

MORE HOMES DIVISION GUIDANCE NOTE

Scottish Government
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To: All Local Authorities
All Registered Social
Landlords

Subject: Guidance on the
Preparation of Strategic
Housing Investment Plans

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This guidance note contains revised procedures for preparing Strategic Housing Investment Plans (SHIPs). It supersedes MHDGN 2016/03 – Guidance on preparing Strategic Housing Investment Plans and should be read in conjunction with HSGN 2014/05 - Affordable Housing Supply Programme – Process and Procedures)

You will find a copy of this guidance note on the Scottish Government website at [MHD Guidance Notes](#)

If you have any queries on the contents of this Guidance Note, please contact your local Scottish Government More Homes Division Area Office, or in the case of Edinburgh and Glasgow, the City Councils.

INTRODUCTION

1. We want everyone in Scotland to live in affordable, quality homes that meet their needs.
2. In March 2016, we launched More Homes Scotland (MHS), an overarching approach to support the increase in the supply of homes across all tenures which includes:
 - Direct investment of £422m in 2017/18 plus a further £1.754bn to cover the 3 year period 2018/19 to 2020/21 to continue the delivery of at least 50,000 affordable homes during the life of the current Parliament.
 - We will continue support for existing initiatives including the Rural Housing Fund, Island Housing Fund, Housing Infrastructure Fund, Mid-Market Rent, Build to Rent, Open Market Shared Equity Scheme and City Deal.
 - Reviewing the planning system with a focus on improving planning processes to support the delivery of good quality housing
3. **SHIPs will be the key documents for identifying strategic housing projects to assist the achievement of the 50,000 target.**

STRATEGIC HOUSING INVESTMENT PLANS (SHIPs)

4. The Local Housing Strategy (LHS) sets the strategic policy approach of the local authority and its partners to delivering high quality housing and housing related services across all tenures, to meet identified need in its area. SHIPs are directly informed by the LHS and its policies and developed in consultation with key stakeholders. SHIPs therefore are operational and not policy documents.
5. The core purpose of the SHIP is to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the LHS. The plan reinforces the local authority as the strategic housing authority, the importance of the outcomes and targets set out in the LHS, and informs Scottish Government housing investment decisions.
6. **The Scottish Government and COSLA/ALACHO have agreed that SHIPs will revert to being submitted on annual basis.** This updated guidance is designed to assist local authorities prepare their next SHIPs covering the period 2018/19-2022/23 which are due for submission on **27 October 2017**.

CONTENT OF THE SHIP

7. The SHIP should:

- 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

8. In preparing the SHIP, we would encourage local authorities to:

- Consider the range of mechanisms available including those from the Scottish Government, from Councils' own programmes and other sources
- Roll forward and update material from the existing SHIP as appropriate

9. SHIPs should be succinct documents which in addition to identifying investment priorities should include short statements about the following:

- That the priorities listed are consistent with the LHS and any subsequent updates
- A summary of the methodology used to prioritise the projects
- Details of any projects which have known development constraints, beyond securing funding, and how it is proposed that these 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

10. If Councils wish to expand the level of information within their SHIP, for example, to reflect individual circumstances in their area or for reporting on wider housing issues to Committee they may do so. In these cases we would expect the submitted SHIP to contain the core information detailed in the guidance.

THE HOUSING AND REGENERATION PROGRAMMES (HARP) SYSTEM

11. Local authorities are aware of the development of the HARP system which is currently planned to go live in late Summer 2017. Once in operation, HARP will be the main system for local authorities to submit SHIPs to the Scottish Government.

12. ***Given the planned timescales for both the introduction of HARP and the submission of SHIPs, we are continuing with a paper based SHIP process for 2017 which will include a narrative Word document and Excel tables. Guidance on completing the tables is at Annex 1.***

13. Local authorities may wish to create their 2017 SHIP submission on HARP once the system has gone live and should discuss with their local Area Team contacts how this might be achieved. Please note however that the first release of HARP may not contain all the elements required to complete the SHIP – e.g. council tax second homes activity.

RESOURCE PLANNING ASSUMPTIONS (RPAs)

14. The Scottish Government has allocated RPAs to local authorities for 2017/18 and the three years to end-March 2021. Given the 50,000 affordable homes target, we would expect local authorities to over-programme to ensure delivery should slippage occur. **We would suggest that a minimum slippage factor of 25% be applied on an annual basis to the AHSP element of the SHIP.**

STRATEGIC LOCAL PROGRAMME AGREEMENTS (SLPAs)

15. **Guidance on the process for preparing SLPAs is contained in HSGN 2014/05**
16. The SHIP tables provide the basis for the development of agreed SLPAs between local authorities and the Scottish Government. The SLPAs set out the programme of housing projects that will be funded over the next 3 years and will be reviewed and updated annually to ensure delivery remains on track.
17. It is expected that local authorities will engage and consult with all delivery partners on proposals and priority projects for SHIPs and SLPAs.
18. Following submission, SHIPs will be used by the Scottish Government to draft SLPAs for discussion with all local delivery partners and for final agreement with local authorities and to inform individual RSL and local authority programme agreements. TMDF authorities will draft their own SLPAs for agreement with the Scottish Government.
19. SLPAs will be reviewed and reissued, at least annually, to enable the programme to roll forward and to maintain a minimum 3 year programme planning horizon, based on the most recent SHIP.
20. The SHIP will normally be the route by which projects will be brought into the SLPA. As part of the SHIP sign-off process, local authority officials should, where possible, get delegated authority to ensure that where projects fall out of the SLPA that they can assign other agreed SHIP projects in their place. Any windfall projects should be assessed using the same prioritisation methodology and agreed with Scottish Government officers before being added into the programme.

