2040](#), which sets out the Scottish Government's vision and strategy for housing.
- Local
 - o The approved [Local Outcomes Improvement Plan](#) and draft [Corporate Plan](#), which set priorities for the Council and its partners and identify the importance of delivering new affordable homes to meeting those priorities.
 - o The Council's [Local Housing Strategy](#) (LHS), which is currently being updated. The new LHS will be reported to this Committee in early 2023.

4.2 The SHIP sets out the strategic investment priorities for affordable housing over a five-year period to achieve the strategic vision set out within the Local Housing Strategy (LHS) to *'provide more homes at the heart of great places.'*

4.3 The SHIP sits alongside the LHS as one of its core delivery mechanisms. It has been developed through engagement with Community members, Registered Social Landlords (RSLs), the Housing Service, the Planning Service, the Economic Development Team, the Health and Social Care Partnership and developers.

4.4 The Council prepares the SHIP annually in its role as Strategic Housing Authority. It ensures that the Council, and its partners, deliver housing that meets the needs of the community, reflecting and aligning with outcomes and housing policies as set out in our LHS.

4.5 The SHIP informs the Scottish Government of our planned affordable housing programme for the preparation of a Strategic Local Programme Agreement.

4.6 The Council and its RSL partners remain ambitious in our plans to increase the supply of affordable housing across all Housing Market Areas (HMAs) (Appendix 2) of Perth and Kinross. These plans are linked to housing need, including those with particular support needs, in each HMA.

4.7 In March 2021, the Scottish Government published Scotland's first ever long-term national housing strategy. The Housing to 2040 strategy sets out the Scottish Government's vision that *'everyone to have a safe, energy efficient home that is affordable and meets their needs in the place where they want to be'*. The strategy is based on the principles of social justice, equality and human rights and includes a target to deliver 100,000 affordable homes in 10 years to 2031-32, with 70,000 of these for social rent. This will be delivered through a range of measures including:

- the Housing and Planning Delivery Framework which reinforces the links between planning and housing requirements to support the provision of the right homes in the right places to create and sustain thriving communities.
- the LHS which underpins the strong alignment between housing and planning to support new and existing neighbourhoods based on place-making principles to promote housing's role in the building of successful and sustainable places.
- the Affordable Housing Supply Programme.
- innovative funding models.
- making best use of existing homes and bringing empty homes back into use.
- Gypsy/Traveller Sites.

4.8 For the SHIP period 2023/24 to 2027/28, the Council has estimated that the Resource Planning Assumption (RPA) funding, as detailed in Table 1, amounting to £83.995m, will be available from the Scottish Government to assist in the delivery of new affordable homes within all HMAs of Perth and Kinross.

Table 1 – estimated breakdown of RPA Funding

Financial Year	2023/24	2024/25	2025/26	2026/27*	2027/28*	TOTAL
RPA (£Millions)	£16.587	£16.645	£16.921	£16.921	£16.921	£83.995

*Note RPA funding is only known until 2025/26. Scottish Government Guidance is to use 25/26 amount for future years until announced.

4.9 The Council aims to increase the scale and pace of delivery of affordable housing over the next five years, by continuing the partnership approach to maintain, and exceed, the delivery of affordable housing, as seen throughout the previous 5-year period. Both the Council and its RSL partners new build plans include both mainstream housing and housing suitable for particular support needs. It is acknowledged that the latter are more expensive to deliver, as they often provide bespoke accommodation to meet the needs of the individual or family.

