

**MORE HOMES DIVISION GUIDANCE NOTE**

Scottish Government  
Riaghaltas na h-Alba  
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**To: All Local Authorities**

**Subject: Guidance on preparing Strategic Housing Investment Plans**

**Issued by: More Homes Division**

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This guidance note contains revised procedures for preparing a Strategic Housing Investment Plan (SHIP). **It supersedes MHDGN 2018/03** and should be read in conjunction with **MHDGN 2019/03 – Affordable Housing Supply Programme: Process and Procedures**

While this guidance has been issued to local authorities which are responsible for preparing and submitting SHIPs to the Scottish Government, the Scottish Government expects local authorities to share this guidance with partners involved in developing SHIPs (including registered social landlords and other housing providers).

You will find a copy of this guidance note on the **Scottish Government website**.

If you have any queries on the content 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.

# STRATEGIC HOUSING INVESTMENT PLANS

## INTRODUCTION – THE MORE HOMES SCOTLAND APPROACH

1. The Scottish Government wants everyone to have a good quality home that they can afford and that meets their needs which is why we have significantly increased the number of affordable homes across Scotland.
2. Through the More Homes Scotland approach, the Scottish Government is investing over £3.3 billion to deliver at least 50,000 affordable homes – of which 35,000 will be for social rent – over the five years to March 2021. This represents a 94% increase on our previous 5 year investment.
3. Under the 'More Homes Scotland' approach, the Scottish Government is increasing the supply of homes across all tenures through a range of measures including:
  - the **Housing and Planning Delivery Framework**, which brings planning and housing requirements closer together, making them easier and quicker to take forward
  - the **Affordable Housing Supply Programme (AHSP)**
  - the **Housing Infrastructure Fund**
  - the **Rural and Islands Housing Funds**
  - the **Building Scotland Fund**
  - the use of **innovative financing models**, and
  - bringing **empty homes** back into use.
4. The Scottish Government is committed to continuing to promote increased supply across all tenures and build on our More Homes Scotland approach, to deliver more of the right homes in the right places to meet the housing needs and aspirations of the people of Scotland. We also need to ensure that our housing system is dynamic and resilient enough to respond to future changes and challenges, anticipates them, and is resilient in the face of them.
5. In our **Programme for Government 2018-19**, we made a commitment to plan together with stakeholders for how our homes and communities should look and feel in 2040, and the options and choices to get there. Our ambition is that work on housing to 2040 will provide more stability in future through a long term shared vision and route map which will stand the test of time. Since then, we have been engaging extensively with a wide range of stakeholders to help shape a shared **draft vision and principles for 2040**, recognising the vital role of housing in creating sustainable, vibrant communities, promoting health and well-being, and inspiring local democracy and empowerment.

6. The Scottish Government will launch a formal public consultation in the autumn on our Housing to 2040 vision and principles, together with policy choices and options for how to get there. The outputs from the autumn consultation will help us to inform the final vision and a route map to 2040, which we are aiming to publish in spring 2020.

## THE ROLE OF A STRATEGIC HOUSING INVESTMENT PLAN

7. A Strategic Housing Investment Plan (SHIP) is an important document which sets out a local authority's strategic investment priorities for housing over a 5 year period to achieve the priorities and outcomes set out in its local housing strategy. Specifically, it is the key document for identifying:

- Proposed strategic housing projects which require Scottish Government Affordable Housing Supply Programme funding support. It is expected that the majority of homes delivered through the AHSP will be new build units (which could include 'off the shelf' purchases from developers). However, where it can be demonstrated that acquisition of 'second hand' stock that is for sale on the open market<sup>1</sup> is the most appropriate method of meeting housing need in a particular area, funding may be available to deliver this<sup>2</sup>. Funding may also be made available to remodel/rehabilitate/convert existing properties where this is considered a strategic priority;
- Proposed affordable housing projects which are to be provided without Scottish Government funding support (i.e. funded by the local authority)
- Housing Infrastructure Fund projects across all tenures requiring grant and loan funding.

8. The SHIP is therefore an operational rather than policy document and:

- reflects the housing policies and outcomes set out in the LHS and LHS Outcome Action Plan
- reinforces the role of the local authority as the strategic housing authority
- informs Scottish Government investment decisions, and
- informs the preparation of a Strategic Local Programme Agreement and, where required, Programme Agreements.

## SHIP SUBMISSION

9. **SHIPs are submitted on an annual basis** through the Housing and Regeneration Programme (HARP) system. A training pack for inputting a SHIP is available within the Help documents on HARP. In addition, Annex 1 of this guidance note contains a checklist for local authorities to consider when entering project information on HARP.

