

PERTH AND KINROSS COUNCIL

Housing and Health Committee – 4 February 2009

STRATEGIC HOUSING INVESTMENT PLAN**Report by Executive Director (Housing and Community Care)****ABSTRACT**

The Housing (Scotland) 2001 Act requires local authorities to undertake an assessment of housing needs, and to produce a Local Housing Strategy (LHS) to tackle these needs. Strategic Housing Investment Plans (SHIPs) supplement the Local Housing Strategy. This assists the Scottish Government to target the national Affordable Housing Investment Programme (AHIP), according to national housing priorities, balancing competing claims on AHIP resources. The Perth and Kinross SHIP outlines proposed investment and working arrangements that will enable the delivery of 180 affordable houses annually as stated in the Local Housing Strategy, Housing and Community Care Services Business Management and Improvement Plan (BMIP), the Corporate Plan and the Single Outcome Agreement. The SHIP is submitted annually to the Scottish Government by the end of November.

1. RECOMMENDATIONS

- 1.1 That the Committee approves the attached Strategic Housing Investment Plan, (as at appendix 1).
- 1.2 That the Committee homologates the approval by the Convenor, in conjunction with the Executive Director (Housing & Community Care), of the draft SHIP's submission to Scottish Government in November 2008.

2. BACKGROUND

- 2.1 The Housing (Scotland) 2001 Act requires local authorities to undertake a comprehensive assessment of housing needs and conditions, and to produce local housing strategies to tackle the housing problems in their areas.
- 2.2 The five-year Perth and Kinross Local Housing Strategy (LHS) published in 2004 identified the imbalances in local housing markets in Perth and Kinross and included a detailed action plan to address the issues identified. All local authorities are additionally required to supplement their LHS with a SHIP, which shows how the affordable housing supply investment priorities articulated in the LHS are to be delivered.
- 2.3 The SHIP details how investment in affordable housing across Perth and Kinross addresses, and aligns with, the targets set in the LHS, BMIP, Corporate Plan and Single Outcome Agreement. The LHS and SHIP reinforce the local authority's position as the strategic housing body and gives priority to

the local authority's perspective on local housing needs. It also aligns with LHS objectives and outcomes.

- 2.4 The main focus of the SHIP is the local use of the national Affordable Housing Investment Programme (AHIP). However it also highlights the complementary use of additional potential funding streams (including public, voluntary and private sector contributions), which seek to address LHS priorities for affordable housing supply.

3. PROPOSALS

- 3.1 The SHIP provides an overview of the number of affordable housing units to be developed each year:

- In each local market area.
- By provider.
- By type of provision (e.g. social rent or low cost home ownership).

- 3.2 In addition the SHIP outlines:

- Planning status of individual projects.
- Ownership of land for development.
- Any development constraints on individual projects.
- Total estimated development costs for individual projects.
- Estimated contribution towards each project through the AHIP, local authority and other public sector agencies as well as the private and voluntary sectors.
- Prioritisation of projects.

Every individual project is subject to the Council's development control process. The detailed tables which support the SHIP are available in the Members' Lounge.

4. CONSULTATION

- 4.1 The LHS was developed through detailed inter-agency working and consultation. Progress in achieving LHS objectives is largely dependent on successful joint working with partner agencies.

- 4.2 Joint work on the SHIP has been developed corporately through the 'Co-ordinating Group for the Delivery of Affordable Housing' particularly with colleagues within Environment Services and Corporate Services. Registered Social Landlords, Homes for Scotland, private developers and rural landowners have also been involved through groups such as the Housing Forum alongside regular liaison meetings with developers, the Scottish Government and Scottish Water. Individual meetings were arranged with Registered Social Landlords to gain a full understanding of proposed development projects.

- 4.3 In addition, the Member Officer Working Group on affordable housing is updated on an ongoing basis on the AHIP development programme. This Group specifically focuses on issues experienced in bringing forward affordable housing projects with a view to wherever possible assisting overcoming any issues arising.