- 4.10 Affordable housing within the SHIP includes new build projects, refurbishment, and renovation projects, off the shelf acquisitions and buybacks. The Scottish Government will use this information to draft a Strategic Local Programme (SLP) Agreement which, once agreed, will form the basis of the Council and our Partner Programme Agreements.
- 4.11 All projects identified as priorities for funding over the 5-year period are identified within Appendix 1. They have been input via the Scottish Government's Housing and Regeneration Programme (HARP) system.
- 4.12 Since 2016/17, the Council and its partners have delivered 1271 affordable homes in all Housing Market Areas of Perth and Kinross, averaging 212 affordable homes per year against our LHS target of 150. During the 2021/22 Financial Year 308 Affordable homes were completed which was a significant achievement for the Council and our partners, particularly given the disruption and supply chain issues caused by the ongoing pandemic.
- 4.13 We are continuing to see new build affordable housing projects delayed between 6 – 12 months. Although the Council and its partners are making good progress on projects, it remains a challenging operating environment, as a result of factors such as high cost, labour issues and time implications.
- 4.14 The global supply chain for sourcing materials has continued to be significantly affected which has resulted in a shortage of raw materials and increased market demand. Overall, the Council and its partners are faced with rising costs driven by increasing material costs, pressure within the labour market and increased demand within the construction sector.

5. PROPOSALS

- 5.1 The SHIP 2023/24 – 2027/28 seeks to absorb the deferred work from the pandemic and from over planning with continued investment for affordable housing which is focused on the long-term regulatory changes around building safety, Housing to 2040, Energy Efficiency Standard for Scottish Housing (EESH) 2 and net zero and decarbonisation efforts.
- 5.2 Despite the local and global challenge, the Council will continue to develop affordable housing across brownfield sites within Perth and Kinross. Brownfield sites are *'land which has previously been developed on, which is or was occupied by a permanent structure.'* The Council and its partners recognise the challenges when developing on brownfield sites which often result in costs that are potentially higher to develop in comparison to greenfield sites.

- 5.3 The SHIP estimates that almost 1500 affordable homes could be delivered during the period 2023/24 - 2027/28 by the Council and its partners, utilising Scottish Government subsidy of circa £83.995m. The Scottish Government confirmed the Council's Five-year Resource Planning Assumption (RPA) for the period 2021/22 to 2025/26 during July 2021. The 2026/27 and 2027/28 Financial Year RPA have mirrored the allocations of the 2025/26 Financial Year until future RPA is announced – See Table 1 – Paragraph 4.7.
- 5.4 The Scottish Government's return of multi-year funding agreements has been welcomed and is a major step forward in enabling the Council and its partners to forward plan large investment in affordable housing.
- 5.5 To promote the delivery of the 2023/24 – 2027/28 SHIP, the Council continues its partnership approach with the Scottish Government, RSLs and the Private Sector to explore all possible affordable housing options that will help maximise the delivery programme.
- 5.6 Through the Council's successful partnership, Table 2 demonstrates a significant number of affordable homes that are currently on site or due to start on site during the 2022/23 Financial Year. This achievement is the result of the strong SHIP partnership arrangement outlined above.

Table 2: Affordable Housing Developments currently on site or due to start during 2022/23 Financial Year

Development Name	HMA	Tenure	Amount of Affordable Homes
Buybacks	Various	SR	30
Newburgh Road, Abernethy	Perth	SR	10
Newburgh Road, Abernethy	Perth	NSSE	6
Former Fairfield Neighbourhood Centre	Perth	SR	18
Lynedoch Road, Methven	Perth	SR	24
Guildtown	Perth	SR & NSSE	43
Bowerswell	Perth	SR	3
Broich Road (Ph2), Crieff	Strathearn	SR	14
Bertha Park (Ph2A), Perth	Perth	SR	28
Bertha Park (Ph2B), Perth	Perth	SR	7
Bertha Park, (Ph3), Perth	Perth	SR	41
Glenalmond Rd (Ph3), Rattray	Strathmore	SR & MMR	29

Milnathort	Kinross	SR	16
Westpark, Blairgowrie	Strathmore	SR	73
Goodlyburn, Perth	Perth	SR	39
Old Causeway, Kinross	Kinross	SR	8
Abbeyfield, Kinross	Kinross	SR	9
			398

Notes: SR = Social Rent, NSSE - Shared Equity, MMR - Mid-Market Rent

5.7 Approval of the SHIP 2023/24 – 2027/28 will ensure that the Council continues to successfully deliver a range of affordable housing tenure options for those in housing need within Perth and Kinross. Therefore, positively contributing towards the following outcomes of the LHS by:

- providing more homes at the heart of great places
- providing a range of housing options that people can easily access, afford, and keep
- delivering housing for people with varying needs
- delivering quality homes with affordable warmth, zero emission and SMART technology.