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<sup>1</sup> This could include the purchase of former local authority housing.

<sup>2</sup> The Scottish Government and the relevant local authority will require to agree the number of such purchases that can be approved each year.

10. The next SHIP, covering the period 2020/21 to 2024/25, should be submitted through HARP by **Friday 25 October 2019**. For this SHIP:

Year 1 = 2020/21

Year 2 = 2021/22

Year 3 = 2022/23

Year 4 = 2023/24

Year 5 = 2024/25

## **CONTENT OF THE SHIP**

11. The SHIP should contain the following two elements:

**1. A succinct narrative in PDF form, submitted as a supporting document to the SHIP in the HARP system, which explains the context to the SHIP including:**

- a statement on alignment with the LHS demonstrating that priorities identified in the SHIP are consistent with what the local authority outlined in its LHS (and any subsequent updates) and how the SHIP priorities will contribute to delivery of LHS Outcomes
- a summary of the methodology used to prioritise projects
- details of how the local authority has responded to and resolved development constraints on projects prior to the site start date
- details on how the local authority's own resources and other funding are supporting the delivery of affordable housing in its area
- details of progress towards the delivery of its Affordable Housing Supply Programme across all tenures by completions
- Details of affordable housing projects for Gypsy/Travellers
- details of Housing Infrastructure Fund projects where these are linked to affordable housing delivery (paragraphs 13-20 below refers)
- details of local plans to support the delivery of wheelchair accessible housing within its area (paragraphs 21-22 below refers)
- statement that strategic housing priorities are aligned and are consistent with Rapid Rehousing Transition Plan priorities (paragraphs 23-25 below refers)
- details of affordable housing projects that are aligned with the local authority's Child Poverty Action Report (paragraph 26 below refers)
- Details that duties under the Islands (Scotland) Act have been followed by the local authority if appropriate (paragraph 27 below refers)
- details of any empty homes services and actions to bring homes back into use
- details of how Council Tax on Second and Empty Homes has been used to assist affordable housing (paragraphs 28-31 below refers)
- details of how Developer Contributions have been used to assist affordable housing (paragraphs 32-33 below refers)
- the type and level of consultation undertaken with RSLs, communities, developers and other stakeholders in developing the SHIP and how this has helped with the development of strategic investment priorities (paragraphs 34-37 below refers)

**2. A list of housing projects submitted electronically on HARP (as outlined in paragraph 5 above) across all tenures identified as priorities and expected to require funding and/or complete over the five year period. This should:**

- **include rolling forward existing projects from the previous SHIP where appropriate;**
- **set out the funding and delivery mechanism; and**
- **demonstrate that the projects and resources will be realistically delivered over the plan period and highlighting any potential risks.**

Local authorities may expand the level of information within their SHIP to meet their individual requirements, or for reporting on wider issues to Committee etc. However, each SHIP as a minimum should contain the core information detailed in this guidance.

## **RESOURCE PLANNING ASSUMPTIONS**

12. The Scottish Government allocated Resource Planning Assumptions (RPAs) to local authorities in April 2019 to 31 March 2021. Details of these can be found [here](#).

13. The Scottish Government would expect local authorities to over-programme for the first year of the SHIP period. **The Scottish Government would suggest that a minimum slippage factor (i.e. over programme to accommodate unforeseen slippage) of 25% be applied for the first year of the SHIP period.**

14. In the absence of RPAs post 31 March 2021, local authorities should plan on the basis of existing RPA levels. Further information on RPA levels post 2021 will be provided as soon as known and will inform the pace at which these future programme plans can be delivered.

## **HOUSING INFRASTRUCTURE FUND**

15. The Housing Infrastructure Fund (HIF) aims to assist key strategic housing projects which have been blocked or unable to proceed due to the extent and costs/financing of infrastructure works involved. The Fund enables the delivery of new additional housing, primarily affordable housing, to support the 50,000 affordable homes target across all tenures through loans and grants and runs to 31 March 2021.

16. Since its launch in 2016, £32 million loan and grant has been approved. This funding is estimated to unlock 10,000 houses, of which approximately 3,000 will be affordable.

17. The Scottish Government will provide information in due course on HIF post 2021. HIF will look to prioritise those sites that are of strategic importance and cannot proceed or have stalled due to the exceptional nature or cost of infrastructure requirements. Given where we are in the Fund's timescale, the Scottish Government has relaxed the criteria giving priority to those projects that will deliver completed affordable housing by 2021.

