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**STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2018/19 - 2022/23**


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**1.0 EXECUTIVE SUMMARY**

- 1.1 The Scottish Government issued revised guidance in July 2017 to assist local authorities in the preparation of their SHIPs; and advised that these will revert to being submitted on an annual basis. The next SHIP will cover the period 2018/19-2022/23, and is due to be submitted by 27<sup>th</sup> October 2017. This paper summarises the proposals for the revised SHIP, in line with statutory requirements and the latest guidance.
- 1.2 In June 2017, the Scottish Government also issued formal confirmation of long term Resource Planning Assumptions (RPAs) for local authorities in support of their Affordable Housing Supply Programme. The available funding for Argyll and Bute over the next three years has increased substantially and provides certainty and clarity for forward planning via the SHIP. In addition to the £11.6m already confirmed for the current year, 2017/18, the RPAs for this authority are as follows:

<b>Argyll &amp; Bute</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>3 Year Total</b>
<b>RPA</b>	<b>£15.150m</b>	<b>£17.140m</b>	<b>£18.286m</b>	<b>£50.576m</b>

- 1.3 In 2016/17, the SHIP delivered 154 new affordable homes. This SHIP identifies potential for around 80 units this year and over 760 additional homes to be completed or approved over the next five years.
- 1.4 As well as addressing unmet local need and contributing to national targets, the proposed programme will: generate additional investment in the local economy, supporting additional jobs including new apprenticeships in the construction sector and associated labour market; it will stimulate community regeneration and sustainability; it will help to attract and retain residents and employees for local businesses; it will encourage movement within, and more effective operation of, the local housing system; it will also contribute to improving general health and well-being; and more pragmatically the new homes will also generate additional Council tax revenue.

**1.5 RECOMMENDATION**

It is recommended that Community Services Committee agree to recommend that the Council:

- I. Approve the SHIP proposals summarised in this report for submission to the Scottish Government in October 2017; and

- II. Approve to commit to maximising the use of the Strategic Housing Fund to support the SHIP programme.

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**STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2018/19 – 2022/23**

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**2.0 INTRODUCTION**

- 2.1 This paper seeks council approval to submit the revised Strategic Housing Investment Plan 2018/19 – 2022/23 to the Scottish Government in October 2017. The core purpose of the SHIP is to set out strategic investment priorities for affordable housing over a five year period to achieve the outcomes set out in the Local Housing Strategy.
- 2.2 The SHIP remains a continuous, iterative process: individual projects are subject to a variety of factors which can lead to slippage or revision; and the overall programme requires constant monitoring. Formal updates are now required on an annual basis.
- 2.3 The revised SHIP has potential for delivery of around 80 units this year, and over 760 new affordable homes over the next five years.

**3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Community Services Committee agree to recommend that the Council:
- I. Approve the SHIP proposals summarised in this report for submission to the Scottish Government in October 2016; and
  - II. Approve to commit to maximising the use of the Strategic Housing Fund to support the SHIP programme

**4.0 DETAIL**

- 4.1 The Scottish Government and COSLA/ALACHO have agreed that SHIPs will revert to being submitted on an annual basis. In July 2017 revised guidance was issued to assist local authorities prepare their next SHIPs, which are due for submission on 27<sup>th</sup> October 2017, and will cover the period 2018/19–2022/23.
- 4.2 The Local Housing Strategy (LHS) sets out the strategic policy approach of the council and its partners to delivering high quality housing and related services across all tenures to meet identified need in the area. SHIPs are directly informed by the LHS and its policies and are developed in consultation with key stakeholders. Therefore, the SHIP is operational and not a policy document.
- 4.3 The core purpose of the SHIP remains to set out strategic investment priorities for affordable housing over a five year period to achieve the

outcomes contained in the LHS. The plan reinforces the council as the strategic housing authority; the importance of the outcomes and targets set out in the LHS; and informs Scottish Government investment decisions.

4.4 The SHIP should therefore

- Set out investment priorities for affordable housing
- Demonstrate how these will be delivered
- Identify the resources required to deliver these priorities
- Enable the involvement of key partners

The content of the SHIP also includes the following;

- That the priorities listed are consistent with the Local Housing Strategy (LHS) and any subsequent updates;
- A summary of the methodology used to prioritise projects;
- That beyond securing funding, any other development constraints will have been resolved by the estimated site start date;
- The level of consultation undertaken with RSLs and other stakeholders in developing the SHIP;
- That the projects will maximise the opportunities for energy efficiency and reduction of fuel poverty.

