

STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2021/22 – 2025/26

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government issued revised guidance in August 2019 to assist local authorities in the preparation of their annual SHIPs; which will cover the period 2021/22 - 2025/26, and are required to be submitted to the Scottish Government by mid - December 2020. This paper summarises the proposals for the revised SHIP, in line with statutory requirements and the latest guidance.

In April 2019 The Scottish Government allocated Resource Planning Assumptions (RPAs) to local authorities for the two years to end-March 2021. Guidance issued this year asks local authorities to assume the RPA level for 2021/22 will be the same as the confirmed RPA level for 2020/21:

Argyll & Bute	2020/21	2021/22	2 Year Total
RPA	£19.527m	£19.527m	£39.054m

- 1.2 In 2019/20, the SHIP delivered 75 new affordable homes. This SHIP identifies potential for around 137 units to be completed in 2020/21 and over 900 additional homes to be completed or approved in subsequent years.
- 1.3 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.

1.4 **RECOMMENDATION**

It is recommended that the Council:

- a. Approve the SHIP proposals summarised in this report which will then be submitted to the Scottish Government in December 2020.

STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2021/22 – 2025/26

2.0 INTRODUCTION

- 2.1 This paper seeks council approval of the revised Strategic Housing Investment Plan 2021/22 – 2025/26 which will then be submitted to the Scottish Government in December 2020. 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 137 units this year, and over 900 new affordable homes in subsequent years.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council:
- a. Approve the SHIP proposals summarised in this report which will then be submitted to the Scottish Government in December 2020.

4.0 DETAIL

- 4.1 From 2017, the Scottish Government and COSLA/Association of Local Authority Chief Housing Officers (ALACHO) agreed that SHIPs would revert to being submitted on an annual basis. In July 2020 revised guidance was issued to assist local authorities prepare their SHIPs, which require to be submitted to the Scottish Government by mid – December 2020, and will cover the period 2021/22–2025/26.
- 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.

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 SHIP should contain a succinct narrative in PDF form, submitted as a supporting document to the SHIP in the Housing and Regeneration Programme (HARP) system, which explains the context to the SHIP including:

- A statement on alignment with the LHS demonstrating that priorities identified in the SHIP are consistent with what the local authority outlined in its LHS (and any subsequent updates) and how the SHIP priorities will contribute to delivery of LHS Outcomes
- A summary of the methodology used to prioritise projects
- Details of how the local authority has responded to and resolved development constraints on projects prior to the site start date
- Details on how the local authority's own resources and other funding are supporting the delivery of affordable housing in its area
- Details of progress towards the delivery of its Affordable Housing Supply Programme across all tenures by completions
- Details of affordable housing projects for Gypsy/Travellers
- Details of Housing Infrastructure Fund projects where these are linked to affordable housing delivery
- Details of local plans to support the delivery of wheelchair accessible housing within its area
- A statement that strategic housing priorities are aligned and are consistent with Rapid Rehousing Transition Plan priorities
- Details of affordable housing projects that are aligned with the local authority's Child Poverty Action Report
- Details that duties under the Islands (Scotland) Act have been followed by the local authority if appropriate
- Details of any empty homes services and actions to bring homes back into use
- Details of how Council Tax on Second and Empty Homes has been used to assist affordable housing
- Details of how Developer Contributions have been used to assist affordable housing
- The type and level of consultation undertaken with RSLs, communities, developers and other stakeholders in developing the SHIP and how this has helped with the development of strategic investment priorities

4.5 **Key Aspects of Revised SHIP Guidance**

Building on previous guidance, the Scottish Government’s current guidance includes an enhanced emphasis on the delivery of wheelchair accessible housing and in support of action 62 of the Fairer Scotland for Disabled People Action Plan, the guidance requires additional material from local authorities in the form of a position statement covering the following broad areas.

- What the current evidence base tells you about the requirement for wheelchair accessible housing, and any plans the authority has to develop this work further.
- The approach, if any, the authority have set in the Local Housing Strategy/ Local Development Plan to wheelchair accessible housing including any target/ quota that the local authority currently has in place.

The current guidance also includes specific linkages between the SHIP process and the duty on local authorities to produce Rapid Rehousing Transition Plans, essentially ensuring that the delivery of the SHIP will have direct impact on homelessness in the local authority area.

