
Report To:	Education & Communities Committee	Date: 4 September 2012
Report By:	John Arthur, Head of Safer & Inclusive Communities	Report No: EDUCOM/16/12/AH
Contact Officer:	Ronny Lee/Drew Hall	Contact No: 01475 714272
Subject:	Affordable Housing Investment – Strategic Local Programme	

1.0 PURPOSE

- 1.1 To advise Committee of the introduction of the Strategic Local Programme (SLP) to coincide with the announcement of a three-year budget for the Affordable Housing Supply Programme (AHSP) and to seek approval to submit the new SLP to the Scottish Government.

2.0 SUMMARY

- 2.1 The Scottish Government (SG) published new guidance on the operation of the AHSP in May 2012, which invites local authorities, working in partnership with RSLs, to draw up a SLP based on priorities in their Local Housing Strategy (LHS) and their Strategic Housing Investment Plan (SHIP). The main points of the new guidance are as follows:
- Announcement of a three-year AHSP budget for the period 2012 – 2015;
 - Issuing of Resource Planning Assumptions (RPAs) for the period 2012 – 2015;
 - Draft SLP to be delivered to the SG by 29 June 2012;
 - Final, approved SLP to be delivered to the SG by 31 August 2012; and
 - SG to issue Strategic Agreements to individual local authorities by end September 2012 confirming SLP details.
- 2.2 The three-year AHSP budget for new build affordable housing in the Inverclyde Council area is £4.152m. The approved SHIP programme for 2012 – 2015 would require £35m of funding, if all projects were to proceed. The entire £4.152m budget must be fully spent and the new housing must be fully completed on site by 31 March 2015 as part of the conditions attached to the Strategic Agreement. In recognition of the difficulties imposed by these budget and time constraints the SLP includes a “slippage list” of projects that could be brought forward and completed on time in the event of any failure in the main programme.
- 2.3 Both the LHS 2011 – 2016 and the SHIP 2012 – 2015 have identified the Clune Park area of Port Glasgow as the top priority for investment in affordable housing in Inverclyde. This is reflected in the SHIP, which includes Woodhall Phase 2 and two other projects whose purpose is to provide rehousing options for the current residents of the Clune Park area.

3.0 RECOMMENDATIONS

- 3.1 That the Committee:
- a) note the introduction of the Strategic Local Programme as set out in Scottish Government Guidance on the Affordable Housing Supply Programme (HSGN 2012/06, May 2012);
 - b) note the agreed investment priorities for Inverclyde Council as set out in the Inverclyde Local Housing Strategy 2011 – 2016 and the approved Strategic Housing Investment Plan 2012 – 2015; and

- c) approve the final Strategic Local Programme as detailed in the Appendix to this report for submission to the Scottish Government.

**John Arthur,
Head of Safer & Inclusive Communities.**

4.0 BACKGROUND

- 4.1 The SHIP 2012 – 2015 was approved by the Policy & Resources Committee in March 2012 as the SG had extended the original deadline of 30 November 2011 in anticipation of the introduction of new three-year budgets and the issuing of new guidance on the SHIP. Discussions with COSLA, the Scottish Federation of Housing Associations, and the Association of Local Authority Chief Housing Officers had resulted in agreement to move away from annual to three-year budgets. The aim of this change was to allow local authorities and their RSL partners to take a longer term view of affordable housing investment and to make best use of resources on the basis of three-year RPAs.
- 4.2 Advance notice of a reduced AHSP budget over the next few years had been given by SG however the recent RPA announcements are far lower than expected and, as noted in paragraph 2.2 above, funding for the Inverclyde Council area is less than 12% of the amount required to complete the agreed SHIP programme. The SLP has therefore been introduced to allow local authorities to re-examine their investment priorities, as detailed in the SHIP, and to put forward a programme of work that can be completed by 31 March 2015 using the entire available AHSP budget.
- 4.3 For the avoidance of doubt, the funding available for new house building is £4.152m out of a total budget of £10.148m for the Inverclyde Council area. The remaining £5.996m is already earmarked as follows:
- £0.900m – RSL Carry Forward, for final payments on Oak Tree HA projects at Branchton and Grieve Road, Greenock
 - £5.096m “top sliced” funding for River Clyde Homes (RCH) –
 - £1.311m for Support For Owners (SFO) funding 2012 – 2015
 - £2.771m for Lot 3 (Larkfield) RSL rented housing
 - £0.969m for Lot 3 (Larkfield) NSSE [shared equity] housing
 - £0.045m for Woodhall (acquisition of premises)
- 4.4 It should be noted that the total of £10.148m is committed to the Inverclyde Council area and that any underspend against any of the above headings can be used, for example, to increase new house building, or to fund slippage projects identified in the SLP. There is some concern that not all of the projected SFO funding of £1.311m will be fully expended by March 2015 in which case any underspend can be re-allocated to other projects.

