



REPORT TO: COMMUNITIES COMMITTEE ON 25 SEPTEMBER 2018

SUBJECT: COUNCIL NEW BUILD HOUSING PROGRESS

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 To inform the Committee of progress on the Council's new build housing programme and also the Bilbohall masterplan.
- 1.2 This report is submitted to Committee in terms of Section III G (10) of the Council's Scheme of Administration relating to the preparation and implementation of strategic housing plans.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) **considers and notes the details of the Council's Programme Agreement for 2018-19;**
- (ii) **considers and notes the progress on the Council's new build housing programme;**
- (iii) **considers and notes progress on the Bilbohall masterplan; and**
- (iv) **agrees that further reports on programme progress will be presented to this Committee.**

3. BACKGROUND

- 3.1 The Council receives an annual resource allocation from the Scottish Government to fund the provision of affordable housing in Moray. On the basis of the investment priorities set out in the Strategic Housing Investment Plan (SHIP), the Council enters into an annual Strategic Local Programme Agreement with the Government. The agreement lists all the affordable housing projects that will be allocated funding during the year as part of the Moray Affordable Housing Supply Programme.
- 3.2 On 17 October 2017, this Committee approved the Council's SHIP 2018-23 for submission to the Scottish Government (paragraph 5 of the Minute refers).

- 3.3 On 26 June 2018, this Committee considered the outturns on Moray Affordable Housing Supply Programme 2017-18 and also details of the Moray Strategic Local Programme Agreement 2018-19 (paragraph 15 of the draft Minute refers). The Scottish Government's funding allocation for the 2018-19 programme is £7.983m, a significant increase on the 2017-18 allocation of £6.908m.
- 3.4 On 26 June 2018, this Committee approved the appointment of an Employers Agent for the Council new build projects at Barhill Road, Buckie Phase 5 and Forsyth Street, Hopeman (paragraph 17 of the draft Minute refers). The tender report for the Barhill Road project is a separate confidential item on the meeting agenda.
- 3.5 As part of the More Homes Scotland initiative, the Scottish Government has made a commitment to investing over £3 billion to build 50,000 new affordable houses over the next 5 years. To achieve this priority, the Government is providing councils with significantly increased resources for their affordable housing supply programmes.
- 3.6 On 26 June 2018, this Committee considered progress on the development of the Bilbohall housing masterplan (paragraph 15 of the draft Minute refers).

4. MORAY COUNCIL NEW BUILD PROGRAMME

- 4.1 The Moray Affordable Housing Supply Programme will be delivered by both Council and Registered Social Landlords (RSLs). The Scottish Government provides each developer with its own separate programme agreement setting out their targets for spend, project approvals and completions as well timescales for delivery. These agreements are abstracted from the Strategic Local Programme 2018-19 considered by this Committee on 6 June 2018 (paragraph 15 of the draft Minute refers). On 18 June 2018, the Scottish Government issued the Council's Programme Agreement for 2018-19.
- 4.2 The 2018-19 Programme Agreement allows for spend of £3.848m on the Council's housebuilding programme with approval and site starts for 163 units and completions of 68 units. Details of the agreement are provided in the table below:

Project	Units	Status	Start	Complete	Spend Target 2018-19 £0.000m	Spend to date 2018-19 £0.000m	Carry-over 2019-20 £0.000m
Strathcona Road, Forres	12	On site	Oct 2017	Oct 2018	£0.105	£0.105	
Ferrylea Ph.2 Forres	20	Complete	Jan 2018	Jun 2018	£0.000	£0.000	
Driving Range, Elgin	21	On site	Jan 2018	Dec 2018	£0.310	£0.310	
Linkwood Ph.2, Elgin	15	On site	Jan 2018	Nov 2018	£0.321	£0.321	
Barhill Road Ph.5, Buckie	28	Tender Approval	Oct 2018	Dec 2019	£1.342		
Forsyth Street, Hopeman	22	Tender Approval	Jan 2019	Jan 2020	£0.600		£0.698
Banff Road Ph.1, Keith	33	Tender Approval	Mar 2019	Jun 2020	£0.370	£0.000	£1.557
Stynie Road Mosstodloch Ph.1	30	Tender Approval	Mar 2019	Jun 2020	£0.400	£0.000	£1.042
Elgin South Ph.1	50	Tender Approval	Feb 2019	Aug 2020	£0.400		£1.980
Total					£3.848	£0.736	
Speyview Aberlour		Purchase			tbi		
Spynie (NHS) Elgin		Purchase			tbi		

4.3 As well as the approved projects, the Programme Agreement makes provision for site acquisitions at the former Spynie Hospital in Elgin and Speyview in Aberlour. These purchases can be progressed if there is slippage in the programme or if additional funding becomes available due to slippage in the programmes of other local authorities.

4.4 The projects currently on site – Strathcona, the Driving Range and Linkwood Phase 2 – are progressing well and will be completed within programme. The projects at Barhill Road, Buckie Phase 5 and Forsyth Street, Hopeman both have planning consent and are on programme to achieve the target site starts and spends detailed in the programme agreement. The developer has advised that Elgin South Phase 1 should achieve a site start in February/March 2019, possibly earlier. This timescale would ensure that the target spend for this project is met. Total grant spend on the Council's programme at the end of August 2018 was £0.736m.

