



---

**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 15  
NOVEMBER 2022**

**SUBJECT: STRATEGIC HOUSING INVESTMENT PLAN (SHIP) 2023/2024 -  
2027/2028**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To ask the Committee to approve the Council's draft Strategic Housing Investment Plan (SHIP) 2023/2024 - 2027/2028.
- 1.2 This report is submitted to Committee in terms of Section III G (10) Council's Scheme of Administration relating to the preparation and implementation of strategic housing plans.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee:-**

- i) considers and comments on the draft SHIP;**
- ii) approves the consultative draft SHIP submitted to the Scottish Government on 21 October 2022; and**
- iii) agrees that further progress reports on the SHIP are presented to this Committee as required.**

**3. BACKGROUND**

- 3.1 The Council has submitted its SHIP to Scottish Government annually since 2007. The SHIP sets out the Council's priorities for investment in affordable housing to meet the housing supply targets and outcomes stated in the Local Housing Strategy (LHS). In setting local investment priorities, the SHIP is intended to guide the allocation of resources available for affordable housing in Moray. At a detailed level, the SHIP identifies the housing projects that the Council considers are priorities for inclusion in the Moray Affordable Housing Programme.

- 3.2 On 19 October 2021, the Committee approved the Council's current SHIP (2022/2023-2026/27) for submission to the Scottish Government (paragraph 5 of the Minute refers).
- 3.3 SHIPs are the key documents for identifying the strategic housing projects that will contribute to the achievement of national housing supply targets. The Scottish Government provides local authorities with guidance for preparing their SHIPs, and has provided substantially increased resources to fund local affordable housing programmes to contribute to the aims and targets detailed in Housing to 2040. Details of the resources being made available for the Moray programme are provided at Paragraph 4.12 of this report.

#### **4. THE MORAY SHIP 2023/2024 - 2027/2028**

- 4.1 The consultative draft SHIP submission is available on the Council's website at [http://www.moray.gov.uk/moray\\_standard/page\\_95565.html](http://www.moray.gov.uk/moray_standard/page_95565.html).
- 4.2 In summary, the SHIP:
- sets out the Council's strategic investment priorities for affordable housing;
  - demonstrates how these outcomes will be delivered;
  - identifies the resources required to deliver the investment priorities;
  - enables the involvement of key local stakeholders in the development and implementation of proposals; and
  - prioritises projects for inclusion in the Moray Affordable Housing Programme (Table 1 of the SHIP).
- 4.3 For the first time, the SHIP includes details of affordable housing completions over the last 5 years, disaggregated by location, and house size and type.
- 4.4 The investment priorities set out in the SHIP have been developed to fit with the Local Housing Strategy 2019-24, as approved by Communities Committee on 2 April 2019 (Paragraph 8 of the Minute refers).
- 4.5 Delivery of the affordable housing programme has been affected by issues affecting the construction industry at a national level, in terms of supply chain disruption, volatile materials pricing and workforce shortages, as well as COVID-19 safe operating procedures.
- 4.6 In terms of geographical priorities, the SHIP seeks to allocate investment to areas where the demand for affordable housing is greatest. Accordingly, a significant proportion of funding has been directed to the Elgin Housing Market Area. The high priority projects for this area are Bilbohall; Findrassie; several character areas in Elgin South; Garmouth Road, Lhanbryde and Kinneddar Meadows, Lossiemouth. However, with high levels of demand across Moray, the SHIP seeks to apportion provision across all housing market areas in accordance with the number of households wherever possible i.e. in the Buckie, Forres, Keith and Speyside Housing Market Areas. The high priority projects for these areas are Banff Road, Keith; Ferrylea and Knockomie, Forres; Speyview, Aberlour.

- 4.7 A key consideration in the SHIP’s approach to programme prioritisation has been the availability and deliverability of development opportunities. With most of Moray’s housing land in private ownership, the programme continues to be largely dependent on affordable housing obligations required by planning policy, currently set at 25%. This means that the phasing of much of the SHIP programme is driven by the timescales of landowners and private developers for the delivery of affordable housing obligations. Consequently, any change in the plans of private developers could impact adversely on the delivery of the SHIP programme with impacts greater for major sites with large obligations, e.g. Findrassie, Elgin South, and Kinneddar Meadows, Lossiemouth.
- 4.8 The land banking of affordable housing sites provides a valuable resource for planning affordable housing provision and helps reduce the programming uncertainties associated with developer driven opportunities. The SHIP includes provision for the advance purchase of the former Spynie Hospital site. The land for developments proposed at Banff Road, Keith and Bilbohall, Elgin, are already in the ownership of either the Council or Grampian Housing Association.
- 4.9 The LHS aims to meet the needs of households in need of specialist housing, especially older people, wheelchair users and people with learning disabilities. The SHIP makes provision for approximately 30% of units to be delivered in the form of amenity bungalows and wheelchair accessible bungalows in the vast majority of the developments listed. The SHIP makes provision for housing with specialist support for people with learning disabilities at Garmouth Road, Lhanbryde; Bilbohall and Pinegrove, Elgin.
- 4.10 The approach to the size and type of properties that will be funded is set out in Section 3 of the draft SHIP and is unchanged from the previous year.
- 4.11 The LHS Affordable Housing Supply Target includes a target of approximately 12% of affordable units met as intermediate tenure. Intermediate tenure housing aims to provide an opportunity for low income households to purchase a home, or an equity share in a home, or which aims to provide affordable rented accommodation to households in lower priority need categories on Housing Lists. The proposals at Findrassie, Elgin; Ferrylea, Forres and Banff Road, Keith include intermediate tenures (mid-market rent and/or shared equity) to promote tenure diversification.
- 4.12 On 15 July 2021, the Scottish Government provided the Council with a Resource Planning Assumption (RPA) of £46.2m for 2021/22 to 2025/26.

Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Moray	£10.357m	£8.927m	£8.902m	£8.933m	£9.981m	£46.200m

In accordance with the Scottish Government’s recommendations, the SHIP includes a minimum slippage factor of 25% to compensate for programme delays, or to bring projects forward should additional resources become available.

- 4.13 In line with the current Council’s Housing Revenue Account Business Plan assumptions, the programme set out in the SHIP will support the delivery of

50 council houses per annum. A Business Plan review was completed in February 2022. The Council's development programme has been tailored to fit the revised Business Plan and the RPA, using this SHIP as a framework for prioritisation of resources. At 50 units per year, the Council's programme will not be sufficient to maximise use of available grant funding (see Para 4.11 above). The balance of the Moray programme must be delivered by RSL partners. However the level of available grant per property, and volume of opportunities has resulted in RSL partners reporting that their own capacity for borrowing to invest has been maximised in this SHIP. This means that a few projects listed in SHIP Table 1 do not have an identified RSL at this stage. In turn, this means that some developments may be delayed and the Scottish Government's delivery targets may not be met.

- 4.14 The SHIP provides details of other sources of funding that can be used to support the Moray programme, including Council Tax levy on empty homes totalling around £600k per annum, and commuted payments in lieu of affordable housing as required by planning policy. Whilst it is likely that income from commuted payments will continue to remain comparatively low, it could be used to support project viability, particularly in rural areas where economies of scale are reduced, and development costs can be higher. The approach to seeking commuted payments is set out in Section 8 of the draft SHIP.
- 4.15 The SHIP has been developed through a collaborative process involving primarily the Scottish Government, partner RSLs and local housing developers but also other Council services, particularly Planning colleagues and Health and Social Care Moray.

## **5. SUMMARY OF IMPLICATIONS**

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

Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) identifies an increase in the supply of affordable housing as one of the key components of a growing, diverse and sustainable economy in Moray. The SHIP reflects priorities for investment in the provision of new affordable housing to meet need identified in the Local Housing Strategy.

### **(b) Policy and Legal**

The production of the Council's SHIP helps the Council to meet statutory duties in respect of addressing housing need in Moray.

### **(c) Financial implications**

There are no direct financial implications to the Council arising from this report. The SHIP provides details of the resources available to fund the supply of affordable housing in Moray.

### **(d) Risk Implications**

The major risks to the delivery of the Moray affordable housing programme have been assessed as part of the development of the SHIP. The SHIP provides high level details of proposed future investment in Council house building. The financial risks of funding the Council's programme has been assessed as part of the review of the

Housing Business Plan completed in Feb 2022, however given the significant economic impact in the aftermath of the subsequent invasion of Ukraine, affordability is being kept under review and the potential for projects not to proceed is greater.

**(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 LHS. The LHS is subject to an Equalities Impact Assessment. The Moray Affordable Housing Programme seeks to deliver the housing priorities contained in the LHS.

**(h) Climate Change and Biodiversity Impacts**

The aims of this SHIP are closely aligned to the Council's Climate Change Strategy, and Local Heat and Energy Efficiency Strategy (LHEES).

**(i) Consultations**

This report has been subject to consultation with the Depute Chief Executive (Economy, Environment and Finance), the Head of Housing and Property, the Head of Economic Growth and Development, Strategic Planning and Development Manager, the Head of Community Care, the Chief Officer (Health and Social Care Moray), the Chief Financial Officer, the Principal Climate Change Strategy Officer, Georgina Anderson (Senior Solicitor), the Housing Needs Manager, the Housing Services Manager and the Committee Services Officer.

**6. CONCLUSION**

**6.1 This report provides the Committee with details of the Council's consultative draft SHIP 2023/2024 - 2027/2028 as submitted to the Scottish Government, in accordance with SHIP Guidance. The Committee is asked to consider and comment on the draft SHIP.**

Author of Report: Fiona Geddes, Acting Housing Strategy and Development Manager

Background Papers: [http://www.moray.gov.uk/moray\\_standard/page\\_95565.htm](http://www.moray.gov.uk/moray_standard/page_95565.htm)

Ref: SPMAN-1285234812-1187