

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Public Protection
DATE	21 November 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Strategic Housing Investment Plan 2025/26 – 2029/30
REPORT NUMBER	F&C/24/320
EXECUTIVE DIRECTOR	Eleanor Sheppard
CHIEF OFFICER	Jacqui McKenzie
REPORT AUTHOR	Mel Booth
TERMS OF REFERENCE	1.1.1

1. PURPOSE OF REPORT

- 1.1 To seek approval of the Strategic Housing Investment Plan (SHIP) for the period 2025/26 – 2029/30, prior to submission to the Scottish Government.

2. RECOMMENDATIONS

That the Committee:

- 2.1 approve the Strategic Housing Investment Plan for 2025/26 – 2029/30 as contained in Appendices 1 and 2; and
- 2.2 instruct the Chief Officer – Housing to report back to Committee with the implications of the resource planning assumptions, when they are made available from Scottish Government as detailed at 3.5.

3. CURRENT SITUATION

- 3.1 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 Local Housing Strategy (LHS). The SHIP reinforces the local authority as the strategic housing authority and details how investment priorities will be delivered. The SHIP should:
- Set out the 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.
- 3.2 The SHIP is a realistic and practical plan that rolls forward projects identified in previous SHIPs and introduces new projects. It demonstrates how, when and where Aberdeen City Council and its partners intend to deliver new affordable homes across the city. It also illustrates how a variety of funding mechanisms are maximised to ensure the delivery of the projects.

- 3.3 All local authorities are required to submit their SHIP to the Scottish Government on an annual basis. The SHIP can be updated as and when required, subject to Committee approval.
- 3.4 Aberdeen City Council, with the involvement of its key partners via the SHIP Working Group, has prepared this SHIP submission. The SHIP illustrates how the Council and its RSL partners will seek to deliver the city's affordable housing investment needs and priorities identified in the Aberdeen City Local Housing Strategy 2024-2029 over a rolling 5-year planning programme, which is currently in draft form and is due to be consulted on in early 2025. The SHIP Working Group is the Council's key working group responsible for development of the SHIP and the ongoing review of new and current projects through collaboration with Scottish Government via quarterly meetings.
- 3.5 The SHIP is usually drafted in accordance with the resource planning assumptions as provided by the Scottish Government. Resource planning assumptions are not yet available beyond 2024/25 so it is difficult to determine exactly what can be delivered and how. Committee is recommended to instruct Chief Officer – Housing to report back to this Committee when they have been issued but meanwhile, Officers have used this year's resource planning assumption as an indicative figure.
- 3.6 Overall, the SHIP shows the potential to deliver 2,485 homes over the next 5 years by the Council and its RSL partners which, if funding were available, would significantly help with the recent housing emergency declared in Aberdeen.
- 3.7 There are projects within the current SHIP with the potential to spend £277m Scottish Government grant over the lifetime of the SHIP. The Scottish Government grant expenditure is limited to the allocated grant, but guidance suggests that a minimum slippage factor, or over-programming to accommodate unforeseen slippage, of 25% should be applied on an annual basis. Affordable Housing Supply Programme Resource Planning Assumptions have not yet been issued beyond 2024/25 which makes detailed planning for the delivery of affordable housing challenging; however, Officers have used the 2024/25 resource planning assumption as an indicative amount for 2025/26. See Section 4 for more detail.
- 3.8 When resource planning assumptions are available, projects will be prioritised, as agreed by Communities Housing and Public Protection Committee in May 2024. The prioritisation methodology is as follows:
- The extent the projects help to achieve the priorities in the Local Housing Strategy.
 - The tenure of projects, with preference given for those with social rented housing. Other tenures will be considered where there is a strategic need and they are contributing to a larger housing development across a number of phases, for example, as part of a large housing development where the affordable housing provision forms part of a Section 75 agreement.

- Preference will be given to those projects which reflect the findings of the Housing Need and Demand Assessment.
- Preference will be given to developments that provide specialist accommodation including wheelchair accessible homes and supported living models.
- Preference will be given to projects that demonstrate value for money.
- Preference will be given for projects where planning consent is in place.
- Preference will be given for projects which can be delivered immediately subject to the availability of resources.

4. FINANCIAL IMPLICATIONS

- 4.1 Resource planning assumptions have only been provided up to 2024/25, with no certainty of funding beyond that. This makes planning for future delivery difficult in the context of the long lead in times required to bring development forward. This lack of certainty may also risk the delivery of market housing where sites have mixed tenures. This is particularly the case in Aberdeen where there is a number of large strategic master planned sites with long term delivery programmes over the next decade.
- 4.2 A number of these sites are due to deliver affordable housing through Section 75 legal agreements, and Aberdeen City Council are currently unable to confirm which projects can be prioritised. There are a range of sites that are going through the planning process at the moment and some developers are suggesting that affordable housing should be provided in the form of a commuted sum, instead of onsite delivery which will only exacerbate the housing emergency. Local authorities require certainty of funding for 3-5 years to allow effective planning and delivery of affordable homes.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 All new affordable homes must meet the Energy Efficiency Standard for Social Housing (ESSH) which was introduced in 2014. As a result, homes in the social rented sector are now some of the most energy efficient in Scotland which has a positive impact on the environment; the delivery of new affordable housing contributes to this positive impact.

