

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 21 NOVEMBER 2023

STRATEGIC HOUSING INVESTMENT PLAN 2024/25 – 2028/29

REPORT BY ALISON SMITH, DIRECTOR OF VIBRANT COMMUNITIES AND SUSTAINABLE GROWTH

ABSTRACT

This report informs members on the Strategic Housing Investment Plan (SHIP) for 2024/25 – 2028/29 and proposals for the use of resources from the Affordable Housing Revenue Account (AHRA).

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) Approves the content of the SHIP 2024/25 – 2028/29 as detailed in **Appendix 1**; and
- (ii) Approves the ongoing development of the SHIP, and its associated programme plans and procedures, with the Council's partners during the lifetime of the Plan.

2. ALIGNMENT TO THE COUNCIL PLAN

This report contributes to the following priorities contained within the Council Plan 2023-28

Caring for our Place

- Ensure the provision of new houses in Angus
- Ensure delivery of affordable housing via our Strategic Housing Investment Plan
- Ensure that our housing estate is well maintained and invest in improvements

3. BACKGROUND

3.1 The core purpose of the SHIP is to set out the strategic investment priorities for affordable housing over a five-year period to achieve the strategic vision set out in the Angus Local Housing Strategy (LHS) 2023-28 that 'everyone in Angus has a good quality, safe, secure and warm home that they can afford'. The SHIP sits alongside the LHS 2023-28 as one of its core delivery mechanisms. The LHS 2023-28 was approved by Committee in May this year. Throughout the development of the new LHS it became apparent that the issues and challenges identified could be divided into two themes – Places and People. Whilst the new LHS is not bringing about wholesale change, our strategic priorities for housing have a different balance. New housing supply targets based on the most recent housing need and demand evidence, which received robust and credible status in May 2023, have been set. As a result, there is an increased focus on making best use of existing stock and empty homes. In addition, there is an increased focus on the need for affordable housing solutions which also contribute to sustainability, including investing in the 20 minute neighbourhood concept and delivering net zero targets.

3.2 The SHIP is prepared by the Council in its role as the Strategic Housing Authority and ensures that the Council, and its partners, deliver housing which meets the needs of the local community and informs Scottish Government investment decisions. Scottish Government guidance states that the SHIP should:

- Set out investment priorities for affordable housing, the methodology used for prioritisation, and how they will be delivered.
- Demonstrate how these investment priorities align with LHS 2023-28 outcomes, Rapid Re-housing Transition Plan priorities, and the local Child Poverty Action Report.
- Identify the resources required to deliver these priorities, including how we have used developer contributions and council tax on second and empty homes.

- Enable the involvement of key partners.
- 3.3 Delivery of this SHIP faces continued pressures from the ongoing UK economic situation. The construction industry is currently impacted by the prevailing economic conditions nationwide. High rates of inflation and energy costs continue to affect material prices and this, combined with increased salary levels, has had a direct consequential impact on the pricing level of tenders. Contractors have experienced difficulties in attracting and retaining staff due to ongoing shortages of suitably skilled workers and variations in wage levels across the industry. This has adversely impacted progress on some Angus Council projects. There has been an increased level of tender response noted in recent months which suggests the overall picture, in terms of contractor capacity, may be improving. However, any signs of an improvement in terms of contractor capacity need to be tempered in the context of other pressures such as the cost-of-living crisis and increasing borrowing costs. This means that all social housing providers will continue to be careful when assessing their capital investment programmes.
- 3.4 The Council was required to submit its SHIP to the Scottish Government by Friday 27 October 2023. This was done 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 (SLPA) with the Scottish Government. The SLPA sets out the programme of housing projects that will be funded over the next three years and will be reviewed and updated annually to ensure delivery remains on track.

4. CURRENT POSITION

- 4.1 Year 2022/23 was a transition year between the previous and the new LHS 2023-28. The Council and its Registered Social Landlord (RSL) partners delivered 47 new build affordable homes, alongside 19 open market acquisitions. The lower number of new builds and the higher number of open market acquisitions than in recent years is as a direct consequence of the factors outlined in the Strategic Context in last and this year's SHIP.
- 4.2 The Council and RSL partners continue to face a challenging operating environment due to the ongoing UK economic situation and supply chain issues which are having cost and time implications. Last year we highlighted to members that we anticipated that it may be a challenge to spend the full funding allocation in 2022/23. Despite these challenges we were still able to spend 74% (£6.652m) of our Affordable Housing Supply Programme (AHSP) funding allocation of £9.043m.
- 4.3 To assist with rising costs, the Scottish Government issued new, updated, grant benchmark figures¹ for affordable housing in June 2023 and have been used to inform this SHIP. Despite the challenges, it is anticipated that it may be possible to spend the full funding allocation of £9,017m in 2023/24. This is due to working flexibly with partners, including progressing opportunities which emerge from the private sector new build slowdown. However, as the AHSP is an annual allocation, any underspend cannot be carried forward to future years and an underspend on a particular project will have an impact on the funding available in the following year.
- 4.4 This year, the Council purchased ten 'off the shelf' units to deliver as Social Rent through the Housing Development Policy Framework (report 134/20). An emerging opportunity available to a RSL partner has enabled the acquisition of additional units also for Social Rent. Both projects are supported by grant which may otherwise have been lost through slippage elsewhere. We will continue to seek opportunities of this nature to add value to the Plan.
- 4.5 Repurposing existing stock to meet the needs of our applicants is also now playing a small role within the SHIP. This year, we are progressing six properties which will be converted into more suitable housing to meet the needs of our applicants, and this will continue to supplement our new build programme in the future. This supports the Government's strategy Housing to 2040 which has a strong focus on improving the long-term sustainability of existing stock.
- 4.6 Open market acquisitions are playing an ever-increasing role within the SHIP and will continue to as a result of members approving the purchase of up to 50 properties per annum (report 150/23). In 2022/23 there was a total of 19 open market acquisitions.