4.5 **Resource Planning Assumptions (RPAs).**

The Scottish Government has allocated RPAs to local authorities for 2017/18 and the three years to end-March 2021. These confirm substantial increases on previous assumptions for this authority:

<b>Argyll &amp; Bute</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>RPA</b>	<b>£11.6m</b>	<b>£15.150m</b>	<b>£17.140m</b>	<b>£18.286m</b>

Source: Scottish Government Letter of Confirmation, June 2017

An approximate calculation (based on the average Affordable Housing Supply Programme 3 person unit benchmark of £72k for social rent in rural Argyll) would suggest that this level of investment could deliver over 700 new affordable homes in the period from 2018/19 to 2020/21. Investment for the final two years of the SHIP programme, 2021/22 and 2022/23, will be confirmed in due course. It should be noted that this is potential investment for Argyll and Bute, dependent on actual need and deliverability of suitable projects; and while obviously very welcome, this level of funding will also present real challenges for the council and its partners. This would be subject to sufficient complementary funding being available from the council and RSLs themselves to support the programme; and the capacity of the constrained local construction industry.

4.6 Additional funding is required to complement the Scottish Government investment, and in Argyll and Bute this includes a significant contribution from the Council’s Strategic Housing Fund (SHF) as well as housing association investment drawn from private sector borrowing. The council’s SHF is primarily based on the revenue raised from reduced tax discounts on empty and second homes. The balance at the start of the current financial year was £8.969m; with outstanding commitments of £3.518m

and therefore a balance from the SHF of £5.451m. The SHIP sets out plans to fully utilise this balance over 5 years to support the affordable housing development programme, including empty homes grants and loans. The projected income to the SHF over the next 3 years is approximately £1.9m per annum. In April 2016 the Council halved the level of grant provision for RSLs from £25k to £12k per unit, to reflect the equivalent increase in Scottish Government grant; and an evaluation exercise carried out by independent consultants in 2016 confirmed that this is indeed the most appropriate and cost effective level of grant aid to support the SHIP programme. In total, £2.1m was invested from this source by the Council to support the SHIP in 2016/17. An indicative estimate of around £8.9m would be required to support in full the Scottish Government investment outlined in the three year RPAs above; and over £10m would be required in order to support all the projects outlined in this SHIP (see Tables 2.1 and 2.2 below).

#### **4.7 Consultation and Collaboration**

The preparation of the SHIP is intended to be viewed as a corporate activity with close working relationships fostered across housing, planning, economic development and other internal departments. It is also crucial that the SHIP process is based on collaboration between the Council, RSLs, communities, developers, the Scottish Government and other stakeholders such as the Health and Social Care Partnership; and that the SHIP document should provide a detailed narrative about how consultation and collaboration has been undertaken with all stakeholders. In Argyll and Bute, while the Council remains the strategic authority with overall responsibility for the plan, local RSLs and developers are engaged formally and informally throughout the process, and do lead on delivering most of the individual projects. Regular review meetings are held with SHIP officers from the Council, RSLs, and the Scottish Government, and all proposals and decisions are considered by the overarching, multi-agency Strategic Housing Forum. Updates are also being tabled at local area community planning groups; and at the level of specific projects, sites and settlements, a range of community representatives and individual residents are routinely engaged and consulted. In recent years, a number of local community councils and development trusts have pro-actively engaged in the SHIP process, undertaking localised HNDAs, with Council support, to feed into the process and contributing to discussions on the project proposals.

- 4.8 A primary focus for the new SHIP has been engagement with the Health and Social Care Partnership (HSCP) to ensure adequate specialist provision is included in the new build programme. The HSCP's 3 year strategic plan incorporates a housing contribution statement outlining the essential role housing plays in supporting and maintaining independence, health and well-being of residents. The HSCP has now agreed with the council a programme of work to refresh the service needs assessment and further strengthen operational planning and delivery by the end of March 2018. This work will inform a review and if necessary a realignment of the current council target of

10% baseline of new developments to cater for residents with special needs e.g. the elderly, families, disabled.

#### 4.9 Housing Infrastructure Fund (HIF)

The Scottish Government has introduced an infrastructure fund to support housing development through dedicated loans and grants. This five year programme will run at least to 31<sup>st</sup> March 2021 and will prioritise sites which are of strategic importance and cannot proceed or have stalled due to exceptional infrastructure works. The council is currently preparing a bid for HIF support to address the costs of upgrade works at Kirk Road/Lorn Road. This work is essential for the delivery of the ongoing housing development at Dunbeg, which remains a high strategic priority for the council and its partners. It is the single largest housing development project within the Council's area and the annual targets will not be met if the work does not proceed within the Government funding timescales.

#### 4.10 Other Affordable Housing Provided Without AHSP Assistance

SHIPs should contain details of all proposed affordable housing projects within the local authority area including those which will be provided without AHSP support. This could include off the shelf purchases, buybacks of ex-council/RSL stock, projects where councils have exclusively used their own resources, pension funds or other sources of funding, including Scottish Government non-AHSP funds to develop housing. The Council will continue to explore these and all other appropriate options to increase the supply of affordable housing.