18. The Scottish Government would encourage local authorities and RSLs to continue to identify and submit suitable projects that meet the HIF criteria in their October 2019 SHIP and 2020 SHIP. Where these projects are linked to affordable housing delivery, the Scottish Government would expect that any affordable housing projects arising from the HIF investment are brought forward in a reasonably short timescale post 2021.
19. Grant is available to local authorities and RSLs for infrastructure works which are (a) out with the curtilage of the affordable housing site and/ or (b) of scale and will open up larger sites for housing development. Loans are available for viable non - public sector led sites to support infrastructure delivery. Guidance for the fund is at **HIF Guidance**.
20. A SHIP is used to capture potential HIF projects. Local authorities are asked to identify and prioritise sites for delivery through the fund in accordance with the eligibility criteria contained in the guidance and the ability for the project to commence quickly (albeit that the criteria giving priority to projects that will deliver completed affordable housing by 2021 has now been relaxed).
21. Where the HIF project is linked to the potential delivery of affordable housing, local authorities will need to prioritise their RPAs for funding the affordable housing element through the SHIP.
22. Approved HIF projects that have carry forward commitments into 2020/21 should be included in the October 2019 SHIP submission. Similarly, where a HIF project has not been approved for funding but is still under active consideration, the project should be included in the SHIP.
23. Local authorities should be aware that if the HIF project does not contain information about costs, type of works, funding requirement, or which are unclear about whether grant or loan is being sought, it will not be considered for funding.
24. Certain City Region Deal Agreements have included a number of commitments to specific local authorities relating to HIF. For such arrangements, the Scottish Government would expect local authorities to identify projects which meet the normal broad HIF eligibility criteria and for these to reflect City Region Deal priorities. All types and tenures of housing are eligible for HIF support and the fund processes and procedures are the same as for normal HIF applications – namely managed and administered by the Scottish Government – in order to allow this money to be drawn down when required by City Region Partners. In addition, these should be cleared by the appropriate governance arrangement and therefore have the support of appropriate City Deal partner authorities in order to identify/ confirm key strategic priority sites for housing that could, with the Fund's support, be unlocked to bring forward completed housing and support regional development. For clarity, any such HIF commitments cannot be used to fund normal AHSP capital programmes to deliver affordable housing.
25. Through SHIPs, the Scottish Government, working closely with local authorities, wants to identify further key projects for HIF funding which will provide more additional housing, supports the housebuilding industry and contributes to economic recovery.

## **WHEELCHAIR ACCESSIBLE HOUSING**

26. The Scottish Government wants disabled people in Scotland to have choice, dignity and freedom to access suitable homes, built or adapted to enable them to participate as full and equal citizens. It has published **guidance** for local authorities, which will support the delivery of more wheelchair accessible housing. The guidance requires local authorities to set targets across all housing tenures for the delivery of wheelchair-accessible homes and to report annually on progress. Targets are expected to be in place by the end of 2019.

27. Local Authorities should detail information in the SHIP on:-

- what progress has been made to develop and have targets in place by the end of 2019 including planned investment over the period of the SHIP;
- If all tenure housing targets have been developed, the plans and timescales that are in place to achieve these.

## **RAPID REHOUSING TRANSITION PLANS**

28. With strong rights to housing already in place for people who become homeless in Scotland, it is important that there continue to be a focus on prevention. Ending rough sleeping and homelessness are national priorities for the Scottish Government as part of our drive to create a fairer Scotland.

29. All 32 local authorities submitted their Rapid Rehousing Transition Plan (RRTP) by 31 December 2018. Scottish Government provided feedback and plans are being implemented across Scotland from April 2019. The RRTPs maximise prevention and set out the approach each local authority will employ to minimise the time a household remains homeless and ensure that they can access appropriate suitable accommodation as soon as possible. Funding totalling £8 million will be allocated to local authorities in 2019/20 out of a total of £24 million over three years to 2021/22.

30. RRTPs should be reflected in Local Housing Strategies, and be fully integrated into Health & Social Care Partnership strategic plans. They should also be included in the Housing Contribution Statement to ensure they are part of the planning framework.

31. The SHIP should include a statement that strategic housing priorities are aligned and are consistent with RRTP priorities/outcomes and any subsequent updates to it.