5.0 PROPOSALS

- 5.1 A draft SLP was submitted to the SG Housing Supply Division (HSD) on 29 June 2012 as required. The final draft SLP reiterates that the Clune Park area remains the highest priority for investment and Woodhall Phase 2 and the vacant site at Lower Mary Street, Port Glasgow, have been included as the two main projects in the proposed SLP. Woodhall Phase 2 involving RCH and Link HA, and Lower Mary Street is a joint project between Link HA and developers Persimmon Homes who are currently building on the nearby Kingston Dock site.
- 5.2 The final draft SLP is set out in the Appendix to this report and this includes the main programme and the “slippage list” of projects in case it proves impossible to deliver the main projects on budget and on time. Slippage projects have been selected on the basis of the scoring matrix used for the SHIP and include those projects with the highest scores after the Clune Park area, which is the agreed highest priority for investment.
- 5.3 RCH wish to continue their Reprovisioning Programme in the Peat Road and Whinhill areas of Greenock (Lots 4 and 5) and this is reflected in the slippage list where these projects score highly. However these are large scale projects that will take a substantial amount of time to complete and RCH are therefore currently investigating new and innovative means of funding these projects. Inverclyde Council is willing to consider any innovative funding schemes proposed by RSLs and will support such schemes providing that appropriate

safeguards are in place for current and future tenants and they meet all requirements of the Scottish Government, HSD, and the Scottish Housing Regulator.

- 5.4 The remaining developing RSLs, Cloch HA and Oak Tree HA, are currently in the process of forming a new group structure and they have indicated that they would prefer to be involved only in smaller scale “slippage” projects, subject to suitable funding being available. Their wishes have been accommodated in the final draft SLP submission.

6.0 ACTION TO DATE

Preliminary Discussion with Housing Supply Division

- 6.1 A preliminary discussion has been held with the HSD Area Office in Paisley regarding the SLP and they have indicated that they would wish to see Woodhall Phase 2 completed given its flagship gateway location and its visibility from the major road and rail links into Inverclyde. The link to the Council’s top priority regeneration project at Clune Park has also been noted together with the prospect of a RCH / Link HA arrangement to develop the site.

Discussions with RSL Partners

- 6.2 Discussions have taken place with all developing RSLs regarding the SLP and the position is as noted in paragraphs 5.1 – 5.4 above. The dual constraints of a reduced AHSP budget and the very tight timescale of 31 March 2015 for completion of projects have influenced all RSLs and it is clear that they are unwilling to undertake projects at their own risk in these difficult economic times. The final draft SLP is therefore considered to be an accurate reflection of the current budget situation and of RSLs willingness and ability to undertake AHSP projects.

Preparation of Draft SLP

- 6.3 As noted at paragraph 5.1 above, a draft SLP was submitted to HSD on 29 June 2012 in order to meet the deadline set by SG. Comments on the draft were invited from the Leader of the Council and from the Convener prior to submission. The final draft of the SLP includes updated costings, etc, received from RSL partners since the first draft was submitted in June.

7.0 FURTHER BUDGET ANNOUNCEMENT

- 7.1 On 27 June 2012 the SG announced that an additional £20m of new money is to be allocated to local authorities for their three-year SLPs to fund new housing developments in their areas. It is proposed that the £20m is allocated to local authorities on the same basis as the RPAs issued in May. This would result in 16% uplift for every local authority. If agreed, these resources could be allocated by the end of August, which would also ensure that the additional funds are included within the Strategic Agreements to be issued to local authorities confirming overall SLP details.
- 7.2 In the case of Inverclyde Council this 16% uplift would amount to £0.664m, which would allow for some leeway in the SLP main programme where total costs for Woodhall Phase 2 are still to be determined due to the late return of tenders. Alternatively, the uplift could be applied to the slippage list to allow, for example, a site start on a high scoring RCH project, or another RSL project that could be taken “off the shelf” and completed within the timeframe of 31 March 2015.