#### 4.11 Current Progress: Outputs 2016/2017

The revised LHS was launched in 2016 and set out a cumulative five year target of at least 550 new affordable homes. This averages at 110 units per annum, however, it is acknowledged that the rate of delivery would be subject to constant fluctuation year on year. As recorded in the LHS Annual Report for 2016/17, the Year One target was successfully exceeded, as illustrated below.

**Table 1: SHIP New Build Homes by HMA, Completed 2016/17**

Housing Market Area	Projects	Completions	%
Helensburgh & Lomond	East King St., Helensburgh	24	15.6%
Mid Argyll	Tower View, Inveraray Heatherbank, Cairnbaan Baddens, Lochgilphead	21	13.6%
Islay, Jura & Colonsay	Bowmore, Islay	10	6.5%
Cowal	Victoria Park, Dunoon Finnartmore, Kilmun Argyll St., Dunoon	30	19.5%
Lorn	St. Oran's Place, Connel Connel Phase 4 Glenshellach, Oban MacVicar Court, Dunbeg Beinn Lora Drive, Benderloch	64	41.6%

Mull & Iona	Glebe, Iona	5	3.2%
<b>Total</b>		<b>154</b>	100.0%

#### 4.12 The Revised SHIP Programme

The current year, 2017/18, is covered by a Strategic Local Programme Agreement while the new SHIP is intended to commence from 2018/19. The following tables simply summarise all proposals at the time of writing, including those projects which were completed in the first quarter of this year and for which funding has already been drawn down. It should be noted that the status of many future projects, particularly in the later years, remains provisional and purely indicative at this stage; some may not proceed within the timescale. However there is also scope for additional proposals to be brought forward or included in earlier years.

**Table 2.1: SHIP Projects – expected to complete in 2017/18**

Project address	Developer	Tenure*	Units
Glenshellach, Oban (final units of Phase 8)	ACHA	SR	2
Glenshellach, Oban (Phase 10)	ACHA	SR	8
Ardenslate (off the shelf – subject to negotiation)	ACHA	SR	8
Connel (Phase 3)	ACHA	SR	10
Coll	ACHA	SR	2
Minard	FH	SR	6
Lochgilphead (Phase 5)	FH	SR	12
Luss	Link	SR	5
Benderloch (Phase 2)	WHHA	Mixed	12
Imereval, Port Ellen (Phase 1)	WHHA	SR	18
<b>Argyll &amp; Bute Total</b>			<b>83</b>

(\*SR = social rent; "Mixed" includes mid-market rent/shared equity etc.)

**Table 2.2: SHIP Projects – Potential Completions 2018/19 – 2020/21**

Project address	Developer	Tenure	Units	Anticipated Completion*
Bowmore (Phase 3)	ACHA	SR	20	2018/19
Jutland Court, Helensburgh	ACHA	SR	32	2018/19
North Connel (Specialist Provision)	ACHA	SR	1	2018/19
Connel (Phase 4 – specialist unit)	ACHA	SR	1	2018/19
Inveraray (Phase 2)	ACHA	SR	10	2018/19
Barran, Kilmore	ACHA	SR	6	2018/19
Keills, Islay - Site Acquisition	ACHA	SR	4	2018/19
Garelochhead	ACHA	SR	10	2018/19
Tarbert	ACHA	SR	4	2019/20
Glenshellach (Phase 11 &12)	ACHA	SR	42	2020/21
St. Joseph's, Helensburgh	ACHA	SR	20	2020/21
Succoth (Phase 1)	DHA	SR	26	2018/19
Golf Club site, Helensburgh	DHA	SR	75	2020/21
Spence Court, Dunoon	FH	SR	16	2018/19
Lochgilphead (Phase 4)	FH	SR	16	2018/19
Tighnabruaich/Portavadie	FH	SR	20	2019/20
Strachur	FH	SR	4	2019/20

Cairndow	FH	SR	6	2019/20
Albany Street, Oban	LINK	SR	8	2018/19
Helensburgh (Sawmill Site)	LINK	Mixed	25	2019/20
Lonan Drive, Oban	LINK	Mixed	46	2019/20
Dunbeg (Phase 3)	LINK	Mixed	300	2020/21
Ganavan, Oban	LINK	NSSE	8	2020/21
Lochdon, Mull	WHHA	Mixed	14	2018/19
Jura	WHHA	SR	10	2018/19
Tobermory	WHHA	Mixed	12	2019/20
Colonsay	WHHA	SR	5	2019/20
Barcaldine	WHHA	SR	10	2019/20
Salen, Mull	WHHA	Mixed	8	2019/20
Imereval, Port Ellen (Phase 2)	WHHA	Mixed	6	2020/21
Argyll & Bute Total			765	

