



A Guide to Good Practice in Partnership Working Between Scottish Councils and RSLs

Final Report August 2014

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In particular we would like to thank Tony Donohoe (housing consultant) who carried out all aspects of the research and production of the final report. (Tony can be contacted at info@tonyconsulting.co.uk)

We hope the final report will be of assistance to councils, housing associations and government alike.

Jim Hayton

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August 2014

Executive Summary of Good Practice in Joint Working between LAs and RSLs

- a. This project examined good practice in joint working between LAs and RSLs in the following areas:
 - Strategic Housing Planning (LHS, HNDAs)
 - The Affordable Housing Supply Programme (planning, monitoring and resources)
 - Joint Working in Delivering New Build Affordable Housing
- b. The study method involved a survey of all 32 LAs in Scotland (23 responded) and six LA case studies (Aberdeenshire, Argyll & Bute, City of Edinburgh, Fife, Highland and Renfrewshire).
- c. The key good practice points are summarised below and primarily reflect the evidence gleaned from the six LA case study areas and to a lesser extent the LA survey.
- d. Key Good Practice Points identified in ***Strategic Housing Planning***:
 - i. A partnership group structure in place which has RSL as members and playing an active role contributing to the development of the LHS
 - ii. RSLs also being members of LHS sub-groups or thematic implementation groups
 - iii. The role of RSLs can extend to chairing strategic housing groups
 - iv. Strategic housing groups should be clear on membership and governed by an agreed role and remit document

- v. Strategic housing planning processes should enhance joint working with RSLs allowing sufficient scope and time for them to become involved
 - vi. In individual LA areas a shared understanding with RSLs of local strategic housing priorities (for example regeneration areas or areas of high levels of identified housing need)
 - vii. The involvement of RSLs in specific aspects of research for the wider evidence base for the LHS
- e. Key Good Practice Points identified in ***planning and monitoring*** the Affordable Housing Supply Programme :
- i. A Working Group or Local Development Forum/s to plan and monitor the AHSP at local level (including housing and planning representatives from the LA)
 - ii. Joint working on criteria and frameworks for assessing project proposals for inclusion in the Strategic Housing Investment Plan (SHIP)
 - iii. Programme monitoring arrangements should be in place jointly between the LA, Scottish Government and RSLs
 - iv. The nature of programme monitoring arrangements must take into account the local operating context but should include engagement with all actively developing RSLs
 - v. Tri-partite quarterly programme monitoring meetings work well (the LA, Scottish Government and individual RSLs)
 - vi. The Development of Key Performance Indicators to benchmark or monitor the programme locally
 - vii. Monitoring of progress on the AHSP and annual targets should be reported through LHS and or SHIP partnership structures to ensure all RSLs (operating in a LA area) are kept informed

- f. Key Good Practice Points identified in **resourcing** the Affordable Housing Supply Programme:
- i. LAs should assess and consider the financial resources available to support the RSL sector in delivering new homes for both the SHIP and Strategic Local Programme
 - ii. LA resources could include Council Tax from second homes charges, commuted sums realised through Affordable Housing Policies, on-lending and other mechanisms available to LAs
 - iii. Where appropriate LAs should consider prioritising land disposals to support the development of affordable housing
 - iv. All LAs should consider and appraise the various SG funding and delivery mechanisms open to them to assist in delivering their AHSP
 - v. Joint working on identifying and assembling land opportunities could be furthered by more structured involvement of RSLs (for example a joint working group)
- g. Key Good Practice Points identified in the **delivery** of new build affordable housing:
- i. Understanding the procurement operating contexts for both LAs and RSLs
 - ii. LAs being open to consider projects that meet a range of identified housing needs from social rent to mid-market to low cost home ownership
 - iii. Where appropriate LAs should consider availability of skills and expertise in RSL sector to assist in delivering Council new build programmes
 - iv. LAs and RSLs should ensure that the feasibility of joint delivery (sharing resources and expertise) of individual new build projects is considered when planning the AHSP

- v. Collaboration could extend to consideration of a number of areas such as available resources (land, finances, organisational), joint design and specification, development services and actual procurement
- vi. Both LAs and RSLs should be open to joint working in delivering new build housing with a willingness to share expertise and accept the necessary learning process this entails
- vii. It is important to maintain a balance of providers in the local delivery framework i.e. more than one developing organisation able to deliver affordable housing in each LA area.

PART 1 - OVERVIEW OF GOOD PRACTICE

1. Introduction & Background to Study

- 1.1. This report has been produced by The Association of Local Authority Chief Housing Officers (ALACHO) and outlines good practice in partnership working between Scottish Councils and Registered Social Landlords (RSLs) across the broad area of affordable housing. It focuses on relationships on strategic planning (primarily Local Housing Strategies & Housing Needs and Demand Assessment) and the monitoring and delivery of the Affordable Housing Supply Programme (AHSP). Particular emphasis is placed on the resources utilised by Councils to support the RSL sector in this regard. This also leads into an initial examination of potential emerging good practice in joint procurement between Councils and RSL.
- 1.2. This report has been produced in consultation with the Scottish Federation of Housing Associations (SFHA) and the Scottish Government (SG).
- 1.3. The study had three main stages:
 - A survey of Local Authorities in Scotland and associated report on the findings;
 - The selection of a small number of case studies with the intention of investigating and highlighting good practice;
 - The production of a Good Practice Report on joint working.
- 1.4. ALACHO commissioned Tony Donohoe (former LA practitioner) to undertake this project on their behalf. The project was managed by the ALACHO Policy Manager, Jim Hayton. The project timescale ran from November 2013 until July 2014.
- 1.5. In tandem with this work the SFHA undertook a linked piece of work to obtain information from a sample of their members on current arrangements for joint working with LAs. Along with this study it was used to bring together coherent evidence identifying potential examples of good practice in joint working across Scotland.
- 1.6. This study is part of an ongoing stream of work related to ALACHO's involvement in the Scottish Government Housing Subsidy Working Group (HSWG) (and latterly the SG's affordable housing procurement group which emerged from the recent review of construction procurement in Scotland). It follows on from a specific recommendation in the report from the group (and agreed by Ministers in July 2013) in which both ALACHO and the SFHA undertook a commitment to progress work with the aim of identifying and sharing examples of good practice. The SG recognises the importance of good partnership working in the delivery of affordable housing. Recently published guidance on the AHSP¹ outlines the distinct roles and responsibilities of RSLs, LAs and the Scottish Government in delivery and clarifies the process for agreeing Strategic Local Programme Agreements (SLPAs). The guidance also sets out the current process and procedures for the AHSP. The recently published SHIP guidance (HSGN 2014/07) continues to emphasise the level of collaborative working which is expected between LAs, RSLs and other stakeholders in the development of a robust SHIP. Key to this is the expectation that

¹ HSGN 2014/15 - Affordable Housing Supply Programme: Process and Procedures

partnerships will fully consider and use the range of mechanisms as well as resources available to them to assist effective delivery.

