

Glasgow City Council

**Glasgow's
Strategic Housing Investment Plan**

2011/12 to 2015/16

CONSULTATIVE DRAFT

15 October 2010



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INTRODUCTION

The purpose of the Strategic Housing Investment Plan (SHIP) is to set out the priorities for investment in affordable housing in Glasgow over the next 5 year period 2011/12 to 2015/2016 and to demonstrate how these will be delivered. The Scottish Government issued new SHIP guidance to local authorities on 6th October 2010 and all local authorities are required to submit their SHIP to the Scottish Government by **30th November 2010**.

The delivery of this SHIP is set in the context of significant public expenditure cuts and the challenge will be how we can delivery our priorities within these constraints. We will have to consider alternative sources of investment, new housing products and find ways to become more efficient in the procurement and delivery of affordable housing. As a result we have had to be very focused in the prioritisation of our projects and how they will help us to achieve the outcomes and targets that we have identified in our Consultative Draft Local Housing Strategy 2009. For some projects this will emphasise the importance of delivery but for others it may mean that some projects have to be put on hold until additional resources become available.

The period 2011/12 to 2015/16 is very important to Glasgow in relation to housing and regeneration. The Commonwealth Games will be held in 2014 and the regeneration of the Dalmarnock area to create an Athletes' Village is a key priority for this SHIP plan period. The SHIP includes an element of affordable housing on the Athlete's Village site which will be part of the legacy of the games for the people of Glasgow. The regeneration of the 8 Transformational Regeneration Areas is also a key priority for this SHIP period. Progress is well underway in the 3 demonstration areas of Maryhill, Laurieston and Gallowgate.

Other priorities for this SHIP period include the delivery of Glasgow Housing Association's Investment Programme, meeting the requirement of those people who have particular housing needs and the delivery of 10,000 social housing units in Glasgow which the Council is committed to deliver by 2014.

Partnership working is essential to the delivery of this SHIP programme both in determining priorities for investment and the actual on site delivery of the projects. It is important that in times of scare resources that we all work together to maximise the outcomes for Glasgow.

CONSULTATION WITH STAKEHOLDERS

This consultative draft Strategic Housing Investment Plan was circulated to partners and stakeholders for comment during the week beginning 18th October 2010.

A Strategic Housing Investment Plan Consultation Event has been organised for 1st November 2010 in Glasgow City Chambers to discuss the draft and receive feedback. The outputs from the event and from any written responses received will be used to shape the final draft of the SHIP before seeking approval from Council and submission to the Scottish Government at the end of November 2010.

Stakeholders are encouraged to make comments on the document and the closing date for consultations responses is **5th November 2010**.

Responses should be addressed to:

localhousingstrategy@drs.glasgow.gov.uk

or to:

DRS Housing Strategy Team
229 George Street, Glasgow G1 1QU
0141-287 8601

Consultation Questions

Comments are invited on any aspect of the consultative draft SHIP and we have included a number of questions to help stimulate responses. The questions are not intended to limit your comments and we would welcome any thoughts you have on the document. The questions are:-

- Do you agree with the general direction of the SHIP?
- Do you agree with the priorities identified in the SHIP?
- During a period of constrained public resources, how can we tackle important local issues where they are not a priority for investment at this time?
- Can we identify new ways of generating investment in new affordable housing that is less reliant on public subsidy?
- What opportunities exist to match housing development priorities to wider renewable energy initiatives and how can we do this within existing resources. How will this contribute to the targets in the Scottish Government's Energy Action Plan?
- In what way could the housing sector in Glasgow work together to produce efficiencies?
- Do the investment proposals outlined in the SHIP meet equalities issues sufficiently? If not, where can we strengthen the SHIP?

Feedback from the Responses to the SHIP 2010/11 to 2014/15

During October 2009, feedback was sought on the 2009 SHIP document. The following is a summary of the comments made about the document. These issues have been noted and where possible, addressed as part of this years plan.

Main Points from Consultation Responses

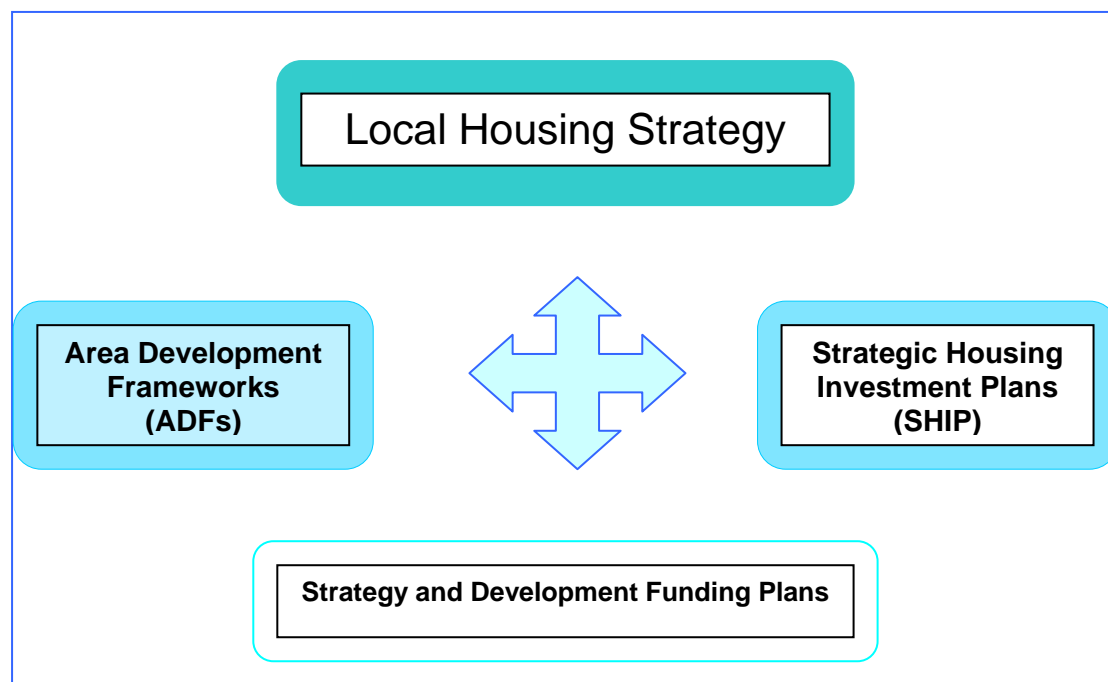
- There was an overall agreement about the main direction and priorities identified in the 2009 consultative draft SHIP but there was concern that important local housing issues were being overlooked.
- Respondents suggested that the local priorities identified in the Area Profiles (Part 2) should be reviewed. This exercise was carried out by the Local Housing Forums during 2010.
- Some respondents questioned whether the outcomes and priorities identified can be achieved within likely funding. This concern is shared by the Council.
- There was an overall agreement on the focus on sustainability but there were differing views on how this could be achieved. Some scepticism was expressed about on-site micro generation and there was general concern about additional costs that will be incurred. The importance of action in the existing stock was stressed. It was suggested that the Council should present a specific assessment of the costs of sustainability.
- There were some comments that the recession had afforded Housing Associations opportunities to purchase sites at reasonable prices (although some could not afford to do so), but overall the feedback indicates that Housing Associations are finding it more expensive to finance developments.
- There is further feedback that the new Housing Association Grant (HAG) appraisal is exacerbating this already unfavourable situation. Some Housing Association respondents indicate that they may not be able to pursue new build development in the future because the costs of borrowing will make it unviable
- There is general agreement on the merit of setting targets for wheelchair and larger family housing although many respondents were unclear about the methodology for target setting. Some questioned whether the targets for their Local Housing Forum areas were correct. Housing Associations pointed out additional costs that are incurred in providing these and other types of dwellings for particular needs.
- Several respondents stressed the continuing need to improve linkages between providers and customers for particular needs accommodation in order to ensure that it is appropriately designed and allocated.
- Some respondents stated that the focus on these types of provision might lead to the housing needs of other groups being overlooked for instance older people.
- In relation to homelessness, there is widespread support for the abolition of priority need in 2012 but concern about the level of Housing Support available for individual homeless households with chaotic lifestyles housed by Housing Associations
- Comments on the 10,000 new build social rented target provision by 2014 included whether the target will be achieved given the current level of completions and concern that resources are being diverted to this goal at the expense of older private tenements which given the current level of Private Sector Housing Grant (PSHG) are presenting challenges in some inner city areas of Glasgow.
- More information was sought on the plans of City Property LLP, which started operations on 1 October 2009.