5. RESOURCE IMPLICATIONS

The SHIP outlines how funding from the Scottish Government, the second homes Council Tax fund and developer contributions fund contribute to the delivery of the Affordable Housing Investment Programme in Perth and Kinross.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2006-2010

The Council's Corporate Plan 2006-2010 lays out five objectives, which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. These are reflected in the SHIP, namely: -

- (i) A Safe, Secure and Welcoming Environment.
- (ii) Healthy, Caring Communities.
- (iii) A Prosperous, Sustainable and Inclusive Economy.
- (iv) Educated, Responsible and Informed Citizens.
- (v) Confident, Active and Inclusive Communities.

7. EQUALITIES ASSESSMENT

- 7.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

- 7.2 The services included within the SHIP will impact on a wide variety of service users. They will require equalities assessments to ensure there is no adverse impact on any community group. The Housing and Community Care service's Equalities Action Plan provide a timetable of our progress in completing service impact assessments.

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

A Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS). A Pre-Screening report has been submitted to the SEA Gateway for consideration to ascertain whether or not any further action is required.

9. CONCLUSION

This report outlines the purpose and content of the SHIP and seeks committee approval for its submission to the Scottish Government.

DAVE ROBERTS

Executive Director (Housing & Community Care)

Note: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report. The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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Date: 20 December 2008

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting Stephen Rankin.



Council Text Phone Number 01738 442573

GLOSSARY

LHS - Local Housing Strategy

SHIP - Strategic Housing Investment Plan

AHIP - Affordable Housing Investment programme

RSL - Registered Social Landlord



Perth and Kinross Council

Strategic Housing Investment Plan

2009 – 2014

November 2008

1 Introduction

1.1 Introduction

Delivering high quality housing in safe and secure neighbourhoods and ensuring that Perth and Kinross is a place where everyone enjoys good quality housing in a pleasant and safe environment is a key priority for the Perth and Kinross Council and its partners.

This is the Perth and Kinross Council Strategic Housing Investment Plan (SHIP). It shows how affordable housing investment priorities articulated in the main body of the Local Housing Strategy (LHS) are to be delivered in practice. Building on the LHS, it reinforces LHS objectives, outcomes and targets, identifies the local authority as the strategic housing body and gives priority to Perth and Kinross Council's perspective on its housing needs.

The main focus of this SHIP is the use of the Scottish Government's Affordable Housing Investment Programme (AHIP). In addition where other funding streams are to address LHS priorities for affordable housing or to complement AHIP resources, these are also explored. The SHIP looks forward for a period of five years, and is designed to be working tool which:

- Improves longer-term strategic planning.
- Provides a practical plan detailing set out how investment in affordable housing will be directed over a five year period to achieve the outcomes set out in the Local Housing Strategy.
- Provides an opportunity for local authorities to set out key investment priorities for affordable housing and demonstrate how these will be delivered and identifies resources which will help deliver these priorities.
- Forms the basis for more detailed programme planning.
- Provides a focus for partnership working.
- Informs, and is informed by, the preparation of RSL Strategy and Development funding plans.
- Develops actions identified in the Local Housing Strategy relating to the equalities agenda, as appropriate.
- Informs the allocation of resources from a national to a local authority level.

The SHIP includes affordable housing supply through new provision, replacement, rehabilitation and re-modelling. It also includes details of provision that the local authority is planning.

Annexes form a core part of the SHIP. These set out details on key investment priorities on a site by site basis. Templates include information on the following:

- LHS targets (Annex 1).
- Housing units by location, type and tenure (Annex 2).

- Status of projects, including factors which may assist or constrain delivery (Annex 3).
- Resources (Annex 4).

The SHIP is a working document and is developed throughout its 5-year life. Feedback is sought on a continuous basis. Copies of all appendices are available upon request.

1.2 Is the SHIP Available in Other Formats?

A shorter summary SHIP is available in Braille, large print, audio and in some community languages, upon request. Please use the contact details below for further information or copies.

1.3 How can you have your say on the SHIP?

You can write with your comments to:

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1.4 Partnership Process Employed in Producing the SHIP

The implementation and monitoring of the SHIP will be overseen, on an ongoing basis, by a multi-agency LHS Steering Group with representation from key services within the Council, Scottish Government, NHS Tayside, Registered Social Landlord (RSL) representation and will sit under the umbrella of the Perth and Kinross Community Planning Partnership. The LHS Group is chaired by Perth and Kinross Council's Housing and Community Care Services and is a key element in the Perth and Kinross community planning structure.