5.8 The Council is required to submit its SHIP to the Scottish Government via its HARP system by 28 October 2022. As a result, the document has been issued to the Scottish Government on the basis that it is subject to Committee approval and any changes required will be reported to the Scottish Government. Following approval, the SHIP will form the basis of the SLPA with the Scottish Government.

5.9 The attached (PKC SHIP 23-28) document (Appendix 3) provides an overview of the SHIP 2023 – 2028 that will be included via the Perth and Kinross Council Website.

6. CONCLUSION

6.1 This report outlines the Perth and Kinross Strategic Housing Investment Plan 2023/24 – 2027/28 (Appendix 1).

Author

Name	Designation	Contact Details
Andy Saum	Housing Strategy	(01738) 475000 ComCommitteeReports@pkc.gov.uk

Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	25 October 2022

APPENDICES

- Appendix 1 – Strategic Housing Investment Plan 2023/24 – 2027/28
- Appendix 2 – Housing Market Areas.
- Appendix 3 – PKC SHIP 23-28 (website information)

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	YES
Corporate Plan	YES
Resource Implications	
Financial	YES
Workforce	No
Asset Management (land, property, IST)	YES
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 This report supports the delivery of the Strategic Objectives within Perth and Kinross Community Plan / (Local Outcomes Improvement Plan) 2017-2027.

Corporate Plan

- 1.2 The following are relevant to this report as outlined in the Corporate Plan 2018-2022:

- Promoting a prosperous, inclusive, and sustainable economy
- Supporting people to lead independent, healthy, and active lives
- Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

- 2.1 Resource implications arising directly from this report emanate from the proposed local authority new build housing programme (as detailed in the SHIP appended). In addition to the Scottish Government Grant, the second home Council Tax fund and developer's contributions for affordable housing will be used to support the delivery of the programme including prudential borrowing. Detailed resource assumptions on the use of these funds will be reported to respective Council Committees when final details are known.
- 2.2 The Team Leader, Finance and Governance was consulted on these proposals as part of the Capital Budget and HRA Capital Plan budget setting process.

Workforce

- 2.3 There are no direct workforce implications regarding this report.

Asset Management (land, property, IT)

- 2.4 Some of the sites identified via the SHIP 2023/24 – 2027/28 are in ownership of the Housing Revenue Account and the General Fund. Discussions are ongoing with various departments regarding potential valuations, transfers to the Housing Revenue Account for the delivery of affordable housing.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allow the Council to demonstrate that it is meeting these duties.
- 3.2 This report has been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
 - (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated to delivery of the Act's emissions reduction targets.
 - in the way best calculated to deliver any statutory adaptation programmes; and
 - in a way that it considers most sustainable.
- 3.5 The information contained within this report has been considered under the Act. However, no action is required as the act does not apply to the matters presented in this report.

Legal and Governance

- 3.6 Not applicable.

Risk

- 3.7 Not applicable.

4. Consultation

Internal

- 4.1 Heads of Service and senior managers from Housing, and Planning have been consulted on the content of this report.
- Planning
 - Education
 - Health and Social Care Partnership
 - Housing
 - Estates
 - Economic Development
 - Occupational Health
 - Finance
 - Asset Management

External

4.2 Consultation via various organisations progressed through external meetings from May 2022 – September 2022 with the following: -

- Scottish Government
- Scottish Water
- Housing Developers
- Registered Social Landlord Partners

2. BACKGROUND PAPERS

2.1 The following background papers were used to inform this report:

- Scottish Government – Guidance on preparing Strategic Housing Investment Plans: Guidance Note MHDGN 2022/01 [Strategic Housing Investment Plan \(SHIP\) guidance note MHDGN 2022/01 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/mhdgn-2022-01/pages/1-1-introduction.aspx)
- Scottish Government - Affordable Housing Supply Programme: Process and Procedures MHDGN 2020/20 [Affordable Housing Supply Programme: process and procedures MHDGN 2020/02 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/mhdgn-2020-20/pages/1-1-introduction.aspx)