

**MORE HOMES DIVISION GUIDANCE NOTE**

**To:** All Local Authorities  
All Registered Social Landlords

**Subject:** Guidance on the Preparation of  
Strategic Housing Investment  
Plans

**Issued by:** More Homes Division



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This guidance note contains revised procedures for preparing Strategic Housing Investment Plans (SHIPs). It supersedes HSGN 2014/07 – 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. The Scottish Government is committed to securing a strong and prosperous future for Scotland, economically, socially and constitutionally and wants people to live in affordable quality homes that meet their needs. Building on the strong track record of delivering more than 30,000 affordable houses during the previous Parliament, Ministers and other partners want more homes delivered across all tenures.
2. In March 2016, Ministers announced ***More Homes Scotland (MHS)***, an overarching approach to support the increase in supply of homes across all tenures which will incorporate a variety of existing and new initiatives including:
  - A commitment of over £3 billion over the next 5 financial years to fund the delivery of 50,000 affordable homes accompanied by 5 year Resource Planning Assumptions, increased subsidy levels, a new Rural Housing Fund and support for City Deals.
  - Delivering more mid-market homes, building on existing successful initiatives using guarantees and loans.
  - Increasing the supply of private rented sector homes building on the use of guarantees to stimulate a thriving high-quality sector.
  - Supporting Home Ownership through the Open Market Shared Equity Scheme and the new Help to Buy (Scotland) scheme.
  - Establishing a new Housing Infrastructure Fund which will provide loans and grants to allow partners to unlock strategically important housing sites and increase the scale of housing delivery.
  - Reviewing the planning system with a focus on improving planning processes to support the delivery of good quality housing.
3. The Scottish Government is currently developing detailed proposals for MHS initiatives. More information can be found at [More Homes Scotland](#)

## STRATEGIC HOUSING INVESTMENT PLANS (SHIPS)

4. 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. It is expected that SHIPs will be directly informed by the LHS and developed in consultation with key stakeholders. **SHIPs will be the key documents for identifying strategic housing projects to assist the achievement of the 50,000 target.**
5. 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
6. 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

## CONTENT OF THE SHIP

7. Local authorities should provide a succinct document which 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
  - 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

8. 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.
9. **Currently SHIPS are submitted every two years. The Scottish Government will reflect with COSLA/ALACHO on whether this arrangement is still appropriate.**
10. This updated guidance is designed to assist local authorities prepare their next SHIPs covering the period 2017/18-2021/22 which are **due for submission on 30 November 2016.**

### **The Housing and Regeneration Programmes (HARP) System**

11. Local authorities are aware of, and have previously been involved in, the development and testing of the HARP system which is due to go live in late Summer 2016. 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 2016 which will include a narrative Word document and Excel tables.**
13. Local authorities may wish to input the 2016 SHIP information onto HARP once the system is live. **Please note however that the first release of HARP may not contain all the elements required to complete the SHIP.**

### **PROGRAMME PROCESS - SHIPS AND SLPAS**

14. 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.
15. It is expected that local authorities will engage and consult with all delivery partners on proposals and priorities for SHIPs and SLPAs.
16. Following submission, local authority approved 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. TMDF authorities will draft their own SLPAs for agreement with the Scottish Government.

17. Once agreed, SLPAs will form the basis of individual RSL and Local Authority programme agreements and be the primary document informing the delivery of the AHSP at the local level.
18. 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 up to date approved SHIP. This means that in years where the SHIP has been updated, the SLPA will be updated to reflect the SHIP. In other years, the SLPA will simply draw on the current SHIP to inform the SLPA.
19. The local authority approved 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. For most authorities, and where appropriate for TMDF authorities, these decisions will be taken jointly between SG and local authority officers and discussed with the appropriate delivery agent. Any windfall projects which post-date the SHIP submission should be assessed using the same methodology to prioritise projects before being added to the programme. **Guidance on the process for preparing SLPAs is contained in HSGN 2014/05.**

### **Resource Planning Assumptions (RPAs)**

20. The Scottish Government advised local authorities of their minimum RPAs for the four year period 2016/17-2019/20 in March 2016. We are now committed, following the 2016 Spending Review to a new offer of 5 year RPAs to all 32 Councils.
21. Local authorities should use current RPAs as the basis for their SHIPs. For working purposes the RPA notified to you for 2019/20 should be used as the basis for the projects detailed in the SHIP for 2020/21 and 2021/22.
22. Given the 50,000 house 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 programme, and applied to the RPAs for 2020/21 and 2021/22.**

### **CONSULTATION AND COLLABORATION**

23. As in previous guidance we would encourage local authorities to view the preparation of SHIPs as a corporate activity with close working relationships being developed between housing, planning, social work and other departments to achieve this.

24. We expect collaboration between local authorities, RSLs, communities, developers, the Scottish Government and other stakeholders in the SHIP development process. **SHIPs should provide brief details of how consultation and collaboration has been undertaken with stakeholders.**
25. As part of our review process, we would fully expect that local RSLs and developers have been involved in developing the plans and will lead on delivering some of the projects.

## **TABLES**

26. The guidance contains 5 Excel tables (attached separately) to be submitted alongside the narrative of the SHIP. The details of each table are discussed below. The tables should be self-explanatory but Annex 1 contains some general guidance on completion.

## **AFFORDABLE HOUSING SUPPLY PROGRAMME (AHSP)**

27. Details of projects for which AHSP funding is sought should be entered on Tables 1 and 2. These tables have been split to reflect the financial years for which RPAs have been issued and those which have not.