CONSULTATIVE DRAFT LOCAL HOUSING STRATEGY 2009

This draft SHIP has been guided by the Council's new Consultative Draft Local Housing Strategy (LHS) 2009, which was approved on 28 August 2009. The Local Housing Strategy (LHS) is the key strategic decision-making housing document which sets out and directs housing investment priorities. The preparation of a new LHS started in 2009 and is due for completion in 2011. It is not intended to report here on the vision and aims of the Local Housing Strategy as they remain unchanged from the previous SHIP document in 2009 however the LHS and associated Housing Issues Report can be accessed via the 'Local Housing Strategy' link at: -

<http://www.glasgow.gov.uk/en/Business/Housing/HousingStrategy/LocalHousingStrategy/>

Two key documents sit below the Local Housing Strategy and they are the Area Development Frameworks and this Strategic Housing Investment Plan. Both these documents influence the preparation of Registered Social Landlord's (RSL's) Strategy and Development Funding Plans. The diagram below shows this relationship.



The core purpose of the SHIP is to set out the investment priorities in affordable housing over a 5 year period to achieve the outcomes set out in the Local Housing Strategy.

The purpose of the Area Development Frameworks (ADFs) is to provide a broad local contextual analysis. They identify local priorities and objectives and how these fit with the citywide objectives and priorities set out in the LHS. The Local Housing Forums endorse the ADF for their area. Developers and RSL's can use this information when developing their Strategy and Development Funding Plans. The Area Development Frameworks for each of the 10 Local Housing Forum areas are currently being updated however the profiles issued as part of the 2009 SHIP can be found at <http://www.glasgow.gov.uk/NR/ronlyres/A2374A83-B00E-453C-A8AF-C300567E19E5/0/FINALSHIPALLAREAProfiles23NOV09.pdf>

UPDATE FROM SHIP 2009

Glasgow City Council has monitored the delivery of its affordable housing programme against the projects identified in the SHIP document 2010/11 – 2014/15.

Of the 38 projects identified for a site start in 2010/11, 33 are either on site or expected to achieve a site start before the end of the financial year. 5 projects have slipped due to unforeseen circumstances but are still considered a priority in terms of LHS objectives. Site starts for these projects have been moved into future years in the 2011/12 to 2015/16 SHIP.

The projects identified in last year's SHIP for years 2-5 have been reviewed and programme dates adjusted as necessary as new information becomes available.

Development Funding

During the financial year 2009/10, Glasgow City Council's Development Funding Team allocated £83m of Housing Association Grant (HAG) to housing association partners to deliver new and improved housing in Glasgow. This brings the total amount of HAG funding spent in Glasgow over the past 5 years to £410m.

On 25th February 2010, the Scottish Government issued a letter to the Council, confirming that Glasgow City Council will also receive £83m in grant funding for 2010/11 and in April 2010, the Scottish Government awarded Glasgow City Council an additional £2.1m of additional HAG in 2010/11. This additional funding is ring fenced and will be used to specific projects agreed with the Scottish Government.

Legally Committed Projects

Glasgow City Council has 3 main funding streams in its grant allocation:-

- Block A Programme
- Block B Programme
- Shadow Programme

Block A projects are projects that have received tender approval and Glasgow City Council is legally committed to delivering the units. There are 3025 approved affordable housing units in the Block A programme during 2010/11. Not all of these units are expected to achieve a site start during 2010/11. The following table (X) shows the split of Block A properties between core, reprovioning and LSVT projects and by area team. It should be noted that this figure includes 400 properties approved for the affordable housing element of the Commonwealth Games Athletes Village.

Block A Projects	Core	Reprovioning	LSVT
West	145	42	294
South East	230	54	0
South West	483	211	0
North	318	309	56
East	786	97	0
Total	1962	713	350

Block B

Block B projects are project identified for tender approval in the current financial year. There are 919 units identified for tender approval (Block B) during 2010/11. The following table (X) shows the split of these properties between core and reprovioning and by area team. This figure also includes 300 properties to be approved for low cost home ownership in the Commonwealth Games Athletes Village.

Block B Projects	Core	Reprovisioning	LSVT
West	99	0	0
South East	107	120	0
South West	124	55	0
North	25	0	40
East	349	0	0
Total	704	175	40

Shadow Programme

There are 473 units identified in the shadow programme. These are proposed projects which meet the city's priorities for investment but which we do not have sufficient resources to approve and put on site at this stage. The shadow projects have been approved by Council and progress on the design of these projects is ongoing so that they can be delivered in the event that additional resources are secured, or alternatively, resources becoming available due to slippage elsewhere in the approved programme.

Shadow Programme	Core
West	50
South East	8
South West	165
North	169
East	81
Total	473

Large Scale Voluntary Transfer Programme (LSVT)

This is a ring fenced allocation which the Council administers on behalf of the Scottish Government. The budget for the LSVT programme for 2010/11 is £5m and is made available to:-

- Nominated RSL's who have acquired former Scottish Homes estates with negative valuations.
- Owner Occupiers in these former Scottish Homes estates who may qualify for grant assistance towards the costs of planned improvement works.

Overall, the programme contains significant commitments that will constrain the Development Funding Programme financially over the next few years especially if resources remain at their current levels or are reduced.

Approvals

Glasgow City Council approved tenders for 805 new and improved homes during 2009/10. 48 of the properties approved will be built to wheelchair standards and all new build properties will meet the Housing for Varying Needs Standard. £2.141m was spent on disabled adaptations to tenants' homes and this has enabled 866 people with a disability to remain in their existing homes.

Of the 805 units approved during 2009/10, 565 properties were for affordable rent and 134 properties were for low cost home ownership initiatives. 440 of the properties approved were houses with the remaining properties being flats.

During 2010/11, the Council anticipates that it will approve 919 units for affordable housing.

Site Starts

During 2009/10, 1337 units from GCC's development funding programme achieved a site start across the City. It is anticipated that 850 units will achieve a site start during 2010/11.

Completions

1,012 social rented or low cost home ownership properties from GCC's development funding programme were completed during 2009/10 and this exceeds the planned number of completions during this period. This is mainly due to projects completing ahead of schedule and a balancing out of the shortfall of completions from 2008/09. 1,141 properties are expected to complete during 2010/11.

GHA Improvement Programme

Since stock transfer in March 2003, GHA has invested over £937m in its housing stock. Table X provides the number of completions cumulative to March 2010.