1.7. This work has included an initial consultation by ALACHO (May 2013) with LAs on the nature of their contributions to the RSL sector to assist in delivering affordable housing. In summary this work found a significant level of council support enabling RSLs to provide new affordable housing across Scotland, including:

- Direct financial contributions to RSLs to fund affordable housing;
- The use of Council Tax (empty homes element) and Affordable Housing Policies to support RSL developments;
- The transfer of Council owned land (in many cases at below market value or nil value) to RSLs to support affordable housing developments;
- The use of other powers and financial contributions to support RSL developments.

1.8. Subsequently ALACHO submitted a discussion paper to the HSWG in October 2013. The paper examined initial issues in looking at improving joint working between LAs and RSLs on affordable housing issues. Specifically it focused on the planning, procurement and delivery of new affordable housing supply. Some of the issues highlighted in the paper were:

- While there are many examples of good partnership working consistency of practice may be an issue;
- There is perhaps a need to review current arrangements for assessing local housing needs and the priorities and programmes that flow from this;
- In the context of the Scottish Government Review of Construction Procurement the possibility of a more strategic approach to procurement of affordable housing being taken through partnerships between LAs, RSLs and the private sector where feasible and locally agreed;
- The potential for the creation of Local Housing and Planning Investment Forums as a mechanism to deliver improvements across the range of functions associated with planning, monitoring and delivery of affordable housing.

1.9. The aforementioned discussion paper also emphasised the need to establish views on partnership working (primarily from LAs and RSLs) and how they currently work in local areas. ALACHO undertook to canvass the views (through a survey) of the LA sector in this regard while the SFHA focused on gathering the views of their membership. The overall aim was to bring this information together as a foundation for identifying potential good practice examples across Scotland. The survey work provided the basis for selecting 6 Local Authority case study areas across Scotland through which more detailed information on good practice in joint working could be gathered. The study method is summarised below.

2. Study Method

- 2.1. In terms of the initial survey of LAs from the outset it was agreed that the Survey Monkey tool² would be used as the basis for administering this. The questionnaire was drafted and input to Survey Monkey. In December 2013 the survey was piloted with three LAs and minor amendments were made prior to final issue to all LAs. The final survey (29 questions) was issued to all 32 local authorities in Scotland in order to gather as wide a range of responses as possible. The survey data was collected over the period December 2013 to end January 2014.
- 2.2. In total 23 LAs (72%) responded to the survey. Responses came from a range of LAs in terms of size, geography and operating context. This included cities and other urban LAs, rural and one island authority. There were responses from both LAs (Glasgow City and City of Edinburgh) who operate the Transfer of Management of Development Funding (TMDF) arrangements.
- 2.3. Survey Monkey was used to analyse the survey results and this provided the basis for the production of a survey report at the end of February 2014. The report covered five main aspects of joint working between LAs and RSLs :
- Strategic Operating Context
 - Joint Working in Strategic Housing Planning
 - Procurement of Affordable Housing
 - Programme Delivery & Monitoring
 - Future Joint Planning & Investment Arrangements
- 2.4. The survey report provided the basis for initial identification of potential case study areas in Scotland. An initial shortlist was devised which identified areas where particular innovative or interesting partnership working was evident. The criteria for selection broadly focused on evidence of a good strategic foundation in partnership working, well-developed joint planning and monitoring structures for the AHSP and finally areas where there was evidence of joint delivery or procurement with RSLs for new build projects. This shortlist was subsequently discussed between ALACHO, the SFHA and the Scottish Government. From this six LA case study areas were selected which reflected a range of geographies, scale and operating contexts :
- Aberdeenshire Council
 - Argyll & Bute Council
 - City of Edinburgh Council
 - Fife Council
 - The Highland Council
 - Renfrewshire Council
- 2.5. For all six case studies the objective was to undertake a visit to the area³ and interview key LA officers along with a small number of RSL representatives to obtain more detailed information on their joint working practices. Local Authority contacts were asked to provide contact details for the main actively developing RSLs operating in their area. Arrangements in LA areas vary, however a minimum of one RSL participated in each area (although generally 2 or 3 RSLs participated for each

² The contribution of the Scottish Housing Best Value Network (SHBVN) is acknowledged in providing assistance with the survey.

³ The visits spanned the period from mid May 2014 to the start of July 2014.

case study area). A small number of RSL representatives were interviewed by phone due to meeting times not being suitable.

- 2.6. Face to face meetings were held with all LA officers with RSL representatives also attending these meetings in some instances. In other cases RSLs were met with on an individual or joint basis depending on what suited the local circumstances. In total 15 RSLs participated in the study either through attending meetings or phone interviews.
- 2.7. A topic guide was drafted for the case study visits and a summary sent to participants prior to the meeting or phone interview. During the meetings there was often additional formal information requested to clarify or provide detail on aspects of practice. Once all the information had been collected the case studies were written up on an individual basis and emailed back to the main LA contact to check for factual accuracy and comment where appropriate.
- 2.8. The final stage was the production of the good practice report based on the findings of both the survey and more importantly the case studies. The remainder of this report highlights good practice through examining the three main topics of:
 - Strategic Housing Planning
 - The Affordable Housing Supply Programme
 - Delivering New Build Affordable Homes
- 2.9. Under each of these headings specific subject areas have been identified through which evidence on joint working has been collected and collated. This leads on to highlighting common good practice points that primarily emerged through the case studies with a summary of specific good practice examples also provided. Finally this is supplemented by more detailed descriptions of good practice as evidenced through the case studies. The report is thus divided into two main parts with the first part (sections 3-6) covering the main general and good practice points. The second part (section 7 onwards) provides more detailed narrative on the individual case study areas under the aforementioned three main topics.

Strategic Housing Planning

3. Good Practice in Strategic Housing Planning

3.1. Through the course of the study using evidence from both the survey and the case studies a number of areas emerged where joint working between LAs and RSLs is important in strategic housing planning in Scotland. These are:

- The development of the Local Housing Strategy (LHS);
- Housing Need and Demand Assessments (as well as the wider evidence base for the LHS)
- Participation by RSLs in LHS partnerships
- and/or consultation processes.

3.2. In general partnership working at local level is well developed through the structures created to plan and deliver LHSs in Scotland. This is reflected in all the case study LAs with a degree of consistency in the opportunity for RSLs to be play an active role in LHS groups. This engagement also extends to participating in thematic or sub-groups linked to LHS implementation and indeed in some areas to RSLs being directly represented on Community Planning structures.

3.3. In two of the case study areas (Argyll & Bute and Fife) the main LHS group is chaired by the senior elected member with housing portfolio responsibilities. Some of the case study participants (particularly RSL representatives) took the view that this added an important dimension in terms of the potential to influence and link to the wider political priorities within the Council.

3.4. A slightly different approach also gives RSLs a prominent role in the strategic planning structures. For example in Edinburgh an RSL chairs the Affordable Housing Partnership which is the main forum for joint working between the Council and RSLs.