4.6 Resource Planning Assumptions (RPAs).

In April 2019 The Scottish Government allocated RPAs to local authorities for the two years to end-March 2021. Guidance issued this year asks local authorities to assume the RPA level for 2021/22 will be the same as the confirmed RPA level for 2020/21:

Argyll & Bute	2020/21	2021/22	Total
RPA	£19.527m	£19.527m	£39.054m

Source: Scottish Government SHIP Guidance August 2019

An approximate calculation (based on the average Affordable Housing Supply Programme 3 person unit benchmark of £82k for social rent in rural Argyll) would suggest that this level of investment could deliver 238 new affordable homes in 2021/22. Investment for the final four years of the SHIP programme, 2022/23, 2023/24, 2024/25 and 2025/26 will be confirmed in due course (for planning purposes the SHIP Guidance indicates that local authorities should use their 2021/22 RPA as the basis for funding for the final four years of this SHIP period, on the understanding that there is currently no guarantee of funding beyond 2021). 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 to gear up to such an enhanced level of productivity.

- 4.7 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 holiday and second homes. The SHIP sets out plans to fully utilise the SHF 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 £2m 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 to support the SHIP programme. An indicative estimate of around £2.8m would be required to support in full the Scottish Government investment outlined in the 2020/21 RPA above.

4.8 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 services. 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 Housing Need and Demand Assessments (HNDAs), with Council support, to feed into the process and contributing to discussions on the project proposals. In 2019, additional engagement has been promoted across the local business sector and a network of employers and other interested parties has been established for future consultation.

- 4.8.1 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 (HCS) outlining the essential role housing plays in supporting and maintaining independence, health and well-being of residents. Following the production of the joint Health, Care and Housing Needs Assessment in 2018, and the recommendations which were appraised by a wide range of cross-sectoral stakeholders at a dedicated workshop session and subsequently approved by the Strategic Housing Forum

that year, the revised HCS sets out a joint vision for housing, health and social care in Argyll and Bute:

**“People in Argyll and Bute with health and social care needs
have access to housing options that
maximise their health, wellbeing and independence”**

4.9 **Housing Infrastructure Fund (HIF)**

The Scottish Government introduced an Infrastructure Fund in 2016 to support housing development through dedicated loans and grants. This five year programme will run at least until 31st March 2021 and will prioritise sites which are of strategic importance and cannot proceed or have stalled due to exceptional infrastructure works. The council secured a £2.1 million HIF grant to address the costs of upgrade works at Kirk Road/Lorn Road. This work is now complete and has enabled delivery of the ongoing 300 unit affordable housing development at Dunbeg, which remains a high strategic priority for the council and its partners. The SHIP annual update contains proposals for 3 further HIF projects in Argyll.

4.10 **Other Affordable Housing Provided Without Affordable Housing Supply Programme (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. SHF has contributed to 2 Rural and Islands Housing Fund projects in Argyll during 2020 – 4 affordable houses at Ulva Ferry through the Mull and Iona Community Trust (MICT) and the purchase of land for affordable housing at Scalasaig, Colonsay by Colonsay Community Development Company (CCDC).

The potential impact of the proposed Rural Growth Deal (RGD) for Argyll and Bute will be significant, and the SHIP and the housing sector in general can contribute to this strategic agenda. Housing opportunities being pursued via the RGD include addressing infrastructure issues at potential housing sites, innovative construction methods, such as off-site, modular homes for example; with a particular focus on addressing the housing needs of key and essential workers.

4.11 **Current Progress: Outputs 2019/2020**

The Table 1 details the affordable housing delivered by the SHIP in 2019/20.

TABLE 1: SHIP New Build Homes by HMA & Project, 2019/20

Housing Market Area	Projects	Completions	% of Total
Helensburgh & Lomond	Castlewood Court, Helensburgh	16	21%

Islay, Jura & Colonsay	Imeraval Phase 2, Port Ellen, Islay	8	11%
Kintyre	Southend (acquisition)	1	1%
Lorn	Glenshellach, Oban Phases 11-13	30	40%
	Powell Place, Connel , Phase 2	2	3%
Mid Argyll	Kilmartin	4	5%
Mull & Iona	Swan Drive, Lochdon, Mull	14	19%
TOTALS		75	100%

14 of the 75 completions (19%) in Table 1 were Low Cost Home Ownership properties. All 14 properties were delivered on the islands (8 on Mull and 6 on Islay)

4.12 The Revised SHIP Programme

The current year, 2020/21, is covered by a Strategic Local Programme Agreement while the new SHIP is intended to commence from 2021/22. The following tables summarise all proposals at the time of writing, including those projects which were completed in the first quarters 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: SHIP Projects – expected to complete or be onsite in 2020/21