TABLE X – NO. COMPLETED BY WORK CATEGORY TO END MARCH 2010	COMPLETED (CUMULATIVE TO END MARCH 2010)
Heating	40618
Roofs (Tenants Affected)	25402
Overcladding (Tenants Affected)	27813
Kitchens	36434
Bathrooms	36264
Rewiring	33994
Dwelling Windows	11057
High Rise Overcladding (Blocks Commenced)	43 complete 17 in progress
Secure Doors (No. of Doors)	47741
T84 Overcladding (Blocks Commenced)	50 complete 7 in progress
Environmental (Tenants Affected)	9549
Common Works (Blocks)	4158
Lift Replacement (Lifts)	45

Table X below provides information on GHA's capital programme of £120m for 2010/11 and the cumulative position from stock transfer to the end of March 2011. This significant expenditure is continuing to have a major impact on the quality of social rented housing throughout the City. The largest element of spending is for internal improvement works (kitchens, bathrooms and rewiring) at £35m which is improving the quality of homes for GHA tenants.

TABLE X – ANTICIPATED BY WORK CATEGORY TO END MARCH 2011	IN 2010/11 AND CUMULATIVE FROM TRANSFER TO END MARCH 2010	
Heating	1167	(41785)
Roofs (Tenants Affected)	2497	(28181)
Overcladding (Tenants Affected)	3624	(31630)
Kitchens	5599	(42033)
Bathrooms	5602	(41866)
Rewiring	5537	(39531)
Dwelling Windows	694	(11751)
High Rise Overcladding (Blocks Commenced)	14	(60 Complete)
Secure Doors (No. of Doors)	590	(48331)
T84 Overcladding (Blocks Commenced)	7	(57 Complete)
Environmental (Tenants Affected)	3231	(12780)
Common Works (Blocks)	1095	(5253)
Lift Replacement (Lifts)	11	(61)

Demolition

Since the stock transfer in 2003 to March 2010, GHA has demolished 11,833 properties as part of an ongoing demolition programme. The decision to demolish was taken by GHA following a decline in demand and popularity of the blocks together with high investment and running costs.

GHA intends to demolish 1,587 properties during 2010/11. This is a mixture of low rise housing and multi storey blocks. The exact timing of the demolitions will be subject to a number of factors out with GHA's control therefore this figure may change over the year. Work is currently under way at the multi storey blocks at Broomloan Court in Ibrox, Plean Street in Yoker and Norfolk Court in the Gorbals. Other blocks are being cleared for future programmes.

GHA New Build

As at March 2010, GHA had completed 328 new build units for social rent. Table X below provides a breakdown of the completed units

TABLE X – NO. OF GHA UNITS COMPLETED		
Project	No. of Units	Particular Needs
Oatlands	28	
Braehead	41	
Mansel Street	42	
Barmulloch	135	
Avonspark Street	62	
Barmulloch Phase 1A	20	2 x 5 person, 3apt wheelchair
Total	328	

400 units of GHA's new build project are currently on site and will be completed over the next 18 months. 294 units have been approved and are awaiting a site start and a further 230 units are expected to be approved during 2010/11.

Private Sector Housing

During 2009/10, the Council spent £10.49m as part of its Private Sector Housing Grant programme. Of this funding, £2.1m was spent on disabled adaptations and £1.27m was spent on Care and Repair projects for older people.

Table X provides a breakdown of the Private Sector Grant expenditure during 2009/10 including £2.4m carried forward into 2010/11 for committed projects.

TABLE X – PRIVATE SECTOR HOUSING GRANT 2009/10	Actual Expenditure 2009/10
Description	
Grant aid for installation of standard amenities, voluntary improvement/repair grants, statutory requirements – fire escapes, care and repair for elderly schemes and adaptations for disabled people	£7.896m
Slum Clearance (Demolition Costs)	£0.025m
Stock Condition Survey	£0.053m
S108 Programme	£2.423m
Repair/Stat. Certificates for Decant Flats	£0.073m
Housing Act Implementation Costs	£0.027m
PSGH 2010/11	£10.497m
Carry Forward into 2010/11	£2.444m

Since 2003, Private Sector Housing Grant (PSHG) has been made available as a ring fenced allocation of funds from the Scottish Government for the treatment of private sector housing issues. As part of the Concordat between the Scottish Government and Local Authorities, ring fencing is removed in 2010/11. However, from 2010/11 an award will be included in the Council's block grant and will be identified as PSHG for the next 5 years.

The PSHG element of the block grant for 2010/11 has been confirmed by the Scottish Government at £10.554M. Adding this to the carry forward from 2009/10 means that the budget for 2010/11 is £12.988m. The following table (X) shows the anticipated spend for this budget.

TABLE X – PRIVATE SECTOR HOUSING GRANT BUDGET 2010/11	Proposed Expenditure 2010/11
Description	
Grant aid for installation of standard amenities, voluntary improvement/repair grants, statutory requirements – fire escapes, care and repair for elderly schemes and adaptations for disabled people	£5.888m
Slum Clearance (Demolition Costs)	£0.025m
Provision of Information and Advice	£0.06m
Section 30 Statutory Works	£4.406m
Repair/Stat. Certificates for Decant Flats	£0.075m
Housing Act Implementation Costs	£0.100m
PSGH 2010/11	£10.554m
Govanhill Initiative (Section 30) – Completion of 2009/10 Programme	£1.026m
Repair of Houses in Serious Disrepair (Section 108) – Completion of Programme	£1.418m
PSHG C/FWD (Ring Fenced) legally committed by 1st April 2010	£2.444m
Total PSHG Expenditure Programme for 2010/11	£12,998m

POLICY CONTEXT

This SHIP has been developed in the context of a changed political and economic environment since the last SHIP was produced in 2009. A change in UK Government has brought about a change in policy towards public expenditure and debt which has a direct impact on the Affordable Housing Investment Programme in Glasgow. Unemployment in Glasgow is rising and there still appears to be tension in the private housing market with a low turn over of properties and indications of a further fall in house prices to come.

Public Spending Cuts

The principal focus of the new Coalition Government is to reduce the fiscal deficit and as a first step towards this, the new Government announced £6.2b of public expenditure cuts for 2010/11 during an emergency budget in June 2010. For housing this included caps on housing benefit, increases in Capital Gains Tax for higher earners and changes to the way support for mortgage interest is paid.

The results of the Comprehensive Spending Review (CSR) will be announced on 20th October 2010 and is expected to include considerable cuts in public expenditure over the spending review period. The outcome of the CSR will determine how much the Scottish Government has to spend during 2011/12 to 2014/15. Some analysts predict there could be as much as a 12.5% cut in real terms over the period of the CSR. In May 2010, the Scottish Government was given the option of making their contribution to the 2010 cuts in the 2010/11 financial year or deferring them until 2011/12. The Scottish Government opted for 2011/12. The cumulative effect of these cuts is likely to be felt more sharply from 2011.

The 2010/11 Affordable Housing Programme was announced in March 2010 at £471m and increased to £502m in April 2010 however the 2010/11 programme had already been reduced from 2009/10 as the Scottish Government had previously accelerated the use of £120m from 2010/11 into 2008/09 and 2009/10 to assist the economic recovery.

In addition to the anticipated cuts in capital funding for the AHIP, the Scottish Government has also adjusted the housing association grant subsidy target benchmark. This was reduced during 2010 from £68,500 to £66,500 to reflect lower tender costs. This is the target used when assessing value for money in a project and housing associations have to meet this target in their development costs.

It is unknown at the time of writing the document what this will mean for the Affordable Housing Budget but it is anticipated that it will mean a substantial cut in the budget. It is not expected that Glasgow will be immune from these cuts.

Housing: Fresh Thinking, New Ideas

The Scottish Government published the discussion paper "Housing: Fresh Thinking, New Ideas" on the 24th May 2010. It is the Scottish Government's intention to produce a policy paper towards the end of 2010 setting out their proposals. In brief, the document:-

- States that tough decisions are needed about the direction of Government expenditure in housing.