3.5. It is important to point out that where successful joint working is embedded there are opportunities to respond holistically and relatively quickly to new national policy and

Summary of Strategic Housing Planning Good Practice Examples

Joint Working through LHS Planning Groups:

- Argyll & Bute Strategic Housing Forum
- Renfrewshire Housing Providers Forum
- Fife Housing Partnership
- Highland Housing Strategy Group
- Edinburgh Affordable Housing Partnership
- Aberdeenshire Housing Strategy Steering Group

Joint Working on the HNDA and Evidence Base:

- Highland Council supporting the Highland Small Communities Housing Trust to undertake local housing needs surveys
- Renfrewshire Council Annual Housing Association Survey
- Argyll & Bute Council research on Private Rented Sector and Older Peoples Housing Needs
- Fife Council Housing Contribution to Health & Social Care Integration
- Aberdeenshire Mid-Market Tenure System

legislative changes. For example in Fife the work on the housing contribution to the Health & Social Care integration agenda. In practice the strategic planning structures and good basis for joint working has allowed the Council and housing associations to agree on an initial response to this emerging agenda.

- 3.6. In all the case study areas there is a good joint and shared understanding between the LA and RSLs on both the development of and actions to address strategic housing objectives/outcomes. This is particularly the case with consideration of affordable housing supply issues and projects being brought forward through the SHIP process.
- 3.7. Interestingly there is some good joint working on the evidence base for LHS in terms of local research into specific housing issues. In the case study areas topics currently being jointly examined include older peoples housing needs and demand for Mid-Market Rent. However the level of direct involvement in HNDA processes does appear to vary in terms of practice. Some RSLs reported less involvement in this process which is perhaps simply a reflection of the changed policy framework for HNDAs. For example the move to higher level HNDAs in city regions and emphasis on improving joint working between housing and planning professionals. At the same time this did not appear to be an issue for RSLs in general as involvement does still come through the formal consultation stage or progress updates at wider LHS groups (particularly where the LHS group is taking on the broad Housing Market Partnership role).
- 3.8. At the same time there was evidence in the case study areas of more active involvement. One or two LAs did refer to establishing working groups within their LHS structure that would be responsible for the HNDA process. An example of a more innovative approach is in the Highlands where the Council facilitates, through partial resourcing, the Highland Small Communities Housing Trust (HSCHT) to undertake local needs surveys to inform settlement specific priorities in terms of new affordable housing.
- 3.9. **The main elements of good practice in strategic housing planning are:**
 - An established partnership group/s structure where RSLs are actively involved and contribute to the setting of strategic housing priorities;
 - An agreed Terms of Reference document for strategic housing groups and the opportunity for RSLs to take on chairpersons role where appropriate;
 - A shared understanding of strategic housing priorities in the LA area including geographical differences in patterns of housing need;
 - Joint work on the assembly of the evidence base for the LHS (for example involving RSLs in steering groups for specific research);
 - Professional relationships between LA and RSL staff at all levels based on trust, good communication, openness and transparency;
 - Dissemination of information and consultation with all RSLs operating in a LA area as part of general strategic planning processes.

The Affordable Housing Supply Programme (AHSP)

4. Good Practice in The Affordable Housing Supply Programme (AHSP) – Planning & Monitoring

4.1. A number of dimensions to joint working on the Affordable Housing Supply Programme (AHSP) emerged through the study. Broadly these are:

- The planning of the programme and its relationship to LHS priorities articulated through the Strategic Housing Investment Plan (SHIP);
- The monitoring of the programme and the information flow and measurement against identified housing supply targets;
- The resources used by LAs to support the RSL sector in delivering new affordable homes.

4.2. Through the study it emerged that there was a difference to some extent in the nature of work to plan the programme at local level compared to the monitoring arrangements. The SHIP process is well-embedded in terms of joint working in planning the programme. In practice joint working in monitoring the progress of the programme is perhaps less apparent and this was the view of some of the stakeholders interviewed through the case studies. In all the case study areas there are well-developed processes with regard to planning the programme and producing the SHIP. While this does extend to monitoring arrangements even in some of the case study areas this perhaps isn't as clear as the planning function.

4.3. In all the case study areas there is clarity over the current RSL developer framework and a joint understanding of local priorities articulated through the LHS and associated SHIP. There are also generally fairly transparent and clear processes for prioritising individual projects within the SHIP. The main common criteria applied for assessing projects are:

- Meeting an identified priority housing need;
- Contributing to wider LHS objective or outcome (such as regeneration);

Summary of AHSP Good Practice Examples

Joint Working on Planning & Monitoring the AHSP:

- Fife Council - Joint working group on the SHIP & jointly agreed scoring matrix to prioritise projects
- Fife Council & Fife Housing Association Alliance – Development of key performance indicators
- Highland Council – Local Development Forums, quarterly meetings with SG& individual programme meetings with RSLs
- Aberdeenshire Council – Affordable Housing Forum & joint monitoring meetings with SG
- City of Edinburgh Council - Affordable Housing Partnership, RSL Development Directors Group, monthly meetings with SG and quarterly monitoring meetings with individual RSLs
- Fife, Argyll & Bute, Renfrewshire Councils – Tripartite monitoring meetings with SG and individual RSLs

- Planning and infrastructure;
 - Project costs and Value for Money
- 4.4. The case studies also provided evidence of direct RSL involvement in some of the SHIP decision-making processes. For example in agreeing the criteria to be used to assess projects or membership of a working group looking at the planning of the programme and discussing relative priorities. This has all enhanced the joint working relationship and commitment to deliver local programmes.
- 4.5. In recent years variations in practice on the monitoring function have primarily been driven by the housing market operating context, the specific roles of LAs in the AHSP and to some extent shifting priorities with LAs gearing up to implement new build programmes of their own. There have also been differences in terms of engagement with the SG on monitoring and some variation in approaches derived from the operation of TMDF (for example evidence of a more formal reporting and monitoring relationship in Edinburgh). To some degree this has led to a blurring of the boundaries and confusion over monitoring arrangements (although recently updated SG SHIP guidance may assist in clarifying this). One possible consequence of this was that in some LA areas the traditional model of joint programme meetings between the LA and the Scottish Government had been in abeyance.
- 4.6. It does appear now though that joint monitoring arrangements between LAs and the Scottish Government are being resurrected, and Scottish Government has initiated an IT project which should enhance capacity in this area. The case studies did show that monitoring arrangements which are in place at local level work well in these instances. For example the TMDF arrangements in Edinburgh provide a clear structure and responsibility on the Council to monitor progress alongside the Scottish Government. There are monthly joint meetings between the Council and the Scottish Government. In addition the Council meets on a quarterly basis with the individual RSLs that are actively developing. The need to deliver the programme within targets provides a strong impetus for well-structured arrangements.
- 4.7. In the other case study areas monitoring arrangements can vary slightly but still follow a structured process that could be considered good practice. For example in Fife there is a regular tri-partite meeting between the Council, Fife Housing Association Alliance and the Scottish Government. Similarly in Argyll & Bute and Renfrewshire there are joint meetings involving the Council, Scottish Government and individual developing RSLs. In Aberdeenshire the Council has joint meetings with the Scottish Government and RSLs have individual programme meetings with the Scottish Government. However for some RSLs there was a view that the programme monitoring and reporting arrangements currently in place did not allow sufficient feedback on the overall progress of the AHSP in a LA area. While this level of reporting and engagement may not be of interest to all RSLs it is important that LAs and the Scottish Government provide this flow of information for those that are.
- 4.8. Fife Council and the Fife Housing Association Alliance have advanced their monitoring arrangements to the stage where they have developed a set of joint Key Performance Indicators (KPIs) for both housing association and council new build developments. These are collected and monitored on a quarterly and annual basis included indicators on site starts, spend, average cost etc.