CONSULTATION AND COLLABORATION

21. As in previous guidance local authorities should view the preparation of SHIP as a corporate activity with close working relationships being developed between housing, planning, social work and other departments to achieve this.
22. Local authorities will be expected to collaborate with, RSLs, communities, developers, the Scottish Government and other stakeholders in the SHIP development process. **The SHIP should provide a detailed narrative about how consultation and collaboration has been undertaken with all stakeholders.**
23. As part of our review process, we will feed back on how stakeholders, including, RSLs, developers, communities and others have been involved in developing the plans and delivering some of the projects.

HOUSING INFRASTRUCTURE FUND (HIF)

24. The MHS approach includes HIF, an infrastructure fund to support housing development through loans and grants with priority being given to those projects, which will deliver affordable housing. The fund is a five year programme which will run to at least 31 March 2021. HIF will look to prioritise those sites which are of strategic importance and cannot proceed or have stalled due to exceptional infrastructure works and unlock these sites for the delivery of housing.
25. We have recently updated our guidance for the fund to provide more clarity on eligibility for funding for both loans and grants which is at [HIF Guidance](#)
26. SHIPs are used to capture potential projects for HIF. Table 2 should be used to identify such projects. **Local Authorities are asked to prioritise sites for delivery by the fund in accordance with the eligibility criteria contained in the guidance and the ability for the project to commence quickly.**

27. Notes:

- i. Where the HIF project is linked to the potential delivery of affordable housing, Councils will need to prioritise their RPAs for funding the housing element through the SHIP. Details of these projects should be entered both on Table 1 – AHSP Years 1-5 and Table 3 – HIF affordable Housing Projects.
- ii. HIF projects which have already been approved and have a carry forward commitment should be included in subsequent SHIPs until the project is completed.
- iii. Similarly, where a HIF project has not been approved for funding but is still under active consideration the project should be re-entered on subsequent SHIP(s)

OTHER AFFORDABLE HOUSING PROVIDED WITHOUT AHSP ASSISTANCE

28. SHIPs should contain details of all proposed affordable housing projects within a local authority's area including those which will be provided without AHSP funding support. Examples of these could include off the shelf purchases, buybacks of ex-local authority stock, projects where local authorities have exclusively used their own resources, pension funds or other sources of funding, including Scottish Government non-AHSP funds to develop housing. Details of such projects should be entered on Table 4. Where there are no such projects in an authority's area, "Nil Return" should be entered on the table.

COUNCIL TAX ON EMPTY AND SECOND HOMES

29. Where local authorities have used discretionary powers and reduced the empty and second tax discounts, the additional revenue raised is expected to be used to support affordable housing provision in their areas.

30. Local authorities have additional flexibility to remove the discount on properties entirely where these have been empty for one year or more and impose an increase of up to 100%. Income received from reducing the discount below 10% or imposing an increase will not be ring-fenced for affordable housing, ***although its use for this is encouraged***. This flexibility will only apply to long term empty homes; authorities also have discretion either to grant no discount for second homes, or to grant a discount between 10% and 50%.

31. The SHIP should provide details of how much tax the authority has in hand from previous years, how much has been used and what is left to carry forward into future years. Details of how the tax raised has been used to support direct provision of affordable housing should be entered on Table 5.1.

32. Where the tax has been used to directly provide affordable housing, local authorities should provide details in the text of how many units have been provided (differentiating between those that have and have not contributed towards AHSP projects) and how much tax has been used for this broken down by financial year. Similarly where the tax has not been used to directly provide affordable housing, details of what it has been used for should be contained in the text.

DEVELOPER CONTRIBUTIONS

33. Table 5.2 is intended to capture details of how contributions (land or commuted sums) from developers from Affordable Housing Policies, Planning obligations etc. have been used to support affordable housing delivery.

34. The Table should provide details of the type of contributions the authority has in hand from previous years, how much has been used and what is left to carry forward into future years.

35. Where contributions (land or commuted sums) have been used to directly provide affordable housing, local authorities should provide details in the text of how many units have been provided (differentiating between those that have and have not contributed towards AHSP projects) the type of contribution and where appropriate the level of commuted sums used by financial year.

PROCUREMENT

36. We would encourage local authorities, RSLs and other providers, in the context of public services reform, best practice and Best Value, to discuss and collaborate on procurement and shared services in the delivery of affordable housing. The SHIP should provide details of how local authorities are or are intending to achieve this and include evidence/examples of joint working across local authority areas and between RSLs and local authorities, or details of where this is being considered.