- Considers new funding and delivery models for the AHIP and suggests that there needs to be a move away from traditional funding models and a reliance on high levels of grant subsidy.
- Considers how procurement and design can help meet the Scottish Governments carbon reduction targets and considers standards in the private sector.
- Asks how the main players in the housing system can play their part in addressing the challenges ahead.

In advancing regeneration in the City, Glasgow City Council has been exploring new models of funding and delivery using lower levels of grant subsidy. These include:-

- Glasgow's Special Purpose Vehicle for the Transformational Regeneration Areas to bring together the resources of key partners and bring about the best regeneration outcomes for the areas.
- A Volume Procurement Initiative with initial findings suggesting this could save up to 14% on traditional procurement methods.
- A Public Private Partnership in delivering the Commonwealth Games Village.
- Glasgow City Council is working with the Scottish Government to develop innovative plans for a National Housing Trust (NHT). This involves developing affordable homes available for mid market rent. Homes would be let on Short Assured Tenancies and would be available for rent for five to ten years, after which they would be sold. The scheme would be expected to operate in areas where there is a shortage of supply of affordable housing and evidence of strong demand from potential tenants.
- Exploring the benefits of new construction methods such as off site construction.
- Making more efficient use of HAG funding – low cost home ownership and mid market rent products to improve leverage rates for HAG.

Energy Efficiency and Environmental Standards

The Scottish Government is developing supplementary guidance on how local housing strategies should address the challenge of climate change and this will be reflected in Glasgow's new local housing strategy in 2011.

On 6th October 2010, the Scottish Government published their Energy Efficiency Action Plan for Scotland. The Action Plan sets out a framework for the Scottish Government's comprehensive approach to energy efficiency and micro regeneration and focuses on the commitment to reduce the energy consumption of buildings and the delivery of climate change targets.

In order to deliver the targets set in the Climate Change (Scotland) Act 2009, the action plan focuses on

- Improving energy efficiency in existing homes
- Reducing fuel poverty and household energy bills
- The amendments to building regulations which came into force on 1st October 2010 including a 30% reduction in CO₂ emissions from new build properties from previous building standards with possible further amendments in the future to achieve the CO₂ emission reduction target in 2020.
- Actively promoting micro regeneration and the development of district heating systems

The Scottish Government has indicated that it may review the Scottish Housing Quality Standard. This will have the greatest impact on the existing housing stock particularly the former Scottish Homes stock transferred prior to the introduction of the original Scottish Housing Quality Standard.

Opportunities exist to match housing development priorities to the Energy Efficiency Action Plan by considering ways to reduce carbon emissions in the development process. The Commonwealth Games Village and a project in the north of the City are developing community heating systems to reduce energy consumption and a number of associations have already used renewables in their new build developments. We will continue to identify ways in which we can deliver these targets within budgetary constraints.

Joint Working

Although the Council has the lead role for the LHS and the SHIP, it works very closely with both internal and external partners to produce these documents. The following table is a summary of some of groups the Council consults on both is Local Housing Strategy and Strategic Housing Investment Plan:-

Partner	Description
City Wide Investment Forum	The Citywide Investment Forum is the citywide consultative body that acts as the mechanism for the Council and relevant stakeholders to discuss matters arising in relation to Development Funding and other investment issues.
Joint Stakeholders Working Group	Annual meetings held with a range of stakeholders including housing associations, the Scottish Government, Scottish Federation of Housing Associations, Glasgow and West of Scotland Forum and other neighbouring councils to discuss progress on the Local Housing Strategy
Local Housing Forums	Quarterly meetings with a range of stakeholders at a local area based level to discuss housing issues
Re-provisioning Sub Group	A sub group of the Citywide Investment Forum established to oversee the CBHA and GHA Re-provisioning Programme.
DRS - Planning	Regular liaison meetings with Planning colleagues in the City Plan and Structure Plan teams.
Social Work	Joint production of the Social Care Housing Investment Priorities (SCHIP) document to identify investment priorities for people with particular needs. This is reviewed annually and used to evaluate projects. Scheme agreements for particular needs projects are now jointly signed by Social Work, the Development Funding team and the developing housing association to confirm that both revenue and capital funding has been secured.
City Property LLP	Work is developing with the arms length property company to identify sites for development.
Scottish Government	Regular Liaison meetings with the Scottish Government
Developing Housing Associations	Annual programme and mid year review meetings to discuss Council priorities and progress with existing projects

INVESTMENT PRIORITIES FOR THE SHIP 2011/12 – 2015/16

Key Outcomes

The key outcome for this SHIP is the delivery of 10,000 RSL new build social rented units which the Council is committed to deliver by 2014 and the 3,000 GHA new build re-provisioning programme. These outcomes were agreed as part of the Stock Transfer Agreement with the Scottish Government, the City Council and Glasgow Housing Association (GHA). The City Council is making steady progress towards the achievement of the 10,000 units. GHA's Reprovisioning Programme will be substantially complete by 2014.

Other outcomes we seek from this SHIP include: -

- Completion of GHA's Improvement Programme by 2013/14, raising over 50,000 properties to the Scottish Housing Quality Standard (SHQS)
- Significant progress on sustainability of new building including delivery of Eco-homes standard, sustainable urban drainage systems and increased on-site renewable energy
- Delivery of permanent accommodation to meet the needs of homeless people arising from hostels closure programme and abolition of priority need by 2012
- Maximise employment and training opportunities and tackle deprivation through regeneration
- SHQS substantially achieved by other housing associations for all viable stock

Some other outcomes that are dependent on the recovery of the housing market that we would also like to see achieved during the period of this SHIP particularly as this will aid regeneration throughout the city. New housing offers such as mid market rent are being explored in order to meet the needs of low/moderate income working households who cannot access mortgage finance and do not seek social renting (or unlikely to be regarded as a priority for social renting).

All these outcomes are subject to resource availability.

Key Priorities

Priority 1 - Commonwealth Games Athletes' Village

One of the key investment priorities during this SHIP period is the delivery of the Commonwealth Games Athletes' Village. This will involve the construction of 704 dwellings (650 houses and 54 flats) including a care home which will be used to accommodate 6,500 competitors and officials during the games. After the Games, the dwellings will be converted to mainstream housing for sale and for social housing rent including approximately 30 units for wheelchair users. There will also be the potential to develop up to a further 761 units between 2014 and 2025 for sale as part of the development agreement between the Council and the City Legacy Consortium of developers. A site start for the first phase of the social housing element of the project is expected in October 2010.

Priority 2 - Transformational Regeneration Pilot Areas

This priority relates to the three, Transformational Regeneration pilot areas which have been set up in Maryhill, Laurieston and Gallowgate. The Transformational Regeneration Programme represents one of the most ambitious programmes of urban renewal in the UK and is a Council priority during the 2011/12 – 2015/16 SHIP.

There are eight Transformational Regeneration Areas across Glasgow agreed by Glasgow City Council, the Scottish Government and Glasgow Housing Association as priority areas for regeneration at the point of stock transfer. The eight areas are Maryhill Locks, Laurieston, Gallowgate, Sighthill, North Toryglen, Shawbridge, Red Road, East Govan/Ibrox.

Approximately 3,000 units from the RSL/GHA Re-provisioning programmes will be built in the TRA areas on a 50/50 basis between GHA and RSLs. There have been projects delivered in the TRAs in earlier years of the Re-provisioning Programmes so that the outstanding balance of provision is about 1200 and 1300 units respectively for CBHA and GHA programmes.