4.9. In some LAs, such as Highland, there is a degree of partnership working with the Scottish Government that extends to joint decision-making on prioritising RSL development projects that are above benchmark limits. From a LA perspective this should be regarded as good practice.

4.10. The main elements of good practice for the AHSP planning and monitoring function are:

- The existence of a Working Group or Development Forum with LA and RSL membership to drive forward the AHSP planning and monitoring function;
- Clarity and transparency in the prioritisation of projects to be included in the SHIP;
- Clear criteria to structure the prioritisation of SHIP projects usually:
 - Meeting an identified housing need
 - Contributing to LHS objectives/outcomes
 - An assessment of planning and infrastructure
 - The cost and associated resources available for funding the project
- Appropriate involvement of RSLs in the decision-making structures for the projects;
- Ensuring that RSLs are consulted on a draft of the SHIP within a reasonable timescale and have the opportunity to obtain feedback on decisions on their projects;
- Tri-partite meetings between the relevant Council, Scottish Government and individual or lead developer RSLs work well (as a minimum these should be bi-annual but quarterly could be regarded as best practice);
- Ensuring that there is a monitoring structure and reporting mechanisms that allows developing RSLs to obtain an overview of progress of the AHSP in the LA area (for example through a specific SHIP or LHS group);
- LAs working jointly with Scottish Government to arrive at joint decisions on AHSP projects that are above normal benchmark limits.

5. Good Practice in The Affordable Housing Supply Programme – Resources to Support Development

5.1. Particular emphasis has to be placed on the good practice of utilising resources across the sector (LA and RSL) to facilitate affordable housing development. Through the case study work it was evident that significant financial and non-financial resources have been applied to deliver the AHSP in recent years. In terms of good practice it is important that LAs consider their resource capabilities to support both their own development potential and that of RSLs. This has to be done in the context of value for money considerations, other strategic housing priorities and appropriate decision-making structures. However it is evident that the case study LAs have used a wide range of solutions to support RSLs in developing new affordable housing. These broadly fall into the following categories:

- Use of various financial mechanisms, such as commuted sums or Council Tax second homes funding; to support RSL developments
- Direct provision of grants or loans to RSLs;
- Transfer of council owned land to facilitate RSL developments of new affordable housing;

- More recently accessing new SG funding and delivery models to deliver affordable housing such as the National Housing Trust or Innovation and Investment Fund.
- 5.2. Within this context it is also paramount to highlight the two way nature of the resource equation in terms of joint working. The ability of RSLs to take advantage of available resources and assist LAs is related to their capacity and expertise in delivering development projects. The resources in terms of organisational capability, staff expertise and private finance leverage cannot be underestimated. It is clear through the case study work that LAs appreciate the innovation and willingness of RSLs to help them deliver their strategic housing supply priorities. Indeed some of the best examples of joint working involve the actual delivery of affordable housing projects which bring together a number of dimensions. These include the joint understanding of strategic housing priorities, use of LA resources and a willing RSL partner with the resource capability to deliver.
- 5.3. In terms of a strategic approach to supporting RSL development good examples from the case studies are the Argyll & Bute Strategic Housing Fund and the Highland Land Bank facility. Both these mechanisms have similarities in terms of overall objectives, criteria for accessing them and the fact they are the consequence of clear strategic decisions to bring together various financial resources to support the development of affordable housing. More detail on these approaches can be found in section 8 of this report.
- 5.4. Almost all the case study LAs demonstrated that they had made on-lending facilities available to RSLs to support their development programmes or indeed in some cases 'top up' grants. Grants are generally where LA resources have been used to 'make the difference' in the financial viability of RSL projects, mainly where there was a shortfall in the subsidy available. It was also the view of some case study LAs that they had in many instances, through procuring RSL development agent or other services, been supporting the RSL sector in employment and retaining skills and expertise in the sector. While RSLs tended to acknowledge this they also took the view that there perhaps could have been greater consideration of using this capacity in the sector to assist in the delivery of the growing LA new build programme.
- 5.5. Access to and assembly of land opportunities to deliver affordable housing is a shared strategic priority between the LA and RSL sectors. This was evident throughout the case studies given the various pressured markets they are operating in. For example from urban housing supply pressures in the city of Edinburgh to the rural housing supply pressures in the Highlands and Argyll & Bute and the need for regeneration and use of associated brownfield sites in Renfrewshire. The case studies pointed to a significant degree of joint working to overcome these issues including:
- The operation of Affordable Housing Policies to assist in accessing land (particularly successful over a number of years in Aberdeenshire and City of Edinburgh);
 - The Highland Council Land Bank Facility;
 - In Fife a working group (LA & RSL) with the remit to consider the disposal and acquisition of sites to support affordable housing provision;
 - Consideration by LAs to transfer land at nil, nominal or below market value to support RSL developments;

- RSLs continuing to operate in the market in terms of land acquisition.

5.6. Further opportunities for joint working have been opened up by Scottish Government initiatives such as the current National Housing Trust (NHT) and in the past the Innovation and Investment Fund (IIF). For some LAs this has allowed the development of additional affordable housing delivery mechanisms to meet strategic housing priorities. For example through the National Housing Trust model the City of Edinburgh Council has paid out over £45m since 2012/13. In one instance the Council has also provided a rental guarantee for an RSL project. Other examples include Highland Council where prudential borrowing powers have been used to support NHT projects.

5.7. The Main elements of good practice in resources to support RSL development:

- LAs to assess and consider their financial resources available to support the RSL sector in delivering new homes for both the SHIP and Strategic Local Programme;
- This includes Council Tax from 2nd Homes, commuted sums realised through Affordable Housing Policies, on-lending and other mechanisms available to LAs;
- Where appropriate LAs to consider prioritising land disposals to support the development of affordable housing;
- All LAs should consider and appraise the various SG funding and delivery mechanisms open to them to assist in delivering their AHSP;
- Joint working on identifying and assembling land opportunities could be furthered by more structured involvement of RSLs (for example a joint working group).