Partner involvement and consultation on the LHS including the SHIP is a continuous process. Events take place with a variety of stakeholders to ensure that all our partners and stakeholders have their say in developing the actions for forthcoming years. Perth and Kinross Council has hosted and took part in a number of events and processes. Specific events and processes linked to the SHIP included:

- Consultation on development funding joint priorities and the SHIP with RSLs and the Scottish Government.

- Consultation on development priorities with elected member/officer working group on affordable housing.
- Involvement of corporate Affordable Housing Working Group in progressing development opportunities.
- LHS theme consultation seminars with a wide range of stakeholders (e.g. RSLs, private developers, housing support providers) to raise awareness of LHS priorities.
- Monitoring and evaluating related strategies (e.g. Local housing Strategy, Tenant Participation Strategy and Homelessness Strategy).

A corporate Affordable Housing Working Group enables the contribution of other council services towards increasing the supply of affordable housing. This Group reports to a member officer group specifically focusing on issues experienced in bringing forward affordable housing projects with a view to wherever possible assisting overcoming any issues arising.

Consultation on wider issues is achieved through regular liaison with private developers and Scottish Water organised by planning services. Discussion on the wider agenda of the development plans for the strategic planning authorities have taken place through meetings organised by Perth & Kinross Council planning services. A Housing Sub Group of the main group has been formed and discussion on merging of the various housing needs assessments to have comprehensive housing needs and demand assessment for the area covered by the strategic planning authority is underway.

Consultation with stakeholders, including adjacent local authorities, informs LHS objectives and action plan revisions and ensures that any changes reflect policy, legislation, strategic and local priorities as well as taking account of future needs.

1.5 How is the SHIP Monitored?

A detailed LHS monitoring and evaluation framework, measuring its impact has been developed. To provide information and encourage accountability, Perth and Kinross Council produces LHS annual reviews. This monitoring is linked to the ongoing review of existing and planned new services. Annual updates include what has been delivered during the previous financial year, what was expected to be delivered during the previous financial year but has not been, and the reasons for delay or changes in approach and the impact of any changes to the priorities set out in the LHS. Progress on implementing the LHS and SHIP is also reported to the respective committees of the Council.

1.6 Equalities

The planning and delivery of good quality housing and appropriate information, advice and support services in Perth and Kinross embraces the principle of equal opportunities, following the lead of the Council's Corporate Equalities Scheme.

Perth and Kinross Council Housing and Community Care Services has an Equalities Action Plan which aims to ensure that all housing services, including this SHIP and related actions take positive steps towards the equalities agenda. This means that Perth and Kinross Council will strive to encourage equal opportunities and diversity, responding to the different needs and service requirements of people regardless of sex, race, colour, disability, age, nationality, marital status, ethnic origin, religion or belief, sexual orientation or gender re-assignment.

The SHIP has undergone an equality impact assessment to impact assess the effects of the Plan. While it was found that there would be no significant adverse impact in terms of equalities, it is anticipated that the needs of those with specific needs should be more accurately assessed and incorporated into future strategies. More accurate market intelligence for particular needs groups should be available through research being undertaken to support Perth and Kinross housing needs and demand assessment as well as through closer working with those providing services to specific groups.

The SHIP plays a significant role in promoting the equalities agenda. As annexes 1 - 4 below demonstrate significant investment is being undertaken in housing for people with particular needs (e.g. older people) as well as addressing the needs of a range of individuals with community care needs whether they are part of planned discharge or remodelling programmes or currently live in unsuitable housing in the community.

The council's approach to meeting the needs of people with particular needs focuses predominantly on a 'supported living' approach which seeks to enable individuals to live independently within their own homes integrated within existing communities.

This approach has proved successful in the re-provisioning programmes for long-stay hospitals for people with learning disabilities and mental health problems. For future provision for particular needs it is envisaged that this need will be met mainly within housing for varying needs mainstream developments with a small number of fully wheelchair standard units incorporated wherever practical and required. There is a requirement for a wide range of housing which is suited to the needs of older people, people with mobility problems and others with particular needs including individuals requiring suitable accommodation and support as part of planned discharge and resettlement programmes.