## **THE HOUSING INFRASTRUCTURE FUND**

28. The MHS approach includes 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 with initially £50m being made available in 2016/17 and will look to prioritise those sites which are of strategic importance and will unlock sites for the delivery of housing. Building on earlier discussions with Area Teams Table 3 should be used to capture information on suitable projects for the fund. **Local Authorities are asked to prioritise sites for delivery by the fund. Guidance on the fund is at [HIF Guidance](#).**

## **OTHER AFFORDABLE HOUSING PROVIDED WITHOUT AHSP ASSISTANCE**

29. Table 4 is provided to capture details of affordable housing which has been provided without AHSP support. This may not be relevant to every authority but includes projects which have been developed using authorities own resources, pension funds or other sources of funding.

## **COUNCIL TAX ON EMPTY AND SECOND HOMES**

30. Where local authorities have reduced the empty and second homes council tax discount to below 50% (to a minimum of 10%), the additional revenue raised can be used to support affordable housing in their areas.

31. 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. This flexibility will only apply to long term empty homes; second homes will continue to attract a discount of between 50% and 10%.
32. 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 has been used to support direct provision of affordable housing should be entered on Table 5.1. Where the tax has not been used to directly provide 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 from developers from Affordable Housing Policies, Planning obligations etc have been used to support affordable housing delivery. Details of what it has been used for should be contained in the text.

## **OTHER POLICY AREAS**

### **Housing Adaptations**

34. Legislation to implement health and social care integration came into force on April 1 2016. This brings together NHS and local council care services under single Health and Social Care Partnership arrangements for each area. The role of housing relation to in health and social care integration is set out in statutory guidance entitled Housing Advice note published in September 2015. This includes a requirement for the new health and social partnerships to produce a Housing Contribution Statement (HCS) as part of Strategic Commissioning Plans.
35. The HCS, as a minimum, must set out the arrangements for carrying out the housing functions delegated to the Integration Authority (which includes housing adaptations for local authority and private sector tenants and owner occupiers but not for tenants for Registered Social Landlords) and the expectation is that they will also set out an overarching strategic statement of how the Integration Authority intends to work with housing services, whether delegated to it or not, to deliver its outcomes.
36. Responsibility for identifying the level of adaptations needed and the level of funding required now rests with these Partnerships. We would however expect local authorities to refer to partnerships within the SHIPs and provide brief details of how the process for identifying and funding adaptations is being progressed. Given this we no longer intend to collect adaptations information through SHIPs.

## Procurement

37. We would encourage, in the context of public services reform, best practice and Best Value, local authorities, RSLs and other providers to discuss and collaborate on procurement and shared services in the delivery process for affordable housing. The SHIP should provide details on how local authorities are or are intending to achieve this to 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

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

## Strategic Environmental Assessment (SEA)

39. Local Authorities will be familiar with the requirements of the Environmental Assessment (Scotland) Act 2005 and as a “*responsible authority*” for the purposes of the 2005 Act, should determine whether a SEA of the SHIP is required or not.
40. Guidance on the above initiatives is available on the [Scottish Government Website](#).

## SHIP REVIEW PROCESS

41. As in previous years, all SHIPs will be considered by the Scottish Government in line with the process agreed jointly with COSLA. 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
42. The Scottish Government will provide feedback to local authorities on their SHIP.



## Monitoring

43. We expect local authorities to monitor delivery of affordable housing against their SHIPs. Delivery of affordable housing will contribute to LHS outcomes and to Single Outcome Agreements.

## Submission

44. SHIPS should be submitted to your local Scottish Government Area Team Office by **30 November 2016**. We would however, expect that submitted SHIPS have secured approval, at the appropriate level within the Council prior to submission.
45. 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.

## FURTHER ADVICE

46. The Scottish Government will continue to provide advice, support and guidance to Local Authorities and partners involved in the development of the SHIP. Contact details are as follows:

|  |                    |               |
|--|--------------------|---------------|
| <b>Glasgow and Clyde</b>               | Anne-Marie Thomson | 0141 242 5458 |
| <b>Highlands and Islands and Moray</b> | Mairi Ross         | 0300 020 1207 |
| <b>South and West</b>                  | Pauline Gilroy     | 01698 392109  |
| <b>South East</b>                      | Alastair Dee       | 0131 244 5955 |
| <b>North and East</b>                  | Maureen Esplin     | 0131 244 8081 |

## GUIDANCE ON COMPLETING THE SHIP TABLES

### General features which apply to tables:

- 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 should be listed as **High, Medium or Low**. Again this provides flexibility when choosing priorities.
- A Dropdown menu is provided for the **Geographic Benchmark Code**. For the Geographic Benchmark Code please enter the appropriate numeric value (1-10) from the list at the bottom of the Table.
- Under the **Developer** 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.
- For the Columns headed **Units – Tenure, Units - Built Form**, and **Units Type**, enter the number of units in the appropriate columns. Please note that Specialist Provision is the term used now for what was previously called Particular Needs.
- For **Greener Standards**, please enter **Y or N** for Yes or No.
- For the columns headed **Approval Date** 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 “**2017/18**”
- Similarly, in the **Unit Site Starts** section, where a project has started in a financial year prior to the first year of the appropriate table, enter the actual number of units in the **Pre-2017/18** column.
- For clarity, unit 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.
- For projects which may straddle the periods covered by Tables 1 & 2, (e.g. which starts in Year 2 and finishes in Year 4) details should be entered on both Table 1 and Table 2. For Units Starts and Completions and Scottish Government Funding Columns, data should input in the relevant years in each table and not duplicated in both tables.