Summary of Good Practice Examples

Joint Working on Resources to Build Affordable Homes:

- Highland Council - Land Bank Facility & 'top-up grants'
- City of Edinburgh Council – Affordable Housing Policy, loan facility and use of NHT
- Aberdeenshire Council – Affordable Housing Policy, Planning Gain team and 'top-up grants'
- Argyll & Bute Council - Strategic Housing Fund and loan facility
- Fife Council – Land transfers & Affordable Housing Site Identification and Disposals Group

Local Authority Resources used to Support RSL Development:

- Council Tax funding from 2nd homes
- Commuted sums obtained through the application of an Affordable Housing Policy
- On-lending facilities to RSLs (for example through using financial reserves)
- Direct grant provision from Council funds
- Transferring land at below market, nominal or nil value

Good Practice in Joint Working Delivering New Build Affordable Homes

6. Good Practice in Joint Working Delivering New Build Affordable Homes

6.1. In recent years LAs in Scotland have re-established their role in building new rented homes. This has begun to complement the role that the RSL sector has played in developing homes over the past two or three decades. However it has also led to notions of how the two sectors could work together to deliver the AHSP. Part of this study looked at emerging practice in Scotland that might indicate LA areas where both sectors are working more closely on issues such as joint procurement of new build housing.

6.2. Of the six case studies there was not a great deal of evidence of specific work on joint procurement between LAs and RSLs. However this has to be qualified by the operating environments including one case study being an LSVT authority, the differences in AHSPs with regard to actual numbers being delivered and the share of the programme between Council and RSLs. Other influencing factors are the previous experience or consideration of joint procurement initiatives among the RSL sector and rurality in terms of the contractors' provider framework. For example in one rural case study area there was a view that there are limitations in the number of contractors that are active and working in certain areas. Therefore the ability of joint procurement to foster greater competition and potential efficiencies is perhaps limited. In addition some national or regional RSLs have already developed their own framework agreements. It is important to note that in Fife there was an overall view that the 'Lead Developer' model has worked well for the Council and Fife Housing Association Alliance.

6.3. In the context of an overall area programme where a LA and RSLs are developing new build housing it is clear that a significant driver in joint working is the size of the programme and the relative share. For example some LAs may have

Summary of Good Practice Examples

Joint Working to Deliver New Build Affordable Homes:

- Highland Council New Build Projects - Caledonia HA and Albyn Housing Society
- Renfrewshire Council New Build Projects – Williamsburgh HA and Sanctuary HA
- Fife Council New Build Project – Kingdom HA
- City of Edinburgh Council - Quartermile Project with Hillcrest HA
- Aberdeenshire Council New Build Project – Sanctuary Group (Tenants First)

used RSL services (project management, development etc.) in the initial stages of their new build project. This tends to change when a LA scales up the programme and develops in-house expertise and in some cases recruit specifically to manage their programme.

- 6.4. On the other hand across the case studies there is evidence of some emerging practice with regard to the joint delivery of affordable housing projects (LA and RSL). This is particularly evident in Renfrewshire but also to some extent in Edinburgh, Highland, Fife and Aberdeenshire (Argyll & Bute is an LSVT authority). The joint working varies in nature from LAs contracting with RSLs to provide development/project management services to joint tendering processes for professional services and contractors. It is often based on delivering on sites where the land ownership is split between the Council and an RSL.
- 6.5. These arrangements are usually instigated where a specific mixed provider or tenure project has been identified as part of the AHSP. For example in Renfrewshire the Council is currently working with a local Housing Association (Williamsburgh HA) to deliver a joint development of 47 social rented homes. The Council's corporate procurement service is leading on the tendering process for design and construction services but working closely with the Housing Association to ensure that their procurement requirements are also met. The Council also worked in partnership with Sanctuary Group to deliver its first new build project with Sanctuary acting as development agents. There are also elements of joint procurement in both these projects with the Council and the RSLs working together on tendering activities. This has included the RSLs working more closely with both the strategic housing team in Renfrewshire and also the corporate procurement service within the Council. While there has been a learning curve both organisationally and for staff in this it does appear to have worked relatively well. This is primarily a testament to the commitment of both LA and RSL staff to work in a professional manner with a strong partnership focus.
- 6.6. It is clearly important that LAs remain open to consideration of projects that meet a wide range of housing needs from social renting to mid-market rent and low cost home ownership. While the specific local need priorities should always be derived from the HNDA and LHS, flexibility in tenure options can make the difference in terms of financing and subsequent delivery of projects. It also fosters a degree of innovation in the climate of joint working allowing RSLs more room to consider different financing routes and models of delivery. The other examples of joint working on delivery in Aberdeenshire, Edinburgh, Highland and Fife highlight this to a great extent with innovation in terms of land and funding as well as a mix of tenure options such as mid-market rent or LCHO as well as social renting being provided.
- 6.7. Significantly in all the case study areas there remains a mix of organisations developing and delivering affordable housing across the LA and RSL sectors. While the purpose of this study is not to assess the effectiveness of local delivery arrangements it is evident that all areas still had a number of developing organisations operating. In these areas this report has shown that the current delivery arrangements are working. Therefore it may be the case that maintaining a balance of affordable housing delivery options is important in each area, which also helps to minimise any risks of over-reliance on one provider.

6.8. Main Elements of Good Practice in Delivering New Build Homes:

- Understanding the procurement operating contexts for both LAs and RSLs;
- Being open to consider projects that meet a range of identified housing needs from social rent to mid-market to low cost home ownership;
- Where appropriate LAs should consider availability of skills and expertise in the RSL sector to assist in delivering Council new build programmes;
- LAs and RSLs should ensure that the feasibility of joint delivery (sharing resources and expertise) of individual new build projects are considered when planning the AHSP;
- This may extend to consideration of a number of areas such as available resources (land, finances, organisational), joint design standards and specification, development services and actual procurement;
- Both LAs and RSLs should be open to joint working in delivering new build housing with a willingness to share expertise and accept the necessary learning process this entails;
- It is important to maintain a balance of providers in the local delivery framework i.e. more than one developing organisation able to deliver affordable housing in each LA area.

PART 2 - DETAILED EXAMPLES OF GOOD PRACTICE

7. Strategic Housing Planning

Argyll & Bute Council

- 7.1. In relation to strategic housing planning processes RSLs and other partners are active members and participants in the Argyll & Bute Strategic Housing Forum (ABSHF). This group brings together a wide range of stakeholders in the local housing system. This partnership is key to the success of joint working between the Council and RSLs with a long-standing and common understanding of the strategic housing priorities within the area. The ABSHF membership is comprehensive and includes among others the Council's housing, planning and adult social care services, the Scottish Government, four local RSLs, the Loch Lomond & the Trossachs NPA, NHS Highland, Tenants representatives and Scottish Water. Other organisations are also invited to participate and attend where appropriate including national RSLs, private developer and landlord representatives etc. Importantly the SHF is chaired by an elected member – the Council's Housing Spokesperson. This gives an additional dimension to the group with a direct link to political structures through which housing issues could be progressed where appropriate. There are also clear mechanisms for the group to report through the Council's Community Planning Structure with the Head of Service responsible for this as a member of the wider Community Planning Partnership.
- 7.2. The Forum's agenda covers a plethora of strategic housing issues including the HNDA, LHS, SHIP and homelessness. For the purposes of the HNDA the forum acts as the basis for the Housing Market Partnership in the area. It also looks at the wider policy agenda for example, at the most recent meeting there was a presentation and discussion on the Learning Disability Strategy in Argyll & Bute and how it links to the LHS. Generally the group meets on a quarterly basis.
- 7.3. The RSL consultees in the case study complimented the Council's approach to the ABSHF and the openness and transparency in which business is conducted in Argyll & Bute. They took the view that the 'housing team' are good at ensuring that other Council services are working in partnership to assist in the development and delivery of strategic housing priorities. The SHF also provided them with an opportunity to input into the LHS, develop a joint perspective on housing priorities and to network with both the Council and other organisations.
- 7.4. In Argyll & Bute there is also (through the joint working foundation of the ABSHF) a focus on involving RSLs in the HNDA and other housing research projects led by the Council. This has included recent work on the private rented sector in the area and also a forthcoming project on the housing and support needs of older people. RSLs also quoted their involvement in the HNDA as an area where they felt there was inclusive approach from the Council.