The Council's emerging Temporary Accommodation Strategy, which is part of the overall Homelessness Strategy, is currently being prepared. This may propose some purpose built temporary accommodation requirements. In addition it is anticipated that around £0.2M per annum will be required from the development programme for stage 3/major adaptations.

The Council's approach is to enable integrated developments to assist individuals with community care needs to live independently with appropriate support rather than develop 'specialist' schemes. This is reflected in the

overall programme. At least an approximate 20% of the total programme will be dedicated towards meeting the particular needs of equalities groups.

1.7 Strategic Environmental Assessment

The Environmental Assessment (Scotland) Act 2005 places a legal requirement on local authorities to assess public policies, plans and strategies showing their potential impact on the environment. A Strategic Environmental Assessment (SEA) ensures that environmental issues are considered by decision makers alongside social and economic issues. Following advice from the SEA Gateway, a pre-screening report on the content of the Strategic Housing Investment Plan has been submitted for the consideration of the relevant authorities.

2 The Strategic Planning Context

2.1 Scottish Government's National Housing Priorities

To ensure everyone has access to suitable housing, the Scottish Government has published 'Firm Foundations: The Future for Scotland's Housing'. It sets out the Government's vision with regard to housing that includes:

- An increased supply of housing across all tenures, all of which is delivered on the basis of higher environmental and design standards.
- More choice of housing that those on lower incomes can afford.
- Housing developments that contribute to the creation of sustainable mixed communities.
- Social housing that provides better value for public expenditure.

The Scottish Government's vision of a Scotland that is greener, safer, smarter, healthier, wealthier and fairer is aligned with the Council's priorities. The Perth and Kinross Council Corporate Plan and Perth and Kinross Community Plan align with the Single Outcome Agreement.

The LHS sets out how the SHIP links with other national and regional influences and the detailed local strategic context. The LHS and SHIP play an important and integral role in the Council's priorities. LHS objectives are fully consistent and aligned with corresponding Perth and Kinross Community Plan, Perth and Kinross Council Corporate Plan, related partner plans and the Single Outcome Agreement.

2.2 Strategic Context for Selection of Housing Local Housing Market Areas (LHMAs)

Perth and Kinross Council covers an area of 5,286 square kilometres. While approximately one third of the population in the area lives in Perth and 60% live either within Perth or within a 'commuter village' just outside Perth, throughout the rural area there are a number of sizeable settlements with a historical status of being the former 'county towns'. Recent analysis carried out for the current housing needs and demand assessment highlighted that the level of 'containment' of LHMAs is reducing in relation to the owner-occupied sector. Demand for social rented housing and the housing search pattern for those seeking affordable housing overall tends to be more self-contained and it is therefore the overall LHMAs used for both this SHIP reflects those for the LHS, the housing needs and demand assessment and Local Development Plans.

The target levels of investment in the LHMAs derive from information from the previous housing needs assessment have been maintained in the current SHIP. The assessment of housing need and subsequent related targets in the delivery of affordable housing is divided into five LHMAs. The SHIP identifies investment programmes at LHMA level. Five LHMAs are identified to better understand local trends.

Table 1: Local Housing Markets in Perth and Kinross

| LHMA in Annexes | LHMA |
|-----------------|---|
| Area A | Perth and the surrounding area |
| Area B | Blairgowrie and Eastern Perthshire |
| Area C | Pitlochry, Aberfeldy and the Highland Perthshire area |
| Area D | Crieff, Auchterarder and the Strathearn area |
| Area E | Kinross and Kinrosshire |

Source: Perth and Kinross Council

3 Investment Strategy

3.1 Overview

The cost of developing housing to meet LHS priorities varies depending on the area and/or type of housing required. The cost of developing new provision in high pressure areas is more expensive due to higher land values. However increasing provision in these areas remains the highest priority due to the acute shortage of rented accommodation and the impact that this shortage has on the council's ability to meet housing need and Scottish Government's homelessness targets.