¹ In Angus, the 3 person benchmark grant allocation ranges from £83,584 to £97,027 depending on the location, landlord and provision of additional quality measures.

5. THE STRATEGIC HOUSING INVESTMENT PLAN 2024/25 – 2028/29

- 5.1 The SHIP estimates that around 529 units could be delivered in the period to 2028/29, requiring subsidy of around £46,548,633. At present, the Scottish Government has provided Resource Planning Assumptions (RPAs) for 2024/25 and 2025/26. This means, the SHIP has two years of indicative funding, with years three, four and five assessed as likely to have reduced amounts of grant available for planning purposes. The SHIP and accompanying table are provided in **Appendix 1 and 2**.
- 5.2 The Council has a realistic new build programme and aims to deliver a programme of around 238 new build units over the lifetime of the SHIP. This does not include conversions or open market acquisitions which take the total increase in stock to 281 units over the five-year period.

6. AFFORDABLE HOUSING REVENUE ACCOUNT FINANCIAL IMPLICATIONS

- 6.1 The Affordable Housing Revenue Account (AHRA) is used to support projects which contribute to increasing the supply of affordable housing. As approved in the Housing Revenue Account (HRA) Rent Setting and Budget Strategy 2023/24-2026/27 (report 39/23 refers) and subsequently updated Housing Revenue Account Capital Plan 2022/27 (report 260/23 refers), funding of £0.5m from the AHRA will be used to support the HRA Capital Plan in 2023/24. Members will receive updates on the use of this funding through the Housing Capital Monitoring Reports.
- 6.2 At 1st April 2023, the unused balance of income raised through Council Tax was £2,581,168.86 and the unused balance of developer contributions was £331,500. The total unused balance of funds in the AHRA as at 1 April 2023 was therefore £2,912,668.86.
- 6.3 The commitments for 2023/24 amount to £809,146 leaving an uncommitted total balance of £2,103,522.86. This is before adding further Council Tax income that will be due for 2023/24 onwards and any further developer contributions that may become due.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications arising because of the SHIP 2024/25-2028/29
- 7.2 In terms of the use of committed AHRA reserves in 2023/24, these are as follows:

Purpose	AHRA funding commitment (£)	Additional comments
Part funding of Team Leader, Legal Services	35,012	Report 345/18 refers. These are costs at current rates which will require to be increased in line with increments / pay award levels and can be fully met from uncommitted AHRA resources (non-developer contributions).
Part funding of Environmental Health Officer, Environmental and Consumer Protection Services	26,033	
Funding Trainee Solicitor, Legal Services	14,820	This is temporary two year post to enable the sale of small areas of land and corrective conveyancing.
Legal fees	3,281	Additional fees related to affordable housing functions.
Housing Revenue Account Capital Plan contribution	500,000	Report 260/23 refers.
Empty Homes Loan Fund and Empty Homes Grant Fund	120,000	Report 233/19 refers
Contribution towards Trusted Trader Scheme	10,000	The Angus Trusted Trader Scheme is a Council initiative to help residents choose a reliable local trader. Traders have been vetted by Angus Trading Standards and the Trusted Trader scheme is supported by Police Scotland and Citizens Advice Scotland.

Contribution to support the work of the Climate Change and Environment Team in Planning and Sustainable Growth	100,000	Report 46/23 refers. Contribution is to support the team and their work to achieve net zero targets and on Clean Growth
Total	809,146	

8. OTHER IMPLICATIONS (IF APPLICABLE)

9. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment has been carried out and is attached as **Appendix 3**.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report No. 134/20 - Housing Development Policy Framework - Special Arrangements Committee 28 April 2020
- Report No. 39/23 - Housing Revenue Account Rent Setting and Budget Strategy 2023/24-2026/27 – Communities Committee 21 February 2023
- Report No. 345/18 - Strategic Housing Investment Plan 2019/20 – 2023/24 – Communities Committee 13 November 2018
- Report No. 233/19 – Establishment of Empty Homes Grant Fund – Communities Committee 13 August 2019
- Report No. 260/23 - Housing Revenue Account Capital Plan 2022/27 – Communities Committee 26 September 2023
- Report No. 46/23 – 2023/24 Revenue & Capital Budget Setting, Proposed Budgets for the Vibrant Communities and Sustainable Growth Directorate – Special Angus Council Committee 2 March 2023
- Report No. 150/23 – Market Acquisition & Disposal of Properties – Communities Committee 23 May 2023

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List of Appendices: Appendix 1 - Strategic Housing Investment Plan 2024/25 – 2028/29
 Appendix 2 - SHIP Table 2024/25 – 2028/29
 Appendix 3 - EIA