Fife Council

- 7.5. In Fife RSLs are key members and participants in strategic housing planning through various partnership groups. The Fife Housing Partnership (FHP) is the main foundation for joint working between the Council and RSLs. It is chaired by an elected member of the Council (Executive Spokesperson Housing & Building Services) with the vice-chair being the Chief Executive of Kingdom HA. The FHP brings together the Council, RSLs and other housing stakeholders to discuss the main housing issues and agree on priorities for the Local Housing Strategy (LHS).
- 7.6. The FHP is underpinned by a specific aim and a number of objectives including to develop, implement and review the LHS as well as charting progress of the strategic housing contribution to the Fife Community Plan and associated Fife Partnership. The FHP has a relatively formal structure with membership drawn from the main housing stakeholder interests including the Housing Association Alliance and is also underpinned by a clear voting structure. In addition there is an LHS Implementation and Performance Group with a clear remit in developing and implementing the LHS with particular focus on consultation, resources and performance. There are also two high-level thematic LHS groups (1) social inclusion and (2) Condition & Supply both of which are supported by a RSL representative.
- 7.7. The emerging agenda on Health and Social Care integration and the involvement of housing is a good example of joint working between Fife Council and RSLs at a strategic level. In Fife there has already been significant work undertaken to clarify the “housing sector contribution” to the integrated Health & Social Care Partnership. This was subject to consultation with RSLs and approval through the Fife Housing Partnership. A report on “Health & Social Care Integration: The Role of the Housing Sector in Fife” has been initially endorsed by the Fife Housing Partnership and outlines the potential role of housing services in both the Local Authority and RSL sectors. While this is work in progress it is the case that joint working in Fife appears to have fostered the foundation for the Council to be in the vanguard of local authorities who are considering the impact holistically across the housing sector.

Renfrewshire Council

- 7.8. In terms of strategic housing planning processes RSLs are members of the Housing Providers Forum (HPF) in Renfrewshire. This is the main group responsible for taking forward the LHS, SHIP and related strategic housing issues in Renfrewshire. Quarterly meetings take place of this group. RSL membership includes local, regional and nationally active associations. The Council and members of the group have recently reviewed the terms of reference and one change is that there will now be a rotating chair with RSLs invited to take on this role (for example the next meeting will be chaired by Linstone HA). Examples of agenda items include the SHIP, a joint commissioning plan for older people and the Scottish Housing Charter. There is a formal document outlining the terms of reference of the HPF and this is a good mechanism for ensuring clarity over its role, remit, and membership as well as governance arrangements. Annual updates of the LHS are circulated to all RSLs which includes updates on actions within the LHS. RSLs are also involved in community planning group structures within Renfrewshire such as those dealing with welfare reform and tackling poverty.

- 7.9. There was a general consensus among the Council and RSL representatives that there is a good working relationship between personnel in the strategic housing team and their counterparts in RSLs. There is an open approach to working together to deliver strategic housing objectives and affordable housing projects. This provides a solid foundation for the joint working that is undertaken in Renfrewshire. Trust, respect and professionalism are viewed as key to the overall success. There was however some acknowledgement in practice of the different levels of engagement with RSLs due to the diverse nature of the sector with, for example differing staff structures and levels.
- 7.10. The Council's housing service also acts as a facilitator to ensure that other Council services are working jointly on strategic housing issues and enabling the delivery of the Affordable Housing Supply Programme. RSLs are appreciative of this approach and a good recent example has been the specific role of the Council's corporate procurement service in joint working with a local RSL (Williamsburgh HA) to procure services to deliver affordable housing.
- 7.11. Another interesting aspect of practice in Renfrewshire is the annual survey of Housing Associations which is distributed to all those that are active in the area. Through this the Council collects and analyses strategic information from Housing Associations across a range of activities including stock, voids, terminations, lettings, waiting lists, tenancy sustainment and welfare reform. This information is analysed and used to inform a Housing Trends Report and also contributes to the intelligence used for the Housing Needs and Demand Assessment. It also perhaps fosters a sense of shared interest, knowledge and importance of the information held by Housing Associations and its use in informing the LHS evidence base.

The Highland Council

- 7.12. RSLs and other development partners are members and participants in the overall Highland Housing Strategy Group (HHSG). This includes RSLs that are developing new affordable housing, the Highland Small Communities Housing Trust (HSCHT) and Highland Housing Alliance (HHA). The view is that this partnership is key to the success of joint working between the Council and RSLs with a long-standing and common understanding of the strategic housing priorities within the Highlands. The group meets 3-4 times a year and is the main forum for discussing overarching issues related to the HNDA, LHS and SHIP. There is also the opportunity for RSLs to update or put forward issues to be discussed at this forum. There is a sub-group of the main HHSG which is taking forward the new Housing Need and Demand Assessment (HNDA) for the Highland area. Membership of this group also includes RSLs.
- 7.13. The joint working structure also allows more innovative approaches to assessing housing need at a local level to help inform housing priorities in smaller rural communities. The HSCHT is facilitated through partial resourcing from the Council to undertake local needs surveys to inform settlement specific priorities in terms of new affordable housing. This assists in refining the higher level estimates of need obtained through an HNDA as well as promoting a more accurate picture of actual housing needs within relatively small communities.

7.14. There was a view among case study consultees that in the Highlands there are good working relationships between the relevant personnel in the Council's Housing Service and RSLs. This is aided by open lines of communication and the long-standing relationships created through partnership structures that have been in place for some time. One RSL commented that there was a good level of 'give and take' and partners work well even when difficult messages are being relayed. This 'spirit of partnership' has helped the Council and RSLs to overcome some of the recent challenges when housing programmes declined due to lack of national funding. For example the Council cited the use of RSL partners as developing agents for their own new build programme which helped to support employment and retain skills/expertise in the sector.