In some parts of Perth and Kinross, as well as a shortage of affordable housing, there is a lack of housing choice, in terms of type or tenure. In such areas the council undertakes an option appraisal to assess the long term

viability of the stock and the need for re-provisioning to provide a better housing mix to meet for needs and aspirations.

Perth and Kinross is a diverse area with a number of different housing priorities, even with the same LHMA. The planned provision to tackle these priorities is outlined in annexes 1 - 4. High levels of housing need exist across all tenures. The LHS outlines how the local authority, acting in partnership with housing and other providers and policy makers influence the operation of the housing system in order to maximise the supply of housing in the area and ensure the wellbeing of communities throughout Perth and Kinross. In particular the LHS focuses upon the delivery of affordable housing and targets on the supply of additional affordable housing are incorporated into the Corporate Plan as well as the Single Outcome Agreement for the Perth and Kinross area.

The targets set for delivery of affordable housing take account of the level of housing need in the area while giving due cognisance to the level of funding which it was reasonably expected to be available for delivery of additional affordable housing. A previous housing needs assessment in Perth and Kinross was undertaken in 2003 and informed the targets set in the current LHS. An assessment of the housing needs (in accordance with the methodology re-drafted and promoted by the Scottish Government in March 2008) is currently underway.

At time of writing no updated housing needs and demand model information is available from the current assessment and therefore the targets informed by the previous housing needs assessment have been rolled forward to inform the investment programme set out in this plan. The plan next year may be modified to reflect the results of the updated housing needs and demand assessment.

3.2 Affordable Housing Investment Programme (AHIP)

The 2009/10 AHIP for Perth and Kinross is £14.0M. As outlined above the cost of developing varies between areas due to the difference in land values and site complexity. The Scottish Government's aim of increasing efficiency in the procurement of the AHIP is supported but the extent to which it will be possible to reduce the level of grant subsidy, at least in the short term, at a time when land values, in Perth and Kinross, are still relatively high is perhaps limited. It cannot be assumed that the local authority will be in a position to donate land at nil or reduced value to the programme, given the council's reliance on capital receipts to meet its corporate priorities.

The targets detailed in the annexes are based upon a budget of £14.0M being available for investment in affordable housing in Perth and Kinross annually. In addition to the funding available through the Scottish Government directly Perth and Kinross Council accumulates approximately £1.0M additional monies annually for affordable housing from the reduction in discount in the level of Council Tax for second homes and properties which are empty for a long term. The major proportion of the AHIP available in Perth and Kinross is

utilised to provide additional affordable houses. However in the Muirton area within Perth, a major regeneration project is underway and the first two phases of investment must be viewed as 'replacement houses' rather than adding to the supply of affordable housing in the area.

The main focus of the SHIP is the use of the AHIP resources, but other funding streams utilised to address LHS priorities for affordable housing or complement the AHIP resources are also detailed. The SHIP will ensure that AHIP funding is allocated in support of LHS and that the local authority has a realistic and practical plan for delivering investment priorities.

In developing the investment programme detailed in the SHIP, in accordance with the Scottish Government guidance, projects have been categorised as 'red' amber' or 'green' in line with the definitions given. Major factors in deciding the category of each project were issues relating to whether or not the site is currently in the ownership of the RSL, whether or not the site has planning permission and whether or not the site was dependent upon a larger site being developed by the private sector. As accurate as assessment as possible was enabled, through discussion of each project listed, with the individual agencies bringing forward the development and colleagues in the Council's planning services.

When projects categorised as 'green' are focused upon, the number of units anticipated to start in 2009/10 is slightly above the target number. It is felt that even though these projects have been categorised as 'green', unforeseen issues may still arise, which means that it is deemed to be desirable to have a small surplus of sites in the programme at the start of the year. Although overall it would at first appear that the number of projects in the system is in excess of what could reasonably expect to receive funding, if only 'green' and 'amber' projects are focussed upon these amount to 64% of the total projects listed.

