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REPORT TO: Members' Library Service

MEETING DATE:

BY: Head of Housing

SUBJECT: Strategic Housing Investment Plan 2025/26-2029/30

1 PURPOSE

- 1.1 To note the submission of the Strategic Housing Investment Plan (SHIP) for 2025/26-2029/30 to the Scottish Government on 25 October 2024.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the contents of the Strategic Housing Investment Plan and the impact of reduced investment on new build completions.

3 BACKGROUND

- 3.1 This SHIP covers the 5 year period 2025/26 – 2029/30 and has been prepared in accordance with revised Scottish Government Guidance, '*Preparing Strategic Housing Investment Plans*' (20 June 2024).
- 3.2 The purpose of the SHIP is to set out East Lothian's strategic housing investment priorities for the next five years. The SHIP contributes towards achieving the outcomes set out in the Local Housing Strategy (LHS) and demonstrates how they will be delivered through a range of funding streams. It is an operational working tool to improve long-term strategic planning and investment and identifies the strategic housing projects and investment required to help achieve the Scottish Government's targets within [Housing to 2040](#).
- 3.3 The SHIP ensures that the priorities set out nationally align with the priorities identified within the local authority's LHS, and prioritises developments around need and deliverability.
- 3.4 In preparing the SHIP, officers have reviewed the current 2024/25-2028/29 SHIP, taking into account the commitments made by the Scottish Government and have updated to reflect the recent changes in investment.

- 3.5 This year's SHIP has been prepared in another challenging year with construction costs rising, increasing demand together with local and national budget constraints all within the context of the Scottish Government's Housing Emergency which was declared in May 2024.
- 3.6 The ability to deliver our extensive and ambitious programme is dependent on many factors such as land supply, construction costs, the labour market and investment from the Scottish Government.
- 3.7 East Lothian has the second highest population growth in Scotland. This together with the high levels of investment from Government, particularly over the last 3 years has enabled the delivery of much needed affordable housing. East Lothian is in a unique position, with many developments ready to deliver, however the severity of the reduction in investment is causing significant challenges with a high risk of losing much needed affordable housing to commuted sums. These sums will not enable the same number of units to be built elsewhere and will result in a permanent loss of affordable units.
- 3.8 The impact of the reduced investment is evident in this year's SHIP. The SHIP sets out the resource allocation, confirmed by the Scottish Government for the period 2024-2028 as £21million, averaging just over £5million per annum. If we compare this with the previous four year's allocation, averaging £12million per annum, with an additional £11m invested through Charitable Bond funding last year, the reduction is severe.
- 3.9 This year's SHIP outlines the potential start of 1,493 new affordable homes over the coming 5-year period. It is also estimated that 1,566 affordable homes across East Lothian could complete over the period of the plan if £124million of investment was available. 36 units are planned on top of the above-mentioned units and will be delivered unsubsidised through innovative funding schemes.
- 3.10 East Lothian is in a unique position with significant growth as a result of the previous levels of investment. With this, developers have been doing all they can to accelerate the delivery of affordable housing. The timing and reduction of the investment has had a significant impact as there are a number of developments ready to start on site but with no funds to enter into contractual arrangements. This puts East Lothian Council's Affordable Housing programme at high risk, even more so in the context of the Housing Emergency.
- 3.11 An exercise was carried out to understand those sites without constraints that could realistically be delivered over the period of the SHIP. The result of this exercise projects that if funding of £80 million were available it could realistically deliver 1041 completions.
- 3.12 A further prioritisation exercise was carried out to align with previous investment levels which shows that with £55.122 of investment, it would be possible to deliver 589 site starts and 719 completions.

- 3.13 In comparison with what is realistically deliverable, based on the resource allocation received to 2028, this shows that we can only achieve 281 site starts and 340 completions through the Scottish Government's Affordable Housing Supply Programme (this includes an additional 27% slippage). In comparison with last year, East Lothian will deliver less units over the next five year term, than we delivered in the last year with a total of 340 units estimated to complete.
- 3.14 The impact of the recent reduction is significant with the potential loss of 1,266 units over the period of this SHIP and we are at risk of losing 793 units based on those unconstrained sites that could realistically come forward.
- 3.15 The impact of this is already live with four sites where developers are in a position to enter into contracts with a site start planned for this financial year. Officers are exploring all options to secure sites through exploration of land acquisitions, swapping of sites, intermediate tenures, innovative finance, however even after exploring these alternative options, two sites are at a stage where the only likely option will be to take a commuted sum. These commuted sums will only provide the Council with a land value and will not allow the Council to deliver the same number of units elsewhere. The impact of this option is the risk of a permanent loss of affordable units in areas where there is high need.
- 3.16 East Lothian Council will continue to work closely with the Scottish Government to support and maximise the delivery of new affordable housing, there is no doubt that this will result in a permanent loss of units.

4 POLICY IMPLICATIONS

- 4.1 The SHIP demonstrates that it can help to increase the supply of affordable housing across East Lothian through a range of measures in line with our LHS and mitigate some of the impacts recent events have had on East Lothian, through five priority outcomes.
- Communities are supported to flourish, be distinctive and well connected.
 - Housing Supply is accessible, affordable and provides a range of choices to meet the needs of households across East Lothian.
 - Homelessness is prevented as far as possible, where unavoidable a rapid response with appropriate accommodation and support is provided.
 - Housing and support services are effective, accessible to, and will meet the needs of those most vulnerable in the community.
 - All homes within East Lothian are maintained to a high standard, are energy efficient and contribute to meeting East Lothian's climate change targets.

- 4.2 The impact of the reduction in completions will increase our risk of breaching our legal obligations under the Housing (Scotland) Act 2001, the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2014 (as amended) and the Homelessness (Scotland) Act 2003.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An Integrated Impact Assessment has been carried out and can be found [here](#).

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The funding contribution in the SHIP is complemented by the Council’s funding through prudential borrowing, private sector funding through the RSL programme, revenue raised through the reduced discount of second homes council tax and developer contributions for affordable housing, as well as those units delivered directly through the private sector with no subsidy at all.
- 6.2 The SHIP informs the development of the Council’s 2025-26 to 2029-30 HRA Capital Programme.
- 6.3 The impact of the reduced investment will add to the current housing pressures East Lothian face, resulting in increased financial strain on our HRA budgets and General Services budgets.
- 6.4 Personnel – additional pressure on staffing in responding to the increased housing need.
- 6.5 Other

7 BACKGROUND PAPERS

- 7.1 [Strategic Housing Investment Plan 2025/26-2029/30](#)
- 7.2 [Integrated Impact Assessment](#)

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