

# PERTH AND KINROSS COUNCIL

## Housing & Social Wellbeing Committee

29 November 2023

### STRATEGIC HOUSING INVESTMENT PLAN 2024/25 – 2028/29

Report by Strategic Lead, Economy, Development and Planning  
(Report No. 23/336)

#### 1. PURPOSE

- 1.1 To seek approval of the Strategic Housing Investment Plan (SHIP) 2024/25 – 2028/29. (Appendix 1).

#### 2. RECOMMENDATIONS

- 2.1 It is recommended that Committee:

- (i) approves the content of the Strategic Housing Investment Plan 2024/25 – 2028/29.
- (ii) approves 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.
- (iii) notes that the SHIP has been submitted in draft to the Scottish Government as detailed in paragraph 5.

#### 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
  - [Housing to 2040](#) which sets out the Scottish Government's vision and strategy for housing.

- Local
    - The approved Local Outcomes Improvement Plan and [Corporate Plan](#), which set priorities for the Council and its partners and identify the importance of delivering new affordable homes to meeting those priorities.
    - The Council's new [Local Housing Strategy](#) (LHS), which was recently approved at the Housing & Social Wellbeing Committee on 15 March 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, relevant Council services, the Health and Social Care Partnership, developers and five main housing associations in the Perth & Kinross area:
- Hillcrest Housing Association
  - Kingdom Housing Association
  - Places for People
  - Caledonia Housing Association
  - Ark Housing Association
- 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 Local Housing Strategies 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 which is delivered in following tenure types to meet local needs:

- Social Rent
- Mid Market Rent
- Shared Equity
- Self Build Plots

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 1919 affordable homes in all Housing Market Areas of Perth and Kinross, averaging 274 affordable homes per year against our LHS target of 210. This was an increase from the previous LHS target of 150. During the 2022/23 financial year, the Council and its partners delivered 167 new build affordable homes and 36 buy backs. In total, 203 new homes were completed which was a significant achievement for the Council and our partners, given local and global factors affecting build costs and construction capacity.
- 4.13 Although the Council and its partners are making progress on projects, it remains a challenging operating environment, as a result of factors such as high cost, labour issues, time implications as well as land availability and site suitability.
- 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. As a result of these factors, tender prices have increased over the past 12 months on average between 16% to 20%. It is anticipated that this trend of tender price increases will extend into 2024. The Scottish Government More Homes Division are fully aware of the current issues. To help mitigate the increased costs, they have advised that additional grant monies can be considered on a project by project basis for abnormal costs to address site specific constraints.

## **5. PROPOSALS**

- 5.1 The SHIP 2024/25 – 2028/29 seeks to build on the success of the previous SHIP period. It continues with 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 (ESSH) 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. The new LHS Action Plan seeks to maximise the potential to generate more homes through brownfield sites. A register of potential brownfield sites that would be suitable as housing subject to change of use will be established, with a PKC target of delivery of 50% affordable homes through brownfield regeneration and change of use for vacant properties by 2027.

- 5.3 The SHIP estimates that almost 1688 affordable homes could be delivered during the period 2024/25 – 2028/29 by the Council and its partners, utilising the 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 in section 4.8 above.
- 5.4 To promote the delivery of the 2024/25 – 2028/29 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. The successful development and implementation of the SHIP relies on close collaboration between the Council, Scottish Government and individual RSLs. These relationships remain strong in Perth & Kinross, with all stakeholders committed to working together to deliver the projects within the SHIP and to overcoming any challenges or constraints. We continue to maintain the increased levels of routine communication with regular meetings in the form of the Strategic Housing Providers Forum. This includes senior representatives of the five main housing associations currently operating new build programmes in Perth & Kinross.
- 5.5 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 2024/25 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 2024/25 Financial Year

| Development Name                          | HMA        | Tenure                      | Amount of Affordable Homes |
|---|------------|-----------------------------|----------------------------|
| Buybacks                                  | Various    | Social Rent                 | 30                         |
| Grewar Farm, Coupar Angus                 | Strathmore | Social Rent                 | 42                         |
| Former Balhousie School, Perth            | Perth      | Social Rent/Mid Market Rent | 40                         |
| Former Beechgrove Residential Home, Perth | Perth      | Social Rent                 | 40                         |
| East of St Cedd’s Road, Ballinluig        | Highland   | Social Rent                 | 16                         |
| H31 Stanley                               | Perth      | Social Rent                 | 18                         |