7. RISK

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Failure to deliver affordable housing.	H	The Council and its RSL partners have ambitious new build programmes to deliver affordable housing across the city through the SHIP but unless adequate grant funding is available, these ambitions will not be realised.
Compliance	Provision of affordable housing ensures compliance with the council's duty to house households. Failure to deliver may result in there being insufficient housing to meet the demand.	H	Adequate funding is required to allow sufficient homes to be delivered to ensure compliance.
Operational	Provision of affordable housing is a priority for residents of Aberdeen City Council. Failure to deliver may result in housing need and demand levels not being met. The delivery of affordable housing identified in the SHIP will significantly increase the supply of affordable housing in the city. In addition to providing new homes, it will provide significant employment opportunities during the construction of the houses.	H	Continue to work with partners and Scottish Government to ensure all funding is obtained to deliver affordable housing continues across the city via the Council and RSL partners through the SHIP.
Financial	<p>Failure to allocate funds through developer obligations may result in funds being paid back to developers.</p> <p>Grant funding is essential to deliver projects through the SHIP.</p>	<p>L</p> <p>M</p>	<p>Ensure robust procedures are in place to monitor developer obligations.</p> <p>Ensure Aberdeen City Council spends all allocated grant funding and is well</p>

			positioned to use underspends from other areas should it become available.
Reputational	The SHIP identifies significant opportunities for the delivery of affordable housing. The delivery of these sites require partnership working across the public and private sector. Failure to fully utilise funds may harm the council's reputation when affordable housing is much needed across the city.	M	The relationships are already well developed to deliver the positive outcomes but lack of certainty around funding is already impacting the Council's reputation. There is a risk that some projects may not progress as quickly as envisaged.
Environment / Climate	Provision of new build affordable housing is built to current building regulations which has a reduced carbon footprint.	L	Ensure the provision of affordable housing continues across the city through the SHIP to deliver energy efficient homes.

8. OUTCOMES

<u>Council Delivery Plan</u>	
	Impact of Report
Aberdeen City Council Policy Statement Working in Partnership for Aberdeen	<p>The proposals within this report support the delivery of the following aspects of the policy statement: We will work with partners to improve the stock and variety of Council and social housing across the city, ensuring it meets the varying needs of our citizens and provides more choice for our older citizens.</p>
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	<p>The proposal within this report supports the delivery of LOIP Stretch Outcome 1 – 20% reduction in the percentage of people who report they have been worried they would not have enough food to eat and/ or not be able to heat their home by 2026.</p> <p>The provision of new build homes are more energy efficient than existing homes, therefore contributing to Stretch Outcome 1.</p> <p>The affordable housing programme represents significant investment in the city which contributes to a prosperous economy.</p>
Prosperous People Stretch Outcomes	<p>The proposal within this report supports the delivery of Stretch Outcome 10 - Healthy life expectancy (time lived in good health) is five years longer by 2026. The affordable housing programme can</p>

	<p>contribute to this by providing good quality, energy efficient housing that is more accessible to those on lower incomes. Housing is an important social determinant of health, therefore providing affordable housing options helps to ensure better health outcomes and quality of life for those who would struggle to find suitable accommodation elsewhere.</p> <p>The programme also has links to Stretch Outcome 12 - Reduce homelessness by 10% and youth homelessness by 6% by 2026, ensuring it is rare, brief, and non-recurring with a longer-term ambition to end homelessness in Aberdeen City. The provision of new affordable homes through the SHIP will increase the supply of homes which can be allocated to those who are homeless or at risk of being homeless.</p>
Prosperous Place Stretch Outcomes	<p>The proposal within this report supports the delivery of LOIP Stretch Outcome 13 – Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate.</p> <p>The paper seeks approval for the allocation of funds which will help to contribute to the delivery of new build housing which is energy efficient.</p>
Regional and City Strategies	<p>The proposals within this report support the City Region Deal, Aberdeen City Local Housing Strategy, and the Strategic Development Plan through the delivery of affordable housing.</p>
UK and Scottish Legislative and Policy Programmes	<p>The report sets detail in relation to affordable housing which fulfils the requirements placed upon the Council by the Housing (Scotland) Act 1987.</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	New Integrated Impact Assessment has been completed.
Data Protection Impact Assessment	Not required.

10. BACKGROUND PAPERS

10.1 Previous committee reports in relation to this are detailed below:

- CGR [PLA/18/060](#) 18 September 2018
- CGR [PLA/19/317](#) 26 September 2019
- CGR [COM 20/182](#) 28 October 2020
- CGR [COM 21/245](#) 03 November 2021
- CGR [COM 22/198](#) 21 September 2022
- CGR [COM 23/323](#) 14 November 2023

11. APPENDICES

Appendix 1 – Strategic Housing Investment Plan 2025/26– 2029/30

Appendix 2 – Strategic Housing Investment Plan 2025/26– 2029/30 Tables

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