## **GYPSY/TRAVELLERS**

32. The Scottish Government is committed to improving the lives of our Gypsy/Traveller communities. A Ministerial Working Group which included representatives from the Gypsy/Traveller community and COSLA was established to drive forward cross-government actions to improve the lives of Scottish Gypsy/Traveller communities and this includes a focus on accommodation. A plan setting out actions that the Scottish Government and COSLA will take will be published in 2019. Refreshed LHS guidance will be published shortly which will re-affirm the need for local authorities to engage with Gypsy/Travellers to better understand their requirements. Where a requirement for permanent affordable housing has been identified to meet the needs of Gypsy/Travellers, the SHIP should include details of these projects.

## **CHILD POVERTY (SCOTLAND) ACT 2017**

33. In March 2018 the Scottish Government published 'Every Child, Every Chance' which highlighted the significant and unavoidable costs that families in poverty face in keeping a suitable roof over their heads. It set out a range of actions to deliver progress against the Scottish Government's ambition to eradicate child poverty in Scotland. In June 2019, a first year progress report was published demonstrating the good progress that has been achieved, the steps taken since the plan was published, new actions committed, and what our priorities are for the next reporting period.

34. The role of housing is critical in helping to reduce child poverty. As part of the Child Poverty (Scotland) Act 2017, local authorities and NHS Boards must jointly report annually (in a local child poverty action report) on the activity they are taking, and will take, to reduce child poverty. The SHIP is expected to draw on the findings of the local authority's child poverty action report, consider what progress has been achieved, identify where gaps exist, and align with strategic housing priorities.

## **ISLANDS (SCOTLAND) ACT 2018**

35. The Islands (Scotland) Act 2018 introduces measures to support and help meet the unique needs of Scotland's islands now and in the future. It will also seek to help create the right environment for sustainable growth and empowered communities. Local authorities with inhabited islands in their area must have regard to the duties in the Islands (Scotland) Act 2018 to consult island communities before making a change to policy that is likely to have an impact on communities. Refreshed LHS guidance will be published shortly which will set out that a LHS, for a local authority area that includes island communities, should ensure that the duties are supported and these should also be reflected in a SHIP as appropriate.

## **EMPTY AND SECOND HOMES**

36. The number of empty homes brought back into use is on the rise. The Scottish Empty Homes Partnership recorded 1,128 homes brought back into use in the last year, a rise of over 300, bringing the total to over 4,300 since 2010. The Scottish Government believes that every empty home is a missed opportunity to provide someone who needs it with a warm, safe, sustainable roof over their head. To help tackle the blight of empty homes on local communities we have delivered on our Programme for Government commitment to double funding for the Partnership, to £423,000 per annum, until 31 March 2021. The Partnership continue to work with local authorities and other organisations to help them develop policies and processes for engaging with private sector empty home owners. The majority of empty homes brought back into use are attributable to dedicated empty homes officers. Our ambition is for all local authorities to recognise the benefits of the Partnership approach and have these officers working across all areas of Scotland.

37. Where local authorities have used discretionary powers and reduced the empty and second homes tax discounts, the additional revenue raised must be used to support affordable housing provision in their areas. Since 2013, local authorities have had flexibility to remove the discount entirely and to apply a levy of up to 100% on long-term empty properties. Revenues raised by removing the discount are not ring-fenced although their use to bring long-term empty properties back into use, or to support affordable housing provision, is encouraged.



38. 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.

39. 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 e.g. funding of empty homes officers posts, empty homes loan funding or **larger projects such as the Dumfries and Galloway Town Centre Living Fund.**

## **DEVELOPER CONTRIBUTIONS**

40. A SHIP should capture details of how contributions from developers through Affordable Housing Policies, planning obligations or conditions have been used to support affordable housing delivery. They should also provide narrative 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.

41. 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.

## **CONSULTATION AND COLLABORATION**

### **SHIP preparation**

42. As in previous guidance, local authorities should view the preparation of the SHIP as a corporate activity with close working relationships between housing, planning, health, social work and other departments to achieve this.

43. Local authorities should also collaborate with RSLs, communities, developers, the Scottish Government and other stakeholders when developing the SHIP.

44. As part of the review process, the Scottish Government will feed back on how stakeholders have been involved in developing the plans and delivering projects.

45. The SHIP should therefore provide a detailed narrative about the level and type of consultation undertaken with all stakeholders which should include a summary around how this has helped inform the development of strategic investment priorities.

## **PROCUREMENT**

46. Local authorities, RSLs and other providers are encouraged – 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 therefore provide details of how local authorities are achieving 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**

47. Local authorities should ensure that equality is central to all housing and housing services delivery. Local authorities are expected to have undertaken a full Equality Impact Assessment (EQIA) on their LHS to ensure that the needs of everyone within their local communities have been fully considered. The SHIP should reflect any identified need and draw on the findings from the EQIA when considering the implications flowing from the translation of strategic aims into housing priorities. Local authorities should publish their LHS EQIA on their website.