|                               |                    |             |     |
|-------------------------------|--------------------|-------------|-----|
| Moyness, Blairgowrie          | Strathmore & Glens | Mix         | 36  |
| Forfar Road, Meikle           | Strathearn         | Mix         | 36  |
| Broich Road Phase 3, Crieff   | Strathearn         | Mix         | 18  |
| Hatton Road, Rattray          | Strathmore & Glens | Mix         | 42  |
| Duntaylor Avenue, Aberfeldy   | Highland           | Mix         | 45  |
| Oudenarde Site                | Perth              | Mix         | 41  |
| Westpark Phase 1, Blairgowrie | Strathmore & Glens | Mix         | 73  |
| Scone North                   | Perth              | Mix         | 60  |
| Bertha Park Phase 4B, Perth   | Perth              | Mix         | 18  |
| Almond Valley Phase 1, Perth  | Perth              | Mix         | 85  |
| Hawarden Terrace, Perth       | Perth              | Social Rent | 18  |
| Broich Road, Crieff           | Strathearn         | Mix         | 55  |
|                               |                    |             | 713 |

Notes: SR - Social Rent, MMR - Mid-Market Rent, Mix - combination of owner-occupier housing, shared ownership housing and social rental properties

5.6 Approval of the SHIP 2024/25 – 2028/29 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 that will positively contribute 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.

5.7 The Council has submitted its SHIP to the Scottish Government via its HARP system on 27 October 2023. 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 Strategic Local Programme Agreement with the Scottish Government.

- 5.8 The attached (PKC SHIP 24-29) document (Appendix 3) provides an overview of the SHIP 2024 – 2029 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 2024/25 – 2028/29 (Appendix 1).

### Author

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### Approved

| Name           | Designation                         | Date             |
|----------------|-------------------------------------|------------------|
| Barbara Renton | Executive Director<br>(Communities) | 21 November 2023 |

## APPENDICES

- Appendix 1 – Strategic Housing Investment Plan 2024/25 – 2028/29
- Appendix 2 – Housing Market Areas.
- Appendix 3 – PKC SHIP 24-29 (website information)

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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

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

The Impact & Value Assessment (IVA) has been designed to screen every Council project, strategy or proposal against statutory and non-statutory environmental, social and economic requirements. It has replaced the previous existing Integrated Appraisal Toolkit (IAT).

### [SHIP Impact & Value Assessment Report](#)

#### 1. Strategic Implications

##### Community Plan/Single Outcome Agreement

1.1 This report supports the following priorities within the Perth and Kinross Community Plan 2022-27:

1. Reducing Poverty
2. Physical and Mental Wellbeing

##### Corporate Plan

1.2 This report supports the objectives of the Corporate Plan 2022/23 to 2027/28:

- (i) Children and young people grow up safe, respected, well-educated, and confident in their ability to realise their full potential;



- (ii) People and businesses are increasingly able to prosper in a local economy which support low carbon ambitions and offers opportunities for all;
- (iii) People can achieve their best physical and mental health and have access to quality care and support when they need it;
- (iv) Communities are resilient and physically, digital and socially connected;
- (v) Perth and Kinross is a safe and vibrant place, mitigating the impact of climate and environmental change for this and 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

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

### Asset Management (land, property, IT)

- 1.4 Some of the sites identified via the SHIP 2024/25 – 2028/29 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. A Pre Screening Report has been provided to SEA Gateway. Having consulted the three consultation authorities and having considered the criteria set out in the Act, the Council considers that the Strategic Housing Investment Plan 2024/25 – 2028/29 is unlikely to have significant environmental effects. The relevant policy has been subject to assessment through the SEA of the Local Development Plan 2 (2019) so significant environmental effects as a result of the guidance that have not already been assessed elsewhere are unlikely. The Council has therefore determined that SEA is not required.

### SHIP SEA Screening

#### 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 2023 – September 2023 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 2023/02 [Supporting documents - Strategic Housing Investment Plan \(SHIP\) guidance note MHDGN 2023/02 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2023/02/Supporting_documents_-_Strategic_Housing_Investment_Plan_(SHIP)_guidance_note_MHDGN_2023/02_-_gov.scot)
- Scottish Government - Affordable Housing Supply Programme: Process and Procedures MHDGN 2023/01 [Funding applications and appraisal procedures - Affordable Housing Supply Programme \(AHSP\): process and procedures MHDGN 2023/01 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2023/01/Funding_applications_and_appraisal_procedures_-_Affordable_Housing_Supply_Programme_(AHSP):_process_and_procedures_MHDGN_2023/01_-_gov.scot)