Priority 3 - Legally Committed Projects (Block A)

The Development Funding Programme has a number of projects that have already received tender approval which legally commits the Council to funding the project. Due to the way the projects are entered into the SHIP templates, with all the project information entered into the year of site start, there will be a number of projects which were approved in previous financial years that show as a site start during the 2011/12 – 2015/16 SHIP period. These projects are a priority for funding in this SHIP.

Priority 4 - Social Care Housing Investment Priorities (High)

Work has been carried out jointly between DRS Housing Division and Social Work Services with the aim of clarifying areas in which the Housing Association Grant programme may assist Care Teams to achieve the objectives of their individual Commissioning Strategies. It is the outcome of these discussions that are reflected in the Social Care Housing Investment Priorities (SCHIP) document and are included here as a priority for development funding. The main projects are:-

- Provision of specialist supported housing for identified homeless persons
- Housing developments supporting the reconfiguration of Children's Residential Services through the development of 9 new build residential children's units (Children's units are funded through Social Work Budget not development funding)
- The provision of community based Alcohol Related Brain Damage prevention and specialist care services
- Developing housing for families with children affected by disability, including children on the autistic spectrum, whose housing needs cannot be met within existing stock
- The provision of core and cluster type services and a smaller number of individual bespoke properties for people with learning disabilities
- Physical disability supported living pilot project? Dependant on SW approval of funding – TBC by end October
- Identify existing sheltered housing services which are no longer fit for purpose.
- A variety of other social care housing priorities have been identified if housing support funding is made available
- The main focus for Physical Disability is developing wheelchair housing. Table (X) shows the wheelchair targets for 2009-2012, the number of approvals and the remaining target to this date. New wheelchair targets for 2011/12 – 2014/15 will be set as part of the Local Housing Strategy process.

Local Housing Forum Area	Wheelchair Target 2009/10 - 2011/12	Approvals 2009/10	Remaining Target to March 2012
West	24	0	24
Central and West	41	2	39
Maryhill, Kelvin and Canal	21	0	21
Glasgow North East	8	0	8
East Centre and Calton	0	36	36 over target
Shettleston, Baillieston & Greater Easterhouse	26	0	26
Govan and Craigton	27	10	17
Greater Pollok and Newlands/Auldburn	27	0	27
Pollokshields and Southside Central	16	0	16
Langside and Linn	21	0	21
City Total	211	48	163

Priority 5 - Large Scale Voluntary Transfer Projects

As part of the Development Funding Programme agreed at stock transfer, Glasgow City Council was given the responsibility to deliver the Scottish Government's Large Scale Voluntary Transfer (LSVT) Programme. This is a ring fenced budget available to RSL's where housing stock had been transferred to them from the former Scottish Homes and there is a negative valuation on the housing stock. The funding is for improvement work to transferred stock and to provide financial assistance to owners who participate in any improvement works.

Priority 6 - Transformational Regeneration Area (5 Areas not in Pilot)

This priority relates to the remaining five, Transformational Regeneration areas of Sighthill, North Toryglen, Shawbridge, Red Road and East Govan/Ibrox. There is currently a business plan being developed by consultants which will inform the priority that these areas are taken forward.

Priority 7 - Intermediate Tenure Options

With the expected cuts in public sector funding, it is a priority for the Council to make the most efficient use of HAG funding that it can and improve leverage rates for Housing Association Grant by funding a range of products such as mid market rent and low cost home ownership models. The Council is also exploring new ways of working such as the National Housing Trust Initiative. The Council recognises that promoting a mix of tenures is an important factor in creating sustainability in the regeneration of estates and will prioritise this as part of the TRA and Commonwealth games.

Demand for intermediate tenure options has increased over recent years with the impact of the credit crunch. High house price inflation and the tightening of lending criteria requiring borrowers to have a much higher deposit to secure a mortgage has impacted on people's ability to secure housing in the private market while at the same time, these people often have a low priority for access to social rented housing. Glasgow City Council has therefore identified intermediate tenure options as one of its priorities for funding over this SHIP period.

Priority 8 - Large Family Housing

The Council has set a target of 211 larger family houses to be developed during 2009-2012. Chart (X) shows the number of approvals and the remaining target to this date. New larger family housing targets for 2011/12 – 2014/15 will be set as part of the Local Housing Strategy process.

Local Housing Forum Area	Larger Family Housing Target 2009/10 - 2011/12	Approvals 2009/10	Remaining Target to March 2012
West	25	0	25
Central and West	15	0	15
Maryhill, Kelvin and	22	2	20
Glasgow North East	22	0	22
East Centre and Calton	14	94	80
Shettleston, Baillieston & Greater Easterhouse	35	6	29
Govan and Craigton	21	5	16
Greater Pollok and Newlands/Auldburn	18	0	18
Pollokshields and Southside Central	24	0	24
Langside and Linn	15	0	15
City Total	211	107	104

Priority 9 - Stage 3 Adaptations

The development funding programme includes an annual allocation of funding for stage 3 adaptations. Stage 3 adaptations are adaptation works carried out to existing dwellings in order to make them more suitable for residents where the adaptation work is structural. Examples of eligible work can be found in appendix 1 of the guidance note SHGN 2001/02, Issued Feb.2001

Priority 10 – Other General Need Housing

The provision of general needs social rented housing across the City will be considered where there is clear evidence of high demand. A Housing Needs and Demand Assessment (HNDA) is in the process of being carried out and the results from this will influence where further development should be carried out across the City. The result of this assessment are not available in time for inclusion into this SHIP but will form part of the LHS 2011 providing a framework for future SHIPs.

PRIVATE SECTOR HOUSING INVESTMENT PROGRAMME

The most serious problem affecting older private housing in Glasgow continues to be the number of Below Tolerable Standard (BTS) properties with more than 7,500 properties in this category. There also continues to be a high level of serious disrepair across the City's tenemental stock. Glasgow has 95,000 houses built before 1945. The older private housing survey (OPHS) conducted by the Council in 2005 estimated that around 7650 failed the tolerable standard (BTS – unfit for habitation). In terms of the 2006 Act it is a statutory requirement to prepare a strategy for the treatment of BTS housing. In addition the OPHS found extensive disrepair to roofs/fabric etc. The number of properties requiring more than 20% of the roof to be repaired ranged from 20% TO 40% depending on dwelling type.

Without action, this will become a serious problem across the City in the short to medium term. Currently there are over 500 tenements on the backlog of properties deemed to be in serious disrepair and requiring action. Consequently funding for grants for disabled adaptations and the treatment of BTS houses and properties in serious disrepair will be the main focus of investment. The priorities for investment through the Private Sector Housing Investment Programme are:-

Mandatory Grants for disabled adaptations

The funding of grants for certain categories of disabled adaptations are mandatory and must be made available. The Scottish Government have advised that backlogs for category 1 adaptations will not be permitted and must be dealt with as and when they are identified.

Below Tolerable Standard (BTS) Properties and Serious Disrepair

The most serious problem affecting older private housing in Glasgow continues to be the number of Below Tolerable Standard (BTS) properties within more than 7,500 properties in this category. There also continues to be a high level of serious disrepair across the City's tenemental stock. The older private housing survey (OPHS) conducted by the Council in 2005 estimated that around 7,650 failed the tolerable standard and found extensive disrepair to roofs/fabric. Without action this will become a serious problem across the City in the short to medium term.

Scheme of Assistance

The 2006 Housing Act requires the Council to provide a Scheme of Assistance. This requires the Council to provide support for owners in the form of advice, information and practical assistance.