This means that projects categorised as 'green' or 'amber' should be affordable within the budget. If all the 'green' or 'amber' projects progress, investment of £74M over the five years will be required. If current levels of funding continue, it could reasonably be anticipated that this is achievable through resources available from AHIP programme funding, funding available through the reduction in discounts for Council Tax for certain homes and developer contributions received through the operation of the Affordable Housing Policy. If additional funding should become available the main priority would be to bring forward sites listed in later years where it is anticipated that development should be possible without undue delay.

In year one of the investment programme there is a geographical imbalance in the programme with investment in the Highland area of Perthshire being lower than the LHS target level. It is anticipated that the lack of existing opportunities for investment in affordable housing in the area will be addressed in the later programme years through site searching activities carried out by the Corporate Affordable Housing Working Group bringing forward sites in this area for development. Over the past year this working

group has particularly focussed on site searching in the Highland Perthshire area and a number of feasibility studies have been commissioned for potential development sites. It is anticipated that it will be possible to progress with these potential sites in the later years of the plan.

While some difficulties have been experienced recently by some potential low cost home ownership clients obtaining mortgages, LHS targets for low cost home ownership remain valid. However in view of these recent difficulties, RSLs have focussed on social rented housing in 2009/10. It is anticipated that current issues with the availability of mortgage finance may reduce in the later years of this plan and a greater prominence of low cost home ownership may occur.

3.3 AHIP Assumptions

The assumptions that have been used in this SHIP to calculate funding requirements are as follows:

- Many projects for 2009/10 are already committed and therefore figures are based on realistic project costs supplied by RSLs themselves for the projects identified in the SHIP.
- For 2010/11 onwards, costs are based on realistic project estimates supplied by the RSLs for projects that are already in the pipeline, (e.g. where land has already been acquired or price agreed). Otherwise an average HAG subsidy of £73,000 per unit has been used. For Low Cost Home Ownership schemes such as shared equity and shared ownership it has been estimated that the grant requirement would average out to be in the region of £55 000 per unit.
- No allowance has been made for inflation.
- It has been assumed that approximately £200,000 will be required for stage 3 adaptations each year.

3.4 AHIP by Year Profile

As table 2 shows that at present 531 units are programmed to be commenced in 2009/10, 419 units in 2010/11, 306 units in 2011/12, 273 units in 2012/13 and 213 units in 2013/14 making a total of 1,742 units. Further projects will be identified to commence in later years of the programme and as we progress through the period of the plan the category which projects are placed will change as planning permission is gained and sites are purchased. At present a total of £74M is required to fund the projects categorised as 'green' or 'amber' over the five year period of the plan.

Table 2: Perth and Kinross Overall AHIP Investment Programme by Year 2009/10 - 2013/14

| Category | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| Green | 233 | 80 | 52 | 38 | 6 |
| Amber | 286 | 204 | 115 | 108 | 41 |
| Red | 12 | 135 | 139 | 127 | 166 |
| Total | 531 | 419 | 306 | 273 | 213 |

3.5 Additional Resources to Support and Complement AHIP

In addition to the AHIP the following resources may be used in order to deliver the SHIP in Perth and Kinross:

- Affordable Housing Policy (AHP) and Developer Contributions

In the year up ending in March 2008 a total of just over £1.5M was received from developers in lieu of on site provision of affordable housing. The level of funding available through this source is difficult to predict in that there are many variable factors which will influence this such as the amount of development being undertaken by developers and the number of sites being brought forward where it is felt that the payment of a commuted sum in lieu of on site provision of Affordable Housing is felt to be appropriate.

- Council Tax Income from the Reduction of Discount for Empty and Second Homes

The council currently raises approximately £1.0M per annum which is currently employed for investment in the provision of affordable housing through RSLs. Given recent regulation change regarding this funding stream, the Council is considering options to increase its use more flexibly.

- Housing Support

The council is committed to funding the revenue cost of the housing support services for the respective housing developments currently in development. Any future particular needs developments requiring revenue funding for housing support services will be discussed in advance by Perth and Kinross Council, Scottish Government, support providers and respective RSLs.

3.6 Risk Management and Constraints

Risk management is the process of identifying, gauging and responding to risks in a particular programme or project, for example project cost, schedule or quality. Risk management planning establishes a consistent approach to programme and project risk management. There are three elements, these are risk identification, risk assessment and risk control.

