



Local Government and Communities Committee

Strategic Housing Investment Plans

Background

Strategic Housing Investment Plans (SHIPs) are prepared by local authorities. Their purpose is to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the local housing strategy.

SHIPs are the key documents for identifying strategic housing projects to assist the achievement of the Scottish Government's five year 50,000 affordable home completion target.¹ They inform Scottish Government investment decisions in the Affordable Housing Supply Programme (ASHP).

In 2017-18, the AHSP budget is £590.6m. Of this the majority, 71% (£422.6m) is available for locally developed programmes. The rest of the AHSP budget is managed centrally by the Scottish Government. Each local authority is provided with a three-year Resource Planning Assumption (RPA) on which SHIPs are based.

Before considering the detail of the SHIPs the next section considers the wider planning framework in which they sit.

Local Housing Strategies

The Housing (Scotland) Act 2001(s89) requires each local authority to prepare a local housing strategy for their area.

The LHS is a strategic document for housing of all tenures and housing related services including homelessness, housing support and fuel poverty. In August 2014, the Scottish Government issued Local Housing Strategy (LHS) guidance for local authorities.

Local authorities prepare their LHS every five years although Scottish Government guidance suggests it would be good practice for local authorities to continue to undertake an annual update of the LHS.

The Housing (Scotland) Act 2001 requires local authorities to consult on their proposed local housing strategy. The Scottish Government guidance strongly advocates a co-production approach to public services wherever relevant. Co-

¹ The target covers the period April 2016 to end of March 2021. Of the 50,000 affordable home targets 35,000 are for social rent

production is a more inclusive process than standard consultation, involving people at a much earlier stage in the development of the strategy.

The LHS should set the desired outcomes over the five year period and the actions needed to achieve those outcomes. It should also set out the local authority's view of the type and level of housing to be delivered over the period of the plan in its housing supply target (HST). The target should be broadly consistent with the target set out in the development plan. The housing needs and demands analysis (HNDA) (see below) provides the evidence on which an HST is based. However, the HNDA and target are not the same.

The HNDA gives a statistical estimate of how much additional housing is required, whereas the HST gives an estimate of how much additional housing can be actually be delivered by authorities taking into account policy and practical considerations.

Housing Needs and Demands Assessments (HNDAs)

Local authorities undertake HNDAs to inform their LHS and development planning process.²

The Scottish Government provides guidance for local authorities on how to assess housing need and demand to make sure that there is a consistent approach across Scotland. The HNDA toolkit, as well as guidance and other related information, is available at the Scottish Government's [Centre for Housing Market Analysis](#).

Where groups of planning authorities have been designated by Ministers as a Strategic Development Planning Authority³ (SDPA) then the constituent councils (both housing and planning services) should work together with the SDPA team to prepare an HNDA and to agree the subsequent HST(s).

The core outputs of an HNDA are expected to be:⁴

- the key housing market drivers, past, present and future
- an estimate of additional homes required over the period of the HNDA by tenure
- the current and future requirement for Specialist Provision, including sites for Gypsy/ Travellers and
- existing housing stock profile and pressures.

² The 2001 Act requires that the LHA is supported by an assessment of housing provision and related services that it must be submitted to Scottish Ministers, and that local authorities must keep their LHS under review.

³ Under the Town and Country Planning (Scotland) Act 1997.

⁴ Scottish Government (2014) *HNDA Manager's Guide 2014*: <http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/chma/hnda/ManagerGuide2014>

Each local authority submits their HNDA to the Scottish Government who assess whether it is “robust and credible.” Once it is considered robust and credible there is no requirement to revisit the assessment within the 5 year period.