8.0 IMPLICATIONS

Strategic

- 8.1 The Inverclyde Local Housing Strategy 2011 – 2016 and the approved SHIP 2012 – 2015 have both clearly identified the regeneration of the Clune Park area as Inverclyde Council’s top priority for investment. This must be reflected in the SLP and two projects aimed at providing rehousing options, both social renting and ownership, for residents of the Clune

Park area have therefore been selected as the main projects in the SLP. Taken together, these two projects account for the £4.152m AHSP budget available over the next three years. A fail safe position has also been adopted in the slippage list so that other work can be brought forward quickly to ensure that all funding remains within the Inverclyde Council area. Any local authority that cannot fully expend the available AHSP funding will have monies withdrawn and transferred to another authority that can make use of them.

Financial

- 8.2 The RPAs for 2012/13 to 2014/15 are subject to final adjustment in the light of the recent SG announcement of additional funding for social housing (see paragraphs 7.1 – 7.2 above). However the HSD have made it clear that local authorities are not to assume that funding along the lines of the current three-year budgets will be available beyond 31 March 2015. A further SG comprehensive spending review is to be undertaken and there have been suggestions that SG is also looking at raising funding through, for example, government bond issues and other financial instruments. As noted in paragraph 5.3 above, alternative sources of finance are also being explored by RSL partners however the SG and the Scottish Housing Regulator have still to express their opinion on the desirability and practicality of these proposals.

Legal

- 8.3 There are legal implications arising from the innovative and alternative funding proposals noted above and these will be considered in full by Inverclyde Council once the position of the SG, HSD, and of the Scottish Housing Regulator is known.

Personnel

- 8.4 There are no Personnel implications arising from this report.

Equalities

- 8.5 When delivering services to our customers, full cognisance is taken of equality and diversity processes and procedures.

9.0 CONSULTATIONS

- 9.1 This report has been prepared in consultation with the following:
- Developing RSLs operating within the Inverclyde Council area;
 - All other RSLs operating within the Inverclyde Council area;
 - Scottish Government Housing Supply Division, Paisley Area Office; and
 - Chief Financial Officer, Inverclyde Council

10.0 LIST OF BACKGROUND PAPERS

- 10.1 Inverclyde Local Housing strategy 2011 – 2016; report to Safe, Sustainable Communities Committee, 25 October 2011.

SSC
25.10.11
Para 698

Strategic Housing Investment Plan 2012 – 2015; report to Policy & Resources Committee, 27 March 2012.

PRC
27.03.12
Para 239

Affordable Housing Supply Programme: Strategic Local Programmes 2012 – 2015; Scottish Government Housing Supply Division Guidance Note (HSGN 2012/06), Edinburgh, May 2012.

STRATEGIC LOCAL PROGRAMME

Local Authority: Inverclyde Council
Resource Planning Assumption - 2012 - 2015:

£10,148

New money for Local Programmes

£4,152

Input figures following the layout in template and add lines as necessary. No 'Total' formulae included within this worksheet. Please enter amounts as £0,000

Project Address	Developer	Units		Total	Units By Type	Please specify*	Total (should equal Total Units)	Greener Standards (enter Y as appropriate)	Est. Start Fin. Year	Est. Completion Fin. Year**	Total Project Cost	Grant per Unit (3p equivalent excl. Council)	TOTAL SG Grant
		Rehab	Off the Shelf										
Lower Mary Street, Port Glasgow - Social Rent	Link Group				GN	PN*			2012/13	2013/14			
Lower Mary Street, Port Glasgow - NSSE	Link Group								2012/13	2013/14			
Lower Mary Street, Port Glasgow - TOTAL	Link Group			21	21		21	Y	2012/13	2013/14	£2,470	£0.049	£1,040
Woodhall Phase 2 -5, Port Glasgow - Social Rent	River Clyde Homes			20	20		20	Y	2013/14	2014/15	£2,200	£0.050	£1,000
Woodhall Phase 2 -5, Port Glasgow - Social Rent	Link Group			20	20		20	Y	2013/14	2014/15	£2,300	£0.050	£0,800
Woodhall Phase 2 -5, Port Glasgow - NSSE	Link Group			20	20		20	Y	2013/14	2014/15	£2,400	£0.050	£1,200
Woodhall Phase 2 -5, Port Glasgow - TOTAL	River Clyde Homes / Link Group			60	60		60	Y	2013/14	2014/15	£6,900	£0.050	£3,000

*Particular Needs - e.g. wheelchair, amenity etc. ** All projects included to achieve a March 2015 completion date.