48. Local authorities may also have undertaken an Equalities and Human Rights Impact Assessment, a Health Inequalities Impact Assessment, and a Child Rights and Wellbeing Impact Assessment – the relevant findings from which should all be reflected in the SHIP.

## **STRATEGIC ENVIRONMENTAL ASSESSMENTS**

49. 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 Strategic Environmental Assessment is required for the SHIP.

## **SHIP REVIEW PROCESS**

50. A SHIP will be considered by the Scottish Government in line with the process agreed with COSLA. In reviewing a SHIP, the Scottish Government 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.

51. The Scottish Government will provide written feedback to local authorities following completion of the review process.

## **MONITORING**

52. The Scottish Government expects local authorities to monitor delivery of affordable housing referenced in a SHIP against their LHS outcomes and Local Outcome Improvement Plans to identify how LHS policies are being translated into operational delivery.

## SUBMISSION

53. A SHIP should be submitted via the HARP system to the relevant Scottish Government Area Team by Friday 25 October 2019 ('the Submission Date'). The Scottish Government would however expect that a submitted SHIP has secured approval, at the appropriate level within the local authority, prior to the Submission Date.

54. Local authorities may wish to submit a consultative draft SHIP to the Scottish Government prior to the Submission Date, subject to confirming the anticipated date of Committee approval. However, a final version of the SHIP must be sent via the HARP system to the relevant Scottish Government Area Team by the Submission Date.

## PUBLICATION

55. The Scottish Government expects that a SHIP and associated tables should be publicly available and published on the local authority's website at the time of Council approval of the SHIP. A web link to the published SHIP should be provided to the relevant Scottish Government More Homes Division local contact (see paragraph [] below) and confirmation provided when this has been done.

## FURTHER ADVICE

56. For further advice, support or guidance on the development of the SHIP please contact your local Area Team Manager:

<b>Glasgow &amp; Clyde</b>	Anne-Marie Thomson	0141 242 5458	<b><u><a href="mailto:Anne-Marie.Thomson@gov.scot">Anne-Marie.Thomson@gov.scot</a></u></b>
<b>Highlands, Islands &amp; Moray</b>	Mairi Ross Grey	0300 020 1207	<b><u><a href="mailto:Mairi.RossGrey@gov.scot">Mairi.RossGrey@gov.scot</a></u></b>
<b>North &amp; East</b>	Maureen Esplin	0131 244 8081	<b><u><a href="mailto:Maureen.Esplin@gov.scot">Maureen.Esplin@gov.scot</a></u></b>
<b>South East</b>	Alastair Dee	0131 244 5955	<b><u><a href="mailto:Alastair.Dee@gov.scot">Alastair.Dee@gov.scot</a></u></b>
<b>South &amp; West</b>	Pauline Gilroy	0131 244 0936	<b><u><a href="mailto:Pauline.Gilroy@gov.scot">Pauline.Gilroy@gov.scot</a></u></b>

## ANNEX 1

### CHECKLIST FOR LOCAL AUTHORITIES TO CONSIDER PRIOR TO COMPILING THEIR SHIPS ON HARP

1. Agree with your Scottish Government (SG) local Area Team and stakeholders who is responsible for creating new projects on HARP for inclusion in the SHIP and check what projects have already been created to avoid duplicate records.
2. If creating new projects on HARP, the minimum data required to ensure that the correct information can be picked up is captured in the following tabs:
  - Project
  - AHSP Project
  - Unit Details
  - Total Project Funding Breakdown
3. If you are creating a project on HARP and are unsure what programme code or unit detail codes to select use please consult your SG local Area Team contact. This applies equally to projects which are and are not seeking SG funding assistance. This is critical as it impacts on HARP system reporting.
4. Prior to making your SHIP **Live** on HARP, SG More Homes Division Area Teams would welcome the opportunity to review a SHIP. This can be done through HARP by creating the SHIP, then submitting as a **Consultative Draft**. Any changes to the SHIP suggested by SG Area Teams could then be considered, and changes then made. This would require to be done **in advance** of council committee approval of the SHIP. We would therefore encourage local authorities to alert the relevant SG More Homes Division Area Team once the SHIP has reached **Consultative Draft** stage (see Help documents located in HARP on how to create a SHIP, then to reach the **Consultative Draft** stage).