City of Edinburgh Council

7.15. In City of Edinburgh RSLs are key participants in strategic housing planning processes through membership of various partnership groups. The Edinburgh Affordable Housing Partnership (EAHP) is the foundation for joint working between the Council and RSLs. It is currently chaired by the Chief Executive of Prospect Community Housing Association. The EAHP has a broad membership of RSLs with some locally based within Edinburgh and others who work across a number of Local Authority areas. The EAHP brings together the Council and RSLs to discuss and take forward key strategic housing priorities within the city. For example this includes items such as updates on the affordable housing development programme, housing links to the health and social care agenda and housing support services. All stakeholders felt that this partnership worked well in ensuring strategic housing priorities are met and ongoing communication between the main housing stakeholders in the city is maintained.

7.16. Other partnership groups that underpin joint working in Edinburgh are the Development Directors Group (quarterly) and the RSL Chief Executives Group. Both of these groups are chaired by the Council. The Chief Executives Group is a forum which brings together the senior officers from the Council and RSL Chief Executives. The Development Directors Group brings together the Council and senior RSL staff to discuss the AHSP (planning and delivery) at a strategic level. This includes discussions over issues such as the role of individual RSLs in taking sites forward in the programme.

7.17. For the development of the Local Housing Strategy (LHS) as well as the various partnership group structures the Council undertakes specific consultation events through which all RSLs operating in the City are able to participate. It was clear in the opinion of case study participants that the partnership structure in Edinburgh works well in fostering joint working between the Council and RSLs. The group structure assisted in ensuring good working and professional relationships where lines of communication are open and day to day working relationships good.

Aberdeenshire Council

7.18. In Aberdeenshire, the Housing Strategy Steering Group has a wide membership that includes RSLs and representatives from private developers ensuring a high degree of involvement in strategic planning processes. RSLs are generally represented through

Chief Executives and are regular attenders and contributors to discussions and decisions over a wide range of strategic housing issues. Agenda items cover a spectrum of strategic housing themes including health & social care integration, welfare reform impacts and affordable housing supply.

- 7.19. There is also an Affordable Housing Forum (working group) in Aberdeenshire. It is governed by a specific Terms of Reference (revised in February 2014) and meets quarterly. The Terms of Reference provide a good level of clarity on the scope, objectives and membership of the group as well links to the wider reporting structure and performance framework. It has comprehensive representation from the RSL sector as well as other stakeholders such as the Cairngorms National Park Authority (CNPA) and Homes for Scotland. Among its responsibilities are preparation of the Strategic Housing Investment Plan (SHIP), ensuring the delivery of new affordable housing and examining and sharing best practice. The topical issue of mid-market renting and demand is another important emerging issue for the group.
- 7.20. This excellent strategic partnership structure in Aberdeenshire has led to some relatively innovative joint working on the issue of demand for mid-market rent and housing options and supply responses to it. The broad evidence on demand for MMR was initially identified through the HNDA. The more detailed Mid-Market Tenure System (MMTS) work is being progressed through a sub-group of the Common Housing Register (CHR) Partnership – Apply4Homes. It is joint work between Aberdeenshire and Moray Council along with 6 RSLs operating across the LA areas⁴. The MMTS is essentially an IT based solution that will be used to collect and collate data in relation to mid-market tenures. For example property, household and income data as well as tenure preferences. It is anticipated that the collation and analysis of the data will inform strategic planning and the future AHSP. The MMTS also has the capability to be used as a marketing tool to promote and advertise opportunities in this sector as well as signpost applicants to different providers.
- 7.21. Further to the MMTS work the Council is currently considering the use of the National Housing Trust LA Variant Model to deliver a number of homes (160 estimated by 31/03/18) for Mid-Market rent. This is viewed as an additional mechanism through which to deliver new affordable homes in pressured market areas in Aberdeenshire.

⁴ Grampian HA, Castlehill HA, Langstane HA, Tenants First, Moray Housing Partnership and Aberdeenshire Housing Partnership

8. Affordable Housing Supply Programme (AHSP)

Argyll & Bute Council

8.1. In Argyll & Bute the Strategic Housing Investment Plan (SHIP) process works well in terms of joint working with RSLs and other partners. The most recent SHIP published in June 2013 for the period 2013-2018 refers to the process reflecting "...a strong collaborative approach with Registered Social Landlords (RSLs) and other stakeholders." The HNDA is the initial driver in considering projects in terms of the overall strategic need identified in each area. Investment is targeted where the greatest affordable housing pressures are evident across both smaller rural and larger communities. Other criteria that are applicable when considering the prioritisation of projects include:

- Recent investment patterns
- Deliverability (i.e. site ownership, infrastructure or planning constraints)
- Project Development costs

8.2. For its own Strategic Housing Fund (details below) the Council also looks at a number of more refined criteria that allows it to prioritise projects at a more localised level. For example social housing pressure ratios, homelessness, stock levels and "wider strategic fit". As well as the mainstream programme with projects prioritised the SHIP also identifies clear "slippage" priorities (projects ready to take up slack from any projects falling behind schedule) and a "shadow programme".

8.3. In Argyll & Bute there are joint programme meetings between the Council, the Scottish Government and individual RSLs. This provides clarity and transparency in terms of planning and monitoring the programme for all partners. Housing Association consultees highlighted the involvement of planning and other services in ensuring the delivery of the affordable housing programme and the wider understanding of its corporate importance within the Council. They also stressed that the respective roles of the Scottish Government and Council in the AHSP process are clear from their perspective.

8.4. The Council has been particularly pro-active in supporting RSLs to assist them in delivering the affordable housing requirement identified in the LHS. The Council established the Strategic Housing Fund in 2007 and as at March 2014 this totalled over £10m (although a significant proportion is committed to projects – circa £6.6m). The two main funding sources for the SHF are General Fund monies collected from Council Tax on second homes (annually circa £1.8m) and the useable capital receipts reserve (accumulated unspent capital receipts from the sale of council houses and further receipts generated from residual HRA land or property). It is anticipated that future commuted sums realised through the implementation of the Affordable Housing Policy would also contribute to the SHF. The SHF is used to supplement Scottish Government funding for the AHSP identified through the 3 year Resource Planning Assumptions (RPAs). The Council uses this fund to:

- Directly provide grants to housing associations to deliver new affordable housing (the majority of the funding);

- Support a Rural Housing Development Fund (RHDF) that can be accessed by RSLs too;
- Support an Empty Homes Officer post and initiative to bring properties back into use.

8.5. The £1m RHDF is used to support the development of affordable housing in small isolated communities. The funding source is solely between the Council and the RSL. The Empty Homes project involves RSLs through grants and loans schemes for owners with a requirement to lease this to an RSL for specific time periods. In 2012 the Council agreed to make £1.5m available from the SHF and £1.5m from its reserves to provide a mix of grant and loan funding to bring empty homes back into use.

8.6. Over the period 2008-2011 the SHF contributed over £2.8m to support 171 new affordable homes and this was followed up by a further commitment in 2011/12 of £4.135m (grants) and £1.972m (loans). An additional 158 homes would be delivered through this. Housing Associations took the view that the SHF was key to some of the successes of joint working with the Council. The tangible resources behind the SHF allowed the Housing Associations to widen out the scope to deliver affordable homes.