Woodhall Phase 2 - Costs are still to be finalized due to an extension of the deadline for tenders for the Woodhall Phase 2 Development Agreement.

Lower Mary Street - Plans for the development are still to be finalized therefore costs at this stage are estimated.

Consultation Details:

As stated within our guidance, details of local consultation and engagement which has led to the development of the above programme should be provided in the box below.

All of the projects in the Strategic Local Programme (SLP) are in the Strategic Housing Investment Plan (SHIP) and were subject to an assessment against strategic outcome and deliverability criteria. Large scale projects such as Woodhall and Past Road have been subject to extensive tenant and community consultation for a number of years and will continue to do so through the development process. Likewise, the residents and the landlords of Clune Park have been subject to consultation about the issues in the area and the council's intentions to regenerate. This consultation includes more recently the development of personal housing plans for the Clune Park residents. Safer and Inclusive Communities (SIC) has had discussions with RSLs and Planning Policy to develop the draft SLP and in order to finalise the SLP for submission at the end of August. SIC will continue to consult with other council services and local partners that have an interest in housing in Inverclyde.

Completed by:

Housing Team

Date: 10/05/2012

STRATEGIC LOCAL PROGRAMME

Local Authority: Inverclyde Council
Resource Planning Assumption - 2012 - 2015:
Slippage Projects

£10,148

New money for Local Programmes

£4,152

Input figures following the layout in template and add lines as necessary. No 'Total' formulae included within this worksheet. Please enter amounts as £0,000

Project Address	Developer	Units		Total	Units by Type	Please specify*	Total (should equal Total Units)	Greener Standards (enter Y as appropriate)	Est. Start Fin. Year	Est. Completion Fin. Year**	Total Project Cost	Grant per Unit (3p equivalent excl. Council)	TOTAL \$G Grant
		Rehab	Of the Shelf										
Lower Mary Street, Port Glasgow - Social Rent	Link Group		11	11			11	Y	2012/13	2013/14	£1,270	£0,040	£0,440
Lower Mary Street, Port Glasgow - Mid Market Rent	Link Group		11	11			11	Y	2012/13	2013/14	£1,270	£0,040	£0,440
Lower Mary Street, Port Glasgow - NSSE	Link Group		20	20			20	Y	2012/13	2013/14	£2,400	£0,060	£1,200
Lower Mary Street, Port Glasgow - TOTAL			42	42			42	Y	2012/13	2013/14	£4,940	£0,050	£2,080
Kingsion Dock, Port Glasgow - Mid Market Rent	Link Group		20	20			20	Y	2012/13	2013/14	£1,300	£0,040	£0,800
Kingsion Dock, Port Glasgow - NSSE	Link Group		15	15			15	Y	2012/13	2013/14	£1,800	£0,060	£0,900
Kingsion Dock, Port Glasgow - TOTAL			35	35			35	Y	2012/13	2013/14	£3,100	£0,049	£1,700
Peat Road, Greenock South West - Social Rent	River Clyde Homes		100	100			100	Y					
Peat Road, Greenock South West - NSSE	River Clyde Homes		20	20			20	Y					
Peat Road, Greenock South West - TOTAL			120	120			120	Y					
Empty Homes Initiative, Inverclyde Wide - Mid Market Rent	Inverclyde Council / Oak Tree HA		20	20			20	N	2012/13	2014/15	£0,300	£0,015	£0,300
Empty Homes Initiative, Inverclyde Wide - TOTAL			20	20			20	N	2012/13	2014/15	£0,300	£0,015	£0,300
Earnhill Road Phase 2, Greenock South West - Social Rent	Oak Tree HA		14	14			14	Y	2012/13	2013/14	£1,533	£0,046	£0,646
Earnhill Road Phase 2, Greenock South West - TOTAL			14	14			14	Y	2012/13	2013/14	£1,533	£0,046	£0,646

*Particular Needs - e.g. wheelchair, amenity etc. ** All projects included to achieve a March 2015 completion date.

Peat Road - The funding arrangements for this development are still being explored by RCH and it's strategic partners.
Empty Homes Initiative - The plot is underway. A number of units could be brought forward to ensure the allocation is spent.

Consultation Details:

As stated within our guidance, details of local consultation and engagement which has led to the development of the above programme should be provided in the box below -

Completed by: _____ Housing Team Date: 10/09/2012