Govanhill

There have been several reports in the media about living conditions in some of the private sector housing stock in Govanhill. It has been agreed between Glasgow City Council and the Scottish Government that assistance should be given to this area to tackle some of the physical and environmental issues in the area.

DEVELOPMENT CONSTRAINTS

The following is a brief description of development constraints identified when delivering the Housing Investment Programme. Glasgow City Council continues to work with partners to identify and resolve these constraints at an early stage in the development process.

Annual Budgets

The annualised grant funding budgets are constraining developments as they inhibit resource planning and achieving savings through certainty of contracts. A 3 year funding allocation is more desirable to achieve this aim.

Brown Field Sites/ Utilities

Contamination of brown field sites and the requirement for additional utilities infrastructure can constrain developments due to high costs and the additional time taken to resolve the issues. Site investigations and desk top studies are used to identify issues prior to going on site but it is not always possible to identify every issue and unforeseen costs can arise on site. Vacant and Derelict land funding has been used in previous years to mitigate some of the contamination costs but there is no indication that this funding will be available in the future and any additional costs will have to be met through HAG funding.

Scottish Water

There are high Scottish Water infrastructure costs associated with some projects which are putting additional pressure on to the development funding budget. It is recognised that a reduction of £3,012 per unit is applied to HAG funded projects to take this additional cost into account but the housing associations are not always receiving this funding and it has to be met by HAG funding at completion stage.

Planning/ Roads

The timescales and the additional requirements on a development required by Planning and Road Departments can add pressures to a development. GGC's development funding team hold regular meetings with Planning/Roads colleagues to discuss any arising issues from development and identify affordable solutions to enable developments to progress.

Land Ownership Issues

The complexities of land ownership can constrain developments. The Council has used Compulsory Purchase powers to tackle some of these issues but this can be a lengthy process. The Council continues to work with housing associations to identify issues at an early stage and try to resolve them without lengthy legal proceedings.

Sustainability

Glasgow City Council is supportive of the Scottish Government's target for reducing carbon emissions but it does place pressures on the development funding budget. The new building regulations introduced on 1st October 2010 place additional requirements on developers and this is leading to higher costs. There is no extra funding to meet these requirements and this is at a time of increasing works costs and a reduction in the HAG benchmark target.

Land Supply

Work carried out on the strategic land supply available in Glasgow has indicated that there is a surplus of land and this is sufficient to achieve the planned provision in line with the guidance set out in PAN 2/2010.

RESOURCE PLANNING ASSUMPTIONS 2011/12-2015/16

The Scottish Government has not issued Development Funding Resource Planning Assumptions for the preparation of this SHIP and has stated that it is not their intention to do so. Resource Planning Assumptions will be issued to each local authority following an assessment of the Comprehensive Spending Review on 20th October 2010 and the impact this will have on the Scottish Government's budget. This has implications for strategic planning as it is uncertain how much funding will be available over the next SHIP period. The latest SHIP guidance issued on 6th October 2010, states that Local Authorities should not assume any growth in the level of the Affordable Housing Investment Programme beyond the allocation for 2010/11.

In 2002, there was an agreement made between the Council and the Scottish Government on the level of resources for the development funding programme which extends to 2013/14. The Scottish Government has to date maintained investment levels in Glasgow, as evidenced by the Glasgow AHIP allocations over the current spending review period (2008-2011). Glasgow City Council is aware that the new spending review period is likely to be very difficult and that the Scottish Government is not in a position to guarantee that this level of funding can be maintained. Glasgow City Council accepts that the AHIP allocation for the City may have to be reduced and is prepared to accept its fair share of budgets cuts providing that this is not disproportionate with other local authorities and it can deliver on its commitments identified in this SHIP. Our approach is that we should consider the cost of delivering all the projects identified in the SHIP and evaluate how much of the programme we will be able to deliver if funding is reduced.

The SHIP templates have been completed based on SHIP guidance by apportioning the full cost of each project to the financial year of site start. In reality, the cost of the project will be spread over the whole period of construction, typically around three years. The templates also do not take account of carry forward issues. The lack of realistic profiling in the SHIP templates skews the total expenditure in any given year and can make it appear that the level of expenditure in any one year exceeds available resources. Expenditure and budgetary calculations have therefore been taken over the 5 year SHIP period to smooth out these anomalies.

The projects identified for delivery in this SHIP are realistic not aspirational projects informed by investment decisions. A list of proposed projects is contained in appendix (X). A line has also been included for projects that are under assessment but are likely to be carried out during this SHIP period as they will meet the Council's priorities. These projects have not been identified individually as they are either at too early a stage or have issues that require to be resolved before a year of site start can be identified. An amount of funding has been allocated against these projects. The projects identified will ensure that the Council can deliver the target of 10,000 new social housing units by 2013/14.

The total cost of delivering all the SHIP projects over the period 2011/12 to 2015/16 is £941.873m. The following table (X) shows the breakdown of these costs by year and by grant type. Again it is emphasised that this is based on all funding showing as the year of site start and not actual expenditure per year.

	Core	CBHA Re-provisioning	LSVT	GHA	Private Finance	Buyer's Mortgage	Other funding	Total
Year 1	£91.869	£9.655	£4.986	£24.241	£60.226	£64.569	£2.323	£257.869
Year 2	£18.251	£5.024	£6.231	£21.429	£31.320	£6.980	£2.532	£91.767
Year 3	£39.256	£6.853	£9.270	£13.985	£36.227	£16.014	£3.280	£124.885
Year 4	£31.411	£6.299	£7.803	£25.827	£42.597	£7.743	£3.770	£125.450
Year 5	£17.932	£14.147	£8.389	£43.085	£54.999	£5.725	£3.401	£147.678
Projects Under Assessment	£131.000	£0.000	£6.624	£0.000	£48.000	£5.000	£3.600	£194.224
Total	£329.719	£41.978	£43.303	£128.567	£273.369	£106.031	£18.906	£941.873

Note: Core, CBHA Re-provisioning & LSVT allocations are based on a Resource Planning Assumption (RPA) of £83m per year. Previous SHIPs have raised the RPA to £95.5m per year from 13/14 to reflect the return of the GHA subsidy (£12.5m per year for 8 years) to the city's Development Funding Allocation. We have not included this element in the table above or in the scenario planning exercise (see below).

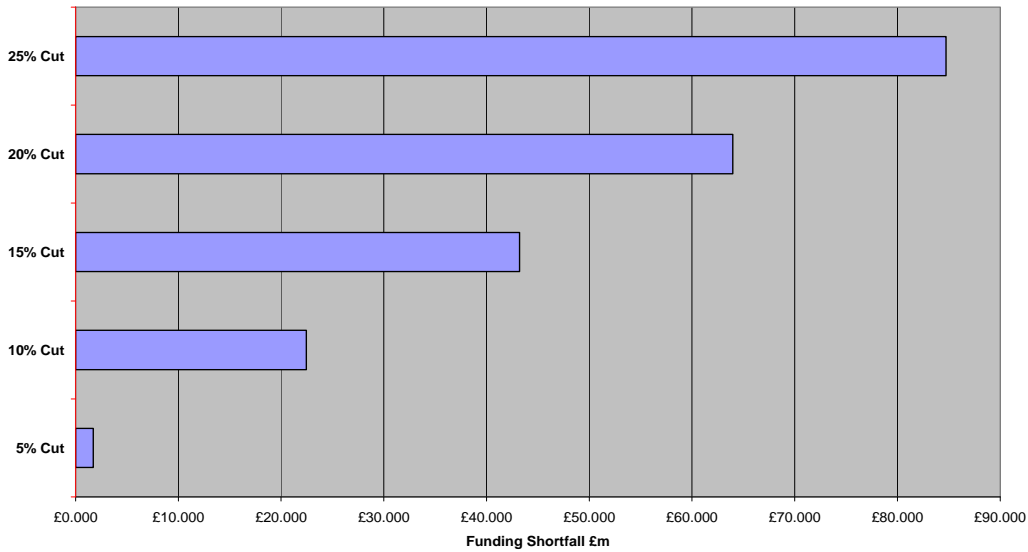
In evaluating the impact of possible spending cuts, a scenario planning exercise has been carried out. We have included a carry forward figure in this calculation to make it more realistic. Discussions are still on going with the Scottish Government about the level of carry forward permitted as this has significant implications for the deliverability of the plan. For our scenario planning the following calculation has been used:-