8.7. In addition to the SHF the Council has a fund of £5m (from its own financial reserves) that has been used as long-term lending facility for RSLs to develop new affordable housing. This has also assisted in supporting the overall programme in Argyll & Bute. For example Argyll Community HA has utilised both the SHF grant and loan facility to support a 40 home affordable rent development in Oban. The loan application and financial appraisal is undertaken by the Council and submitted to committee for approval. To date the loan funding has been taken up by 3 RSLs. Finally the Council also supports RSL development programmes through the transfer of Council owned land to enable development. The main policy position is that these are appraised on a site-by-site basis in terms of the value attached (e.g. nominal, below market or market value). However for the most part these are generally at below market value.

Fife Council

8.8. In Fife the Strategic Housing Investment Plan (SHIP) process is successful in terms of joint working with RSLs. From the outset of the SHIP being introduced a joint working group (Council and RSLs) was set up which agreed the broad criteria against which potential projects are assessed. This is also the forum where the draft SHIP is discussed prior to finalisation and submission to the appropriate Council committee. The SHIP scoring matrix agreed with both the FHAA and Scottish Government offers a good level of transparency and accountability in terms of decision-making on project prioritisation. It includes criteria on:

- LHS Area Ranking (a geographical housing need ranking based on the HNDA);
- Development Status (focusing on deliverability and planning status);
- Development Timescale (where a project has an advanced development status);

- Strategic Fit – Equalities (where a project is meeting a particular need with a graded priority status);
- Strategic Fit – Sustainable Communities (where a project meets a regeneration, estates action or is a site of strategic importance);
- Limited Development in Settlement (where no affordable housing has been delivered in the past 3 years or more).

8.9. The SHIP provides clarity and transparency on the relative level of priority afforded to a particular project as well as the lead delivery agent (Council or RSL) on individual projects. Both the SHIP and Strategic Local Programme (SLP) are viewed as processes that are owned and progressed jointly by the Council and RSLs. It was also the view that a pro-active role from the Scottish Government has assisted in fermenting closer working relationships between the Council and RSLs. The operating structure also minimises any potential risks of competition over sites and the Fife Housing Alliance model has the advantage of providing a single point of contact between the Council and RSLs on development matters. The involvement of the Council's Planning Service is also viewed as a vital component in the successful planning and delivery of the Affordable Housing Supply Programme.

8.10. In relation to monitoring the AHSP there are tri-partite meetings between the Council, Scottish Government and FHAA. The arrangements in Fife are based on the SHIP and SLP being viewed as a joint partnership focused on delivering the programme. This is borne out by the track record in delivering targets. One other benefit of the solid foundation to these processes is the ability to plan and identify potential pipeline projects that can come on stream relatively quickly if additional funding becomes available.

8.11. The FHAA and the Council have co-operated on the production of a set of Key Performance Indicators to monitor the progress of the AHSP on a quarterly and annual basis. These are common KPIs that are applied to both RSL and Council new build developments. They include indicators on tender approvals, site starts and completions, spend as well as average costs and value for money.

8.12. It was also the view in Fife that the lead developer process had worked well in terms of delivering the programme over recent years. The lead developer was selected through a formal tender process led by the Council. It has been in operation since 2005. There was a second tender process in 2010/11 and this expired in March 2014. At this stage given the partnership with the FHAA and Kingdom HA as lead developer is working well for the Council the current arrangements are continuing. However the Council does not rule out considering other potential developing RSLs where appropriate.

8.13. The Council uses various resources at its disposal to support RSLs in delivering the AHSP including:

- Land transfers at nil or below market value (HRA and non-HRA);
- Council Tax 2nd Homes Discount monies;
- Commuted sums through the Affordable Housing Policy;
- On-lending to RSLs.

8.14. Since 2011/12 the Council has sold 6 HRA sites at nil or nominal value and 2 on the Council's General Account (1 of these on deferred payment basis) to facilitate new housing developments in the RSL sector. One other non-HRA site has also been sold to support affordable housing development (not at nil or nominal). In total these will generate 92 new social rented and 87 mid-market rent homes. Development programmes delivered by the Fife Housing Association Alliance have also benefitted from financial support from Council funding mechanisms such as Council Tax 2nd homes and commuted sums generated through the Affordable Housing Policy. Since 2011/12 just over £4m has been made available for this purpose, the greatest proportion of which has come from the Council Tax source. The Council has also made an 'on-lending' facility available to RSLs.

8.15. Under the auspices of joint working another interesting aspect of practice in Fife is the existence of the Affordable Housing Site Identification and Disposals Group. The group's remit is to support the delivery of affordable housing through the disposal and acquisition of land for council and RSL development. The group membership includes the FHAA, and various Local Authority Services covering Housing, Legal, Estates, Transport and Planning. This group is the catalyst for a strategic approach to identifying and delivering site opportunities to inform the SHIP and ultimately deliver the AHSP.

The Highland Council

8.16. The Council's Strategic Housing Investment Plan (SHIP) process also works well in terms of joint working with RSLs and other partners. Through the assessment of housing need and demand the LHS directs the overall distribution of affordable housing subsidy based on a proportionate geographic split – for example currently 45% is allocated for the Inverness area. This is agreed with RSL partners. In relation to the investment programme and the prioritisation of individual projects this is done in an open and transparent manner with developing RSLs. The three main criteria that are applied are:

- Is the project meeting an identified housing need;
- Value for money;
- Deliverability in terms of infrastructure, planning status etc.

8.17. The SHIP projects are discussed at the LHS group with RSLs and prioritised on the basis described above. The same criteria are used for both Council and RSL developments. This system has worked well for the Highlands with no disputes over the prioritisation of projects for the SHIP. The adoption of straightforward criteria has also been beneficial in the ability of organisations such as the HSCHT in articulating to local communities the decision-making process around specific projects. In essence the relationship between the Council and RSLs has provided a sound footing to ensure excellent planning of the programme. In addition it has also enhanced the ability to create a 'shadow' programme to take advantage of any additional funding that becomes available at national level.

8.18. In relation to monitoring the AHSP there are also established and good working arrangements in the Highlands. In particular the joint working arrangements between the Council, RSLs and the Scottish Government have been highlighted. There are

quarterly meetings with the Scottish Government and individual programme meetings with RSLs. Scottish Government representatives are also invited to and attend the Highland Housing Strategy Group and Local Development Forums. The good working relationship also extends to joint decision-making between the Council and the Scottish Government on RSL developments that are outwith standard benchmarking limits.

8.19. A further aspect of good practice in the Highlands is the Local Development Forums (LDFs) that have been in existence for a number of years. There are currently six covering distinct areas⁵ in the Highlands. While there was a period of inactivity due to the wider market and subsidy situation they are now active again. The LDFs draw their membership from a wide range of stakeholders including the Council (planning, housing, roads etc.), RSLs, HSCHT and SEPA. Their role is to facilitate the delivery of affordable