Scottish Government Affordable Housing Programme

The Scottish Government aims to fund at least 50,000 affordable housing completions through its Affordable Housing Supply Programme (AHSP) over the five year period 1 April 2016 to 31 March 2021. The AHSP funds a variety of schemes to help the supply of “affordable housing,” that is, housing for:

- social rent provided by registered social landlords (RSLs) and councils
- mid-market rent (housing with higher rents than social rented housing, but lower than the equivalent market rent)
- low-cost home ownership. The AHSP also funds the Home Owners’ Support Fund aimed at helping those struggling to pay their mortgage

In 2017-18, the AHSP budget is £590.6m. Of this is around 71% (£422.6m) is allocated in grant subsidy to 32 councils in the form of Resource Planning Assumptions (see Annex 1 for local authority allocations).

The remainder of the budget, around £168m is held by the Scottish Government for its centrally managed programmes. These, include for example, the Open Market Shared Equity Scheme and the Rural and Islands Housing Fund.

SHIPs- Detail

Scottish Government guidance⁵ on SHIPs sets out the core content expected in SHIPs. They 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

The SHIPs 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
- 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

⁵ Scottish Government (2016) Guidance on the Preparation of Strategic Housing Investment Plans (SHIPs) MHDGN 2016/03 <https://beta.gov.scot/publications/strategic-housing-investment-plans-guidance/>

- that the projects will maximise the opportunities for energy efficiency and reduction of fuel poverty
- details of how the process for identifying and funding adaptations is being progressed through Health and Social Care Partnerships
- a summary table showing the total investment noted and planned in the SHIP from all sources broken down by year and programme/mechanism

Most of the housing delivered through locally-led programmes is for social rent, mid-market rent or low cost home ownership. The majority is for new build but it could also involve the rehabilitation of properties or off-the shelf purchases.

SHIP Review Process

The Scottish Government reviews the SHIPs submitted to them. The [guidance](#) states that,

“In reviewing the plans 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”

The Scottish Government provides feedback to local authorities on their SHIP.

Strategic Local Planning Agreements

SHIPs are used by the Scottish Government to draft Strategic Local Planning Agreements (SLPAs) for discussion with all local delivery partners and for final agreement with local authorities. The City of Edinburgh and Glasgow City Councils, through the Transfer of Management of development funding (TMDF) arrangements, manage the housing supply budget for their areas. They draft their own SLPAs for agreement with the Scottish Government.

Once agreed, SLPAs form the basis of individual RSL and local authority programme agreements. They 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.

The Scottish Government has responsibility for monitoring and management of the SLPAs and for project appraisal, approval, payment of grant, programme monitoring and management and post completion processes.⁶ TMDF authorities are responsible

⁶ Further information on the AHSP processes are available in Scottish Government Housing Supply Division Guidance Note HSGN 2014/05 <http://www.gov.scot/Resource/0045/00454435.pdf>

for project appraisal, approval, payment of grant, programme monitoring and management and post completion processes in their relevant local authority area.

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Annex 1: Local Authority Resource Planning Assumptions 2017-18

Council	2017-18 (£m)
Aberdeen City	12.279
Aberdeenshire	19.393
Angus	5.754
Argyll & Bute	11.606
Clackmannanshire	3.888
Dumfries & Galloway	13.828
Dundee City	11.459
East Ayrshire	8.003
East Dunbartonshire	5.247
East Lothian	6.894
East Renfrewshire	4.001
Edinburgh City	29.115
Eilean Siar	5.771
Falkirk	7.657
Fife	21.889
GHA	16.114
Glasgow City	66.974
Highland	28.761
Inverclyde	7.531
Midlothian	5.831
Moray	6.908
North Ayrshire	10.160
North Lanarkshire	24.487
Orkney Islands	3.594
Perth & Kinross	11.681
Renfrewshire	11.521
Scottish Borders	10.088
Shetland Islands	3.287
South Ayrshire	8.047
South Lanarkshire	18.074
Stirling	6.102
West Dunbartonshire	7.650
West Lothian	8.963
Total	422.557

Source: Scottish Government website: <https://beta.gov.scot/publications/resource-planning-assumptions-to-councils-2017-2018/>