<p>Total Expenditure per year as per SHIP Guidance (Project Cost in 1 Year) plus Expenditure Already Committed (Carry Forward) Minus Assumed Grant Allocation for the Year Equals Surplus or Deficit</p>
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The variable factor in this calculation is the budgeted grant figure which is currently unknown. Different scenarios have been calculated based on a 5% - 20% reduction on the 2010/11 budget. The following chart (X) shows the results of this calculation. The chart shows that Glasgow City Council will not be able to deliver the full SHIP programme over the 5 year SHIP period with expenditure cuts of 5% or more and will therefore have to:-

- Deliver the SHIP projects over a longer period of time
- Prioritise projects for development in 2011-2016 based on the priorities established earlier in this document.

Implications of Funding Cuts



Other Resource Planning Assumptions

Glasgow Housing Association

Glasgow Housing Association’s grant funding budget is administered by the Scottish Government and not by Glasgow City Council. In 2010/11, the budget allocation for GHA’s new programme is £17.5m.

The SHIP has identified 1983 units to be developed over the next 5 years at a cost of £128m in grant funding. The following is a breakdown of the programme included in the SHIP by year and by units. It is assumed that all the projects identified below will be deliverable within the SHIP timescale. Any reduction in GHA’s budget will result in the projects being delivered over a longer time period.

GHA	No. of Units	Anticipated Cost
Year 1	337	£24.241
Year 2	330	£21.429
Year 3	222	£13.985
Year 4	410	£25.827
Year 5	684	£43.085
Total	1983	£128.567

Private Finance/Housing Association Reserves

As part of the housing association grant (HAG) calculations, an element of private finance is calculated based on rental income and a private finance factor issued by the Scottish Government each year. This is the minimum amount that the association is expected to contribute to the project. Since the credit crunch, housing associations have found a tightening of lending criteria by banks and building societies with a much more rigorous scrutiny of projects, higher lending rates and a requirement for additional security from the existing stock. Some associations have chosen to use their reserves rather than borrow at current interest rates. Some projects have been “front funded” by housing associations in order to secure an earlier site start. This involves associations using private finance to fund the start of the project where traditionally this would only happen at the end when the HAG is spent. The consequence of this is that additional interest payments have to be made.

Typically there is a 65:35 split between HAG funding and private finance in a project however this figure varies from project to project. Shared equity projects are typically split 40:60. During 2009/10, Housing Associations in Glasgow contributed between 36% and 76% of the total cost of a project, depending on the type and complexities of the development. In total this amounted to £43.7m (excluding GHA projects). Over the period of the SHIP, this has been calculated at £379m (including GHA projects and buyers mortgages).

Scottish Water

As per HAG guidance, a deduction of £3,012 per unit has been deducted from each project to take account of an infrastructure cost contribution from Scottish Water. This amount is supposed to be paid by Scottish Water at the end of a development but in reality, the payment of this funding is either not being paid or is severely reduced by Scottish Water and the remainder is being met through HAG at completion stage.

Vacant and Derelict Land Fund (VDLF)

Although VDLF funding has been available to tackle contamination issues on sites in recent years, there is currently no indication that this budget will be available beyond 2009/10 and has therefore not been included in the SHIP assumptions.

Prudential Borrowing

Glasgow City Council is part of a Scottish Government working group considering the National Housing Trust Model of funding and if successful, this will involve the use of prudential borrowing for the development of up to 400 units across the City. This is currently estimated to cost in the region of £26m in prudential borrowing.

Council Tax Funding

An allocation of £0.833 was made from Council Tax Second Homes Discount from 2009/10. This funding is ring fenced and will be used for projects which meet the spending criteria.

Revenue Funding for Particular Needs Projects

Capital investment in social care housing projects will only be supported if, when required, revenue funding is available to support the specialist housing provision. Not all social care housing needs require revenue funding to be made available for example housing for wheelchair users.

The Social Care Housing Investment Priorities paper only requests RSL's to bid for projects where there is a confirmed commitment from Social Work Services that revenue funding is available.

STRATEGIC ENVIRONMENTAL ASSESSMENTS

The need to carry out Strategic Environment and Equalities Impact Assessments of the SHIP is met through the LHS, where they are an integral part of the development and consultation process. The housing projects set out in the SHIP will also be subject to Development Plan policy (Glasgow & Clyde Valley Structure Plan and City Plan) which has been through Strategic Environment Assessment (SEA) and which assess the environmental impact of new housing development. The SHIP is an investment plan which sits underneath the LHS and sets out how the LHS objectives can be delivered. It will therefore not change the directions set out in the LHS and Development Plans.

The current status of the Strategic Environment and Equalities Impact Assessments of the LHS is set out in the Consultative Draft LHS, available through the 'New Local Housing Strategy' link at

www.glasgow.gov.uk/en/Business/Housing/HousingStrategy/LocalHousingStrategy/

EQUALITIES STATEMENT

The latest Scottish Government Guidance on Strategic Housing Investment Plans (October 2010) describes the duties that Public Authorities such as Glasgow City Council have with respect to promoting race, disability and gender equality. The Equalities Act 2010 is expected (from April 2011) to lead to these three duties being replaced by a new duty to promote equality on the grounds of gender, race, disability, religion or belief, age, sexual orientation, gender reassignment, pregnancy and maternity.

As the Guidance notes Local Authorities are carrying out Housing Needs and Demand Assessments as part of the preparation of their new Local Housing Strategies. The City Council is participating with the seven other Local Authorities within the Glasgow and Clyde Valley Housing Market Partnership (Structure Plan area) in the HNDA exercise. This work is not yet completed but we will use relevant available evidence to inform the final version of this year's SHIP. We also anticipate that consultation will assist with our work in this area.

The City Council also benefits from the Equality Impact Assessment carried out which can be accessed at: -

<http://www.glasgow.gov.uk/NR/rdoonlyres/A052ED0A-30F5-4CF1-9AC3-3B006246E6E4/0/LHSEqualityImpactAssessoct08.pdf>

We will be building on this assessment and the HNDA, underpinned by the new Public Sector Equalities duties, as part of the preparation of the City Council's new Local Housing Strategy 2011 Equalities Impact Assessment.

Once the Local Housing Strategy is approved by Council, this will provide a framework for future SHIPs with respect to Equalities.