- 4.5 At the time of writing, the Council was awaiting amended design and site layout proposals for Banff Road in Keith from the developer. It is understood that the amended proposals are significantly different from the current consented scheme and will require a new planning application. The Council was also awaiting the developer's proposals for Stynie Road, Mosstodloch. Given that the designs have not yet been agreed and will require new planning applications, there is a risk that the 2018-19 funding targets for these projects may not be achieved. In these circumstances, the Council would seek to bring forward the site purchases included in the programme. The purchase of the site at Spynie Hospital is being progressed under the terms of a joint-agency protocol which requires NHS Grampian to offer surplus land to the Council for the provision of affordable housing. The Council is currently assessing the potential of the site for housing development. An update on progress with site purchases will be provided at a future meeting.
- 4.6 To date, the Council's 2018-19 programme has achieved 20 house completions. These were at Ferrylea in Forres, handed over in June. A further 48 houses are programmed to complete during 2018-19 bringing the total for the year to 68 houses. The further completions will be at Strathcona Road in Forres (12 units) and the Driving Range (21 units) and Linkwood Phase 2 (15 units), both Elgin. As well as achieving the programme agreement target, this number of completions is in line with the Council's target to build 70 houses per annum over the next three years.
- 4.7 On the basis of the projects already included in the programme agreement, the anticipated completions over the next three years are detailed below:

Year	2018/19	2019/20	2020/21	Total
Completions	68	50	113	231

In addition to the units included above, the Council holds a housing landbank which could deliver a further 180 units. This does not include any site purchases made during the current financial year.

Budgets

- 4.8 In terms of historic expenditure, final accounts have now been agreed on all the projects included in Phase 5 of the Council's new build programme, which included sites in Forres, Keith, Elgin and Buckie. The final completions for Phase 5 were in May 2017. All of the Phase 5 projects outturned within budget. Two out of the six Phase 6 projects were completed during 2017-18 and a further project completed during 2018-19. Although, final accounts have not yet been agreed, there have been no cost overruns on these projects and they will outturn within budget. The three remaining Phase 6 projects are currently on site but are expected to be completed within budget.

5. BILBOHALL MASTERPLAN

- 5.1 Following consultation with statutory consultees and the inclusion of some additional information in relation to drainage and transportation, the final Bilbohall Masterplan is expected to be considered for approval as Supplementary Guidance by the Planning and Regulatory Services Committee on 13 November 2018.

- 5.2 Officers have submitted an updated Expression of Interest application to the Scottish Government's Housing Infrastructure Fund. This application seeks funding of around £5m for infrastructure costs that have been identified within the masterplan. These include costs for a primary road connection providing two points of access to the masterplan area, improvements to the surrounding road network, a new active travel bridge over the railway line and the drainage system that will service the new housing. The Scottish Government's response to the application is awaited but procurement of works and related services will not commence until the details of the response are known. The final masterplan includes proposals for 382 new houses across the various Bilbohall sites as well as the infrastructure and landscaping that will support this level of new housing. Around half of the new houses will be affordable, including social rent as well as low-cost home ownership, with the other half for private sale. The Council-owned sites would provide 85 new houses.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Addressing the shortage of affordable housing in Moray is a key priority of the Corporate Plan and 10 Year Plan, the Council's Local Housing Strategy and the Housing and Property Service Plan. The Strategic Local Programme reflects priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

The affordable housing programme supports the aims of the 10 Year Plan by providing new affordable housing for an increasing population and a growing and diversifying economy. The target of 70 Council house completions per annum will be delivered within the investment planning and funding framework provided by the programme.

(b) Policy and Legal

The affordable housing supply programme contributes to meeting the Council's statutory duties to address housing need in Moray.

(c) Financial implications

The report provides details of the funding being made available by the Scottish Government for the Council's housebuilding programme.

The Council has agreed that 70 new council houses will be built per annum over the next three years. The Housing Business Plan has made provision for the level of borrowing required to fund the Council's housebuilding programme.

(d) Risk Implications

There are no risk implications arising from this report.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The housing needs of equalities groups are identified in the Local Housing Strategy (LHS). The Moray Affordable Housing Programme seeks to deliver the housing priorities contained in the LHS.

(h) Consultations

This report has been subject to wider consultation with the Corporate Director (Economic Development, Planning and Infrastructure), the Head of Housing and Property, the Head of Direct Services, the Head of Development Services, the Legal Services Manager (Property and Contracts), Deborah O'Shea (Principal Accountant), the Payments Manager, the Principal Planning Officer (Planning & Development), the Transportation Manager and Caroline Howie, (Committee Services Officer). Any comments received have been reflected in the report.

7. CONCLUSION

- 7.1 The report provides an update of progress on the Council's housebuilding programme and provides details of its 2018-19 Programme Agreement with the Scottish Government. The report provides an update on progress with the Bilbohall masterplan.**

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Background Papers:	Held by HSPM
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