Project address	Developer	Units	Anticipated Completion Date
Garelochhead (Passivhaus model)	ACHA	10	2020
Glenshellach (carry over from 2019/20)	ACHA	12	2020
Cairnbaan	ACHA	5	2020
Inveraray, Phase 2	ACHA	10	March 2021
Dixon Avenue, Dunoon (refurb.)	ACHA	1	2020
Milknowe, Kintyre	ACHA	1	March 2021
Tighnabruaich	Fyne Homes	20	2020
Cairndow	Fyne Homes	6	Feb. 2021
Barcaldine	WHHA	10	2020
Kirk Road, Dunbeg	WHHA	4	2021
Dunbeg Phase 3 (partial completions)	Link	58	March 2021
Argyll & Bute 2020/21 Total Completions (est.)		137	March 2021

TABLE 3: SHIP Core Programme - Potential Completions by 2026

Project address	Developer	Units	Anticipated Completion ¹
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Imeraval, Islay, Phase 3	WHHA	8	Aug. 2021
Tarbert Phase 2	ACHA	4	Nov. 2021
Inveraray Phase 2	ACHA	10	Nov. 2021
Dunbeg Phase 3 (carry forward)	Link	242	Nov. 2021
Eton Avenue, Dunoon	ACHA	4	Jan. 2022
Jura	WHHA	10	Jan. 2022
Keills, Islay	ACHA	4	Feb. 2022
North Connel Phase 2	ACHA	2	March 2022
Rowan Cottage, Port Appin	WHHA	6	March 2022
Creamery, Port Charlotte	WHHA	8	March 2022
Jeanie Deans site, Helensburgh	Dunbritton	12	June 2022
Sawmill field, Helensburgh	Wheatley Group	36	Sept. 2022
Tobermory (Phase 3)	WHHA	12	Sept. 2022
Colonsay	WHHA	5	Oct. 2022
Rosneath	LINK	40	Oct. 2022/tbc
Bowmore (Phase 4)	ACHA	18	Oct. 2022
Imeraval, Islay, Phase 4	WHHA	20	Jan. 2023
18 th Tee, Helensburgh	Dunbritton	40	Feb. 2023
Lonan Drive, Oban	LINK	46	March 2023
Ganavan, Oban	Link	50	May 2023
Inveraray	Fyne Homes	12	Aug. 2023
Salen, Mull	WHHA	8	Aug. 2023
Dalintober, Campbeltown	ACHA	25	Nov. 2023
Golf Club Site, Helensburgh	Dunbritton	35	March 2024
Tighcargaman, Port Ellen	ACHA	20	March 2024
Lochgilphead Phase 6	Fyne Homes	12	Dec. 2024
Dunbeg Phases 4, 5 & 6	Link	150	Feb. 2025
Lochgilphead Phase 7	Fyne Homes	4	March 2025
Glencruitten, Oban	ACHA/tbc	100	2026
Argyll and Bute Total		943	2021-2026

¹ NB. Timescales are indicative and subject to change; and will be monitored on a regular basis. Some projects could also revise their final number of units.

4.13 Alternative sites are also being considered either to replace or enhance some of the sites listed in above tables. The Council continues to support community developments out with the core Affordable Housing Supply Programme (AHSP)

funding programme. 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 has now been rolled out across Scotland. The council also continues to provide support for communities considering the use of the Government's Rural and Island Housing Funds and other resources to deliver affordable housing out with 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 inclusion. 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. Housing Services will also consider requirements for Health Inequalities Impact Assessments, Child Rights and Wellbeing Impact Assessments or other potential policy implications. 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 June 2020, 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 Outcome Improvement Plan, in particular 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(Fairer Scotland Duty):** The proposals are consistent with aims and objectives set out in the local housing strategy, which is subject to an EQIA.
- 6.5.1 **Equalities – protected characteristics** There are targets set within the SHIP to deliver housing which meet the needs of specialist groups
- 6.5.2 **Socio-economic Duty** The delivery of affordable housing across Argyll and Bute facilitates socio-economic opportunities for all. The SHIP links with the Child Poverty Strategy.
- 6.5.3 **Islands** The Housing Needs and Demand Assessment process takes full account of housing need on the islands. New build developments on the islands are included in each of the SHIP tables.
- 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 RSLs 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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Appendix 1 – SHIP Document