EQUALITIES

37. It is important that in preparing their SHIPs local authorities take into account the needs of the communities they serve and related equality issues. In addressing the equalities impact of the SHIP, the local authority should draw on the equalities work already done for the LHS and consider any implications flowing from the translation of strategic aims into housing priorities.

STRATEGIC ENVIRONMENTAL ASSESSMENTS (SEA)

38. Local authorities will be familiar with the requirements of the Environmental Assessment (Scotland) Act 2005 and as a “*responsible authority*” under that Act should determine if a SEA is required for the SHIP.

SHIP REVIEW PROCESS

39. As in previous years, all SHIPs will be considered by the Scottish Government in the line with the process agreed with COSLA. In reviewing SHIPs we will take account of the following areas:

- the extent to which the SHIP delivers LHS outcomes
- the extent to which the SHIP 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 local authority is supporting the efficient delivery of the SHIP
- evidence that stakeholders have been involved in developing the SHIP and in the implementation of proposals; and
- the extent to which the SHIP takes account of equality issues

40. The Scottish Government will provide written feedback to local authorities on their SHIPs.

MONITORING

41. We expect local authorities to monitor delivery of affordable housing in SHIPs against their LHS outcomes and Local Outcome Improvement Plans (LOIPs) to identify how LHS policies are being translated into operational delivery.

SUBMISSION

42. SHIPS should be submitted to your local Scottish Government Area Team Office by **27 October 2017**. We would however, expect that submitted SHIPS have secured approval, at the appropriate level within the Council prior to submission. Local authorities can submit a draft SHIP, subject to Committee approval which confirms the date of the Committee meeting, by the submission date but we would expect that the final approved version should follow shortly thereafter.
43. We would ask that the narrative documents are submitted on an electronic basis in Word format. We would however ask that the Tables are submitted electronically in Excel format.

PUBLICATION

44. The Scottish Government expects that SHIPs and tables should be publicly available and published on the local authority's website at the time of Council approval of the SHIP. Following publication Councils should forward a link to the SHIP to their Area Team contacts

FURTHER ADVICE

45. For further advice, support or guidance on the development of the SHIP please contact your local Area Team Manager. Contact Details are as follows:

Contact	Team	Telephone	Email
Anne-Marie Thomson	Glasgow and Clyde	0141 242 5458	Anne-Marie.Thomson@gov.scot
Mairi Ross Grey	Highlands, Islands and Moray	0300 020 1207	Mairi.RossGrey@gov.scot
Pauline Gilroy	South and West	0131 244 0936	Pauline.Gilroy@gov.scot
Alastair Dee	South and East	0131 244 5955	Alastair.Dee@gov.scot
Maureen Esplin	North and East	0131 244 8081	Maureen.Esplin@gov.scot

Tables - Notes for Completion

GENERAL:

- **Sub-Areas:** To allow flexibility in selecting priorities local authorities may choose whether they wish to detail projects on a site by site basis or housing sub-market area or a combination of both. It is for local authorities to decide what the definition of sub-areas should be.
- **Priority status:** This should be listed as **High, Medium or Low**. Again this provides flexibility when choosing priorities.
- **Geographic Benchmark Code:** A Dropdown menu is provided. Please enter the appropriate numeric value (1-10) from the list at the bottom of the Table.
- **Developer:** Under this column, the name of the Developer should be inserted. If the Local Authority is the Developer, please insert **Council**. For RSLs or other developers please insert the name of the organisation.
- **Units:** For the Columns headed **Units – Tenure, Units – Built Form, and Units – Type**, enter the number of units in the appropriate columns. The definitions below should be taken into account when doing so:
- **Greener Standards:** please enter **Y or N** for Yes or No.
- **Approval Date:** For the columns headed manually enter the estimated financial year in which it is anticipated that the project will be approved. If the project already has approval prior to the first year of the appropriate table enter the actual financial year in which the project was approved. Entries should be made in the format “**2018/19**”
- **Unit Completions:** For clarity, completions should be counted on practical completion of the whole project and not on a phased basis.
- **Funding information:** should relate to the total funding for the project broken down into financial years. Funding should be entered as £’millions to 3 decimal places (e.g. £1,500,000 should be entered as £1.500m). Projects with mixed tenures should be entered on separate lines.

DEFINITIONS

1. Built Form

- **Rehab** – units requiring improvement works to bring them up to '*move in*' condition (regardless of whether these are currently in the ownership of the developing organisation.)
- **Off the shelf** – purchase of new or second-hand housing stock which is in '*move in*' condition
- **NB** – new build units which are (a) delivered directly by the developing organisation and (b) are not acquired from a third party.

2. Unit Type

- **GN** – Self-contained housing which has no elements of specialist provision.
- **Specialist Provision** - Housing that is provided to meet a wide range of accommodation needs to allow people of all ages to live well and independently in their homes. This can include housing for older people or disabled people.