

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources Committee
DATE	21 September 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City's Strategic Housing Investment Plan 2023/24 – 2027/28
REPORT NUMBER	COM/22/198
DIRECTOR	Gale Beattie
CHIEF OFFICER	David Dunne
REPORT AUTHOR	Mel Booth
TERMS OF REFERENCE	1.1.7

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval of the Strategic Housing Investment Plan (SHIP) for the period 2023/24 – 2027/28 which is due to be submitted to the Scottish Government by 28 October 2022. The SHIP will be submitted to the Scottish Government subject to Committee approval.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the SHIP and its submission to the Scottish Government.

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 on an annual basis. The SHIP can be updated as and when required and Committee have previously received reports seeking agreement to add sites into the SHIP which reflects continuous discussions with RSLs and developers to identify opportunities for the delivery of affordable housing. After submission of the SHIP, new opportunities will be reported to Committee as and when they arise to ensure the maximisation of the delivery of affordable housing from all available resources.
- 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 2018-2023 over a rolling 5-year planning programme. The SHIP Working Group is the Council's key working group that is 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 has been drafted in accordance with the Resource Planning Assumptions as provided by the Scottish Government. Overall, the SHIP shows the potential to deliver 3,287 units in the next 5 years by the Council and its RSL partners.
- 3.6 There is more certainty about projects and delivery numbers for the initial three years with the final two years showing lower numbers. This will change as new projects are developed and 'windfall' opportunities arise.
- 3.7 There are projects within the current SHIP with the potential to spend £30,823,000 Scottish Government grant in 2023/24. However, the Scottish Government grant expenditure is limited to the allocated grant, but guidance suggests that a minimum slippage factor of 25% be applied on an annual basis. Affordable Housing Supply Programme resource planning assumptions have been issued up to 2025/26 and are detailed at 4.3.
- 3.8 Council house new build programme
- 3.8.1 Aberdeen City Council has made a commitment to provide an additional 2,000 council homes for social rent. Funding has been identified through the allocation of Section 75 Agreements and Council Tax funds to contribute to this with £29,286,063 being allocated to all the council new build homes to date.
- 3.8.2 In 2021/22, a further £10.271m was allocated to developments at Craighill, Kincorth, Kaimhill and Tillydrone, and £4.110m to the council buy back scheme through the Affordable Housing Supply Programme.
- 3.8.3 All of the council's new build homes for social rent are to be built to the Council's "gold standard" and are to incorporate dementia friendly design, with a minimum 15% being delivered as fully wheelchair accessible.

3.9 Affordable Housing Delivery 2021/22

3.9.1 The table below shows the location, developer and type of affordable homes completed in 2021/22.

Location	Developer	Type	No. of units
Council Buy Backs	ACC	Social Rent	126
Eday Gardens	ACC	Mortgage to Rent	1
Wellheads, Dyce	ACC	Social Rent	216
Burnside	Grampian	Social Rent	43
Burnside	Grampian	Mid-Market Rent	58
Countesswells	Hillcrest	Social Rent	64
Countesswells	Hillcrest	Mid-Market Rent	24
St Machar	Hillcrest	Social Rent	103
St Machar	Hillcrest	Mid-Market Rent	35
Kingswells	Hillcrest	Social Rent	20
Royal Cornhill Hospital	Barratt Homes	Low-Cost Home Ownership	2
Total			692

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. Given the extent of the affordable housing projects seeking grant funding over the next five years, all Scottish Government grant will be utilised, and any potential underspends from other local authorities will be sought from Scottish Government.

4.2 Any proposal for grant funding to a Registered Social Landlord (RSL) requires to be considered against the State Aid rules. Such grants come within the ambit of the Services of General Economic Interest block exemption which permits funding to Registered Social Landlords in social housing, however the service consults with Legal Services on individual cases where necessary.

4.3 Through the Affordable Housing Supply Programme, the Scottish Government has confirmed the Resource Planning Assumptions up to 2025/26. However, for planning purposes, the 2025/26 RPA has been used as the basis of funding for the final two years of this SHIP period.

Year	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Allocation(m)	£15.981	£16.037	£16.302	£16.302	£16.302	£80.924

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 (EESH) 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.

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.	L	Council has an ambitious new build programme and RSL partners work with us to deliver affordable housing across the city.
Compliance	Provision of affordable housing ensures compliance with the council's duty to house homeless households. Failure to deliver may result in there being insufficient housing to meet the demand.	M	Approval of the recommendations would prevent this from occurring
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.	L	Ensure the provision of affordable housing continues across the city via the council and RSL partners.
Financial	Failure to allocate fund through developer obligations may result in funds being paid back.	L	Ensure robust procedures are in place to monitor developer obligations.
Reputational	The SHIP identifies significant opportunities for the delivery of affordable housing. The delivery of these sites require	L	The relationships are already well developed to deliver the positive outcomes. There is a low risk that some projects

	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.		may not progress as quickly as envisaged. That said there are other opportunities which will ensure all grant is spent and the affordable housing delivered.
Environment / Climate	Failure to provide affordable housing which is built to current building regulations and has a reduced carbon footprint may result in increased carbon emissions from housing.	L	Ensure the provision of affordable housing continues across the city.

8. OUTCOMES

COUNCIL DELIVERY PLAN	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals within this report support the delivery of the Policy Statement (Place 6) – Build 2,000 new Council homes and work with partners to provide more affordable homes ensuring future developments address the needs of a changing population.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The proposal within this report supports the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. The paper seeks approval for the allocation of funds which will help to deliver the LOIP Improvement Project Aim ‘to increase the number of people employed in growth sectors by 5% by 2021. The affordable housing programme represents significant investment in the city which contributes to a prosperous economy and relates to 1.1 of the LOIP.
Prosperous People Stretch Outcomes	The proposal within this report supports the delivery of Stretch Outcomes 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026. The paper seeks approval for the allocation of funds which will help achieve the LOIP Improvement Project Aim “Supporting vulnerable and disadvantaged people, families, and groups.”
Prosperous Place Stretch Outcomes	The proposal within this report supports the delivery of LOIP Stretch Outcome 14 – Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate. 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.

Regional and City Strategies	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.
UK and Scottish Legislative and Policy Programmes	The report sets detail in relation to affordable housing which fulfils the requirements placed upon the Council by the Housing (Scotland) Act 1987.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required.

10. BACKGROUND PAPERS

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

CHI 01 November 2016

CHI 24 May 2017

CGR 18 September 2018

CGR 26 September 2019

CGR 28 October 2020

CGR 03 November 2021

11. APPENDICES

11.1 Appendix 1 – Strategic Housing Investment Plan 2022/23– 2026/27
Appendix 2 – Strategic Housing Investment Plan 2022/23– 2026/27 Tables

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