As with any long term financial plan, including those of RSLs, there is a need to keep the projections and assumptions used under constant review to

ensure that the level of investment that has been assumed can actually be delivered. The main risks, or variables, that have to be managed include:

- Development constraints.
- Financial assumptions.
- Land supply.
- Infrastructure constraints.
- Planning constraints.
- Legal procedural constraints.

As previously outlined, securing sites for the AHIP is becoming increasingly challenging, particularly in the most pressured areas where land values are highest. Equally, while developing on brown field sites is a key regeneration priority, these sites often present their own challenges, in terms of ground condition problems and site access etc. Any known site constraints are identified against individual sites in annexes 1 - 4. However the most common constraints are summarised below, as well as the action that is taken to mitigate these problems.

Table 3: Identified AHIP Programme Constraints and Possible Mitigating Actions

| Constraint | Mitigating Actions |
|---|---|
| Funding – lack of certainty regarding future investment levels | <ul style="list-style-type: none"> • Effective liaison with Scottish Government to prioritise projects and progress site acquisitions to enable projects to be pulled forward if required. |
| Funding – reduction in HAG levels | <ul style="list-style-type: none"> • Work with Scottish Government to progress efficiency agenda. • Work with Scottish Government to ensure sufficient flexibility in system to recognise higher development costs in certain areas and/or house types. |
| Availability of land in pressured areas | <ul style="list-style-type: none"> • Continuation of Affordable Housing Policy. • Identification of additional land supply through Local Plan process. |
| Ground condition problems/ abnormal costs | <ul style="list-style-type: none"> • Site Investigation at early stage. • Ensure land values reflect remediation costs. |
| Scottish Water connections | <ul style="list-style-type: none"> • Early discussions with Scottish Water to identify constraints. |
| Access/ Planning issues | <ul style="list-style-type: none"> • Early discussions with planning services regarding road layouts/school catchment areas etc. • Effective internal liaison arrangements within the council. • Ensure Affordable Housing Policy procedures are robust. |
| Affordable housing is part of larger development reducing ability to bring forward site | <ul style="list-style-type: none"> • Carefully consider the timing and possible phasing of developments to make realistic assumptions on when affordable housing will proceed |

| Constraint | Mitigating Actions |
|---|--|
| Difficulties in gaining agreement of owners of adjacent land if way leaves etc. are required through their land | <ul style="list-style-type: none"> • Attempt to identify any issues as early as possible in the development process so that negotiations can get underway as early as possible • Have a sufficient supply of sites in the system to accommodate unforeseen slippage in the timing of projects coming forward |
| Difficulty in linking site to services at reasonable cost | <ul style="list-style-type: none"> • Where possible abnormal costs should be deducted from the land purchase price • Unforeseen costs may be met through either the Council Tax Fund or developer contributions |

3.7 Procurement and Joint Working

There is a strong history of a partnership approach in Perth and Kinross with RSLs working closely with the council to deliver the housing programme. This ranges from identification and sale of sites, securing planning permission and liaison on nominations when the houses are ready for let. The council will continue to work closely with Scottish Government to support them in reviewing procurement arrangements to deliver increased efficiency in the delivery of the Affordable Housing Investment Programme in Perth and Kinross.

Increasing the supply of sites for affordable housing is seen to be fundamental to reducing the impact of the issues identified above. From previous experience it is recognised that the supply of sites for affordable housing must be far greater than would be possible to develop within the funding available to allow for slippage in projects coming forward. Work is therefore being taken forward by a corporate Affordable Housing Working Group to focus on the search for sites for affordable housing.

The Group reviews any change of use in Council owned sites as well as reviewing any possible sites which the Council could secure which are currently privately owned. This group also considers the most effective use of resources available through the Council Tax Fund and developer contributions to increase the supply of land for affordable housing. These funds can be used either to fund the purchase of a site to bring forward additional housing, or developers contributions can be used to enable an RSL to purchase a site on the open market by bridging the gap between the affordable value and the open market value. These funds can also be drawn upon to meet exceptional unforeseen costs of a development which would otherwise mean that the development would not progress.