(\*Timescales are indicative and subject to change; and will be monitored on a regular basis)

**Table 2.3: Additional Potential Projects under consideration**

Project address	Developer	Units
Cardross	ACHA	20
Luss	ACHA	4
Rhu	ACHA	6
Glencruitten, Oban	ACHA	30
Tiree	ACHA	10
Dunclutha, Dunoon	Bield	tbc
Helensburgh	Bield	tbc
Succoth (Phase 2-subject to need)	DHA	12
Lochgoilhead (subject to need)	DHA	6
Tighnabruaich/Portavadie (Phase 2 – if need)	Fyne homes	10
Inveraray (subject to need)	Fyne Homes	tbc
Ardfern/Craignish (subject to need)	Fyne Homes	tbc
Lochgilphead (subject to need)	Fyne Homes	12
Rosneath (subject to need)	LINK	40
Port Charlotte	WHHA	8
Port Appin	WHHA	6
Tobermory (additional site/capacity)	WHHA	tbc
Dervaig, Mull	WHHA	5
Bunessan	WHHA	8
North Connel	WHHA	12

4.13 Alternative sites are also being considered either to replace or enhance some of the sites listed in above tables, such as the council-owned site at Blairvadach. The Council has also been supporting community developments out with the core AHSP funding programme, such as the recent development of 2 units at Ulva on Mull. A review of assets and the available landbank will also inform Council policy on the potential for providing serviced plots for sale for affordable housing development; and the outcome of a self-build/custom-build pilot in Highland Council will also be closely monitored and any useful learning points will be

considered for future action. The Council is also actively piloting a project to designate simplified planning zones in Mid Argyll and Mull for the provision of self-build sites. In addition, the council provides support for communities considering the use of the Government's Rural Housing Fund and other resources to deliver affordable housing outwith the core AHSP development programme.

#### **4.14 Impact Assessments**

In preparing the SHIP, as in all aspects of housing policy and planning, the Council has taken account of the housing needs of all the communities we serve, and continues to address equalities issues and adhere to principles of diversity and equality. In addition to the robust baseline evidence of specialist accommodation and support needs across the range of equalities client groups contained in the HNDA, the council is proactively pursuing engagement with the Health and Social Care Partnership to inform the SHIP programme. An overarching equality impact assessment has been completed for the LHS and this will inform our assessment of the impact of the SHIP, and how the strategic aims are embodied in the housing priorities of the programme. However, as the responsible authority for the purposes of the relevant 2005 Act, the Council has determined that a Strategic Environmental Assessment (SEA) is not required for the LHS or SHIP.

### **5.0 CONCLUSION**

5.1 The Scottish Government will review the SHIP in line with the process agreed jointly with COSLA. Their appraisal will therefore take account of the following: the extent to which the SHIP delivers LHS Outcomes; the extent to which it is feasible to deliver; the local authority's contribution to the delivery of the programme, both in terms of its facilitation role and in terms of maximisation of resources; evidence that the Council is supporting the efficient delivery of the SHIP; evidence of stakeholders' involvement in developing the SHIP and in the implementation of proposals; and the extent to which it takes account of equality issues. In March 2017, the Scottish Government provided positive feedback on the previous SHIP, submitted last year, and their comments have also continued to inform this latest version of the SHIP moving forward.

### **6.0 IMPLICATIONS**

6.1 **Policy:** Proposals are consistent with current Council policy, including the revised policy in respect of the use of Strategic Housing Fund monies. The SHIP supports the Local Housing Strategy vision and outcomes which are directly aligned with the overarching objectives of the Single Outcome Agreement, in particular SOA Outcome 2 – we have infrastructure that supports sustainable growth.

- 6.2 **Financial:** The proposals are based on the Resource Planning Assumptions provided by the Scottish Government; the Strategic Housing Fund and RSL private finance. There will be an ongoing requirement to retain and target SHF resources to support the proposed programme.
- 6.3 **Legal:** The submission of the SHIP will meet our statutory duties, and following its approval, Strategic Local Programme Agreements will be concluded between the Council and Scottish Government.
- 6.4 **HR:** None
- 6.5 **Equalities:** The proposals are consistent with aims and objectives set out in the local housing strategy, which is subject to an EQIA.
- 6.6 **Risk:** Risk assessment is an integral part of each development and will be considered as the programme moves forward. The SHIP is required to show how risk will be managed. Failure to deliver a robust SHIP could result in loss of substantial government investment for the local authority area. Alternatively, however, failure to forward plan judiciously and to programme development in line with identified needs could result in over supply; generating imbalances in the local housing market, and creating risks for RSL's and the management of their existing stock, with consequent adverse effects on local neighbourhoods and communities.
- 6.7 **Customer Service:** The proposals will deliver increased access to a range of suitable, affordable housing options.

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