Appendices

1. SHIP Projects (see separate xls document)
2. Chart X: Affordable Housing Units by Grant Type & Local Housing Forum Area
3. Chart X: Indicative Affordable Housing Funding by Year (£m) Citywide
4. Chart X: Indicative Affordable Housing Investment by Funding Category (£m) by Local Housing Forum

Chart X: Affordable Housing Units by Grant Type & Local Housing Forum Area

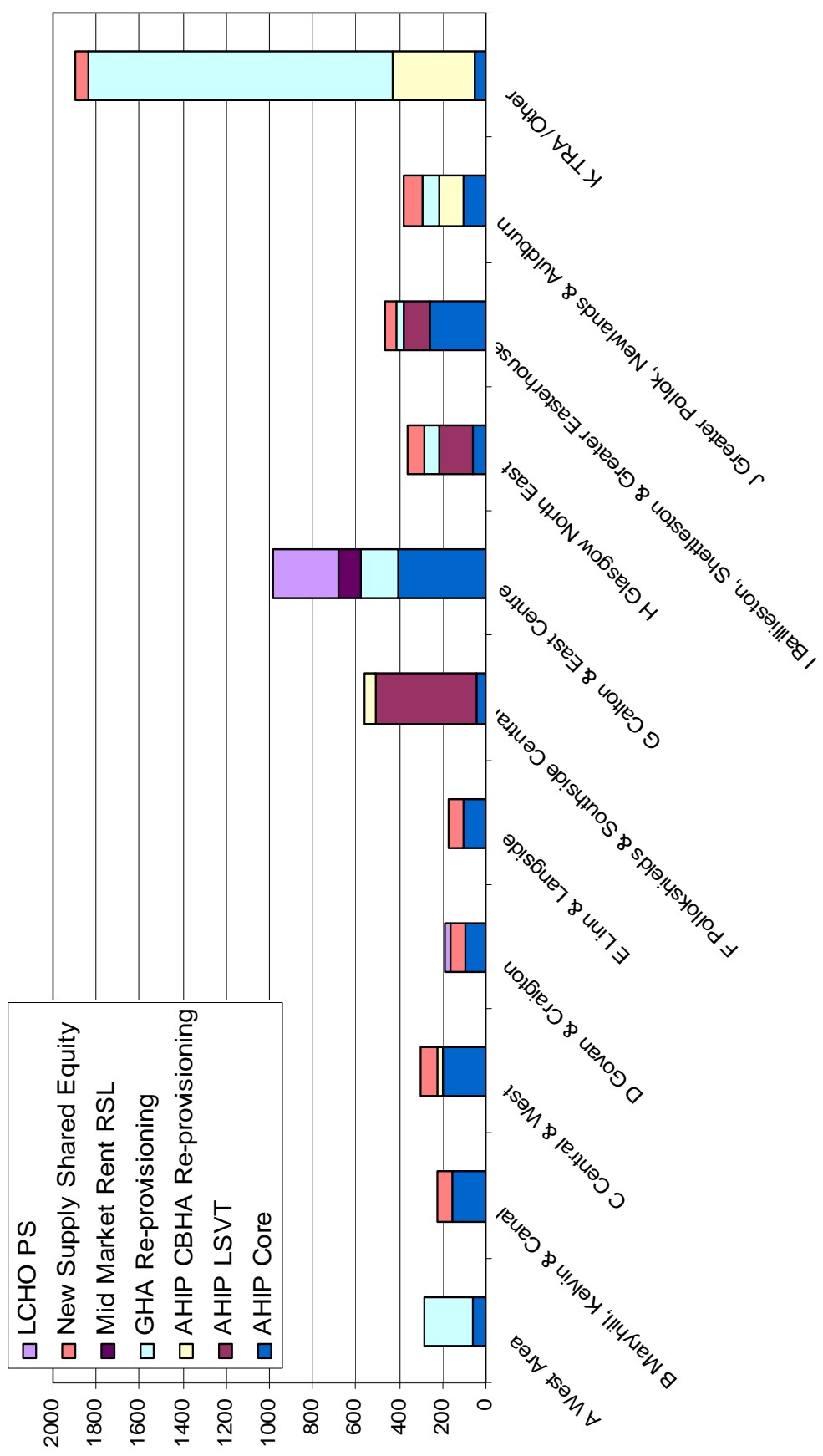


Chart X: Indicative Affordable Housing Funding by Year (£m) Citywide

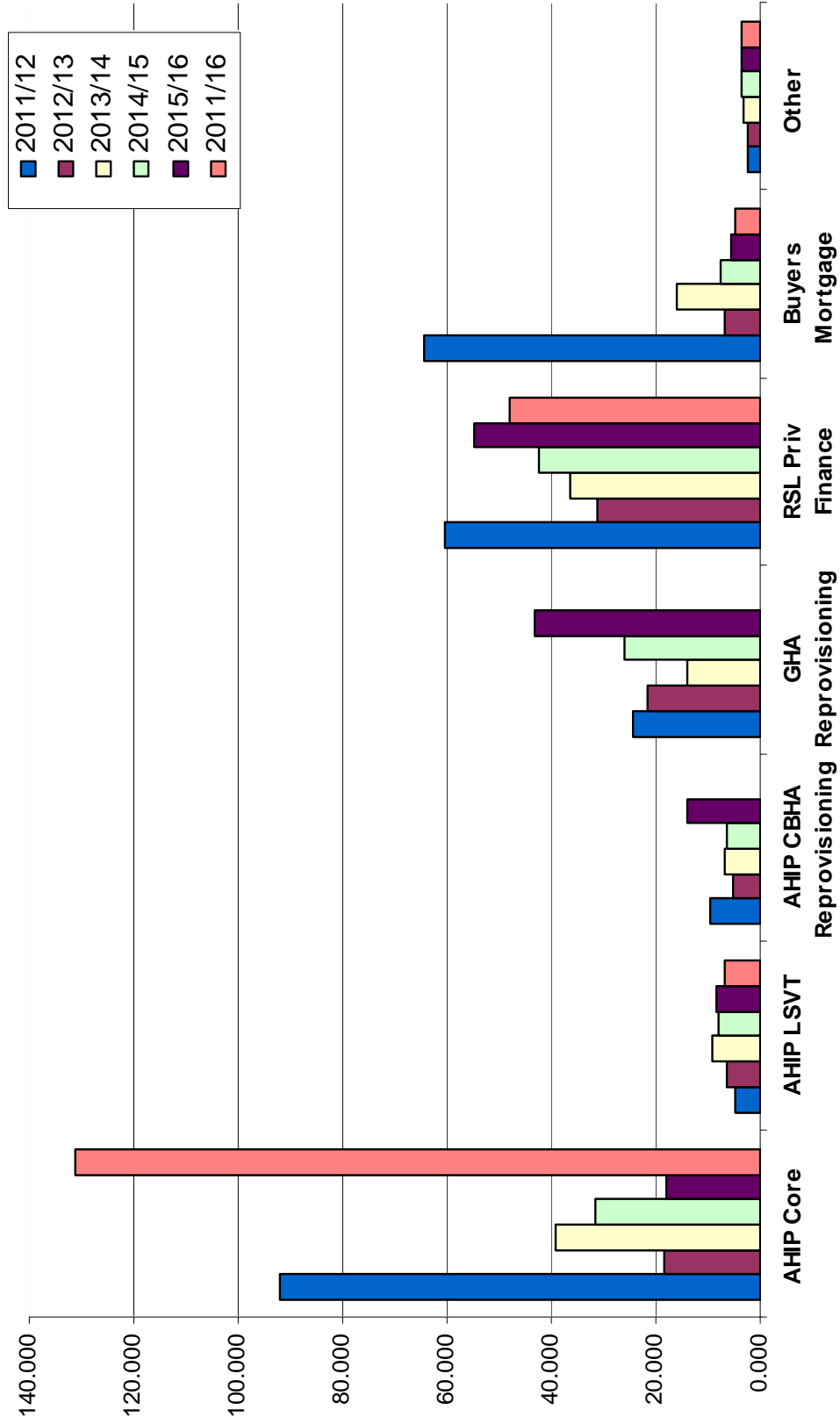


Chart X: Indicative Affordable Housing Investment by Funding Category (£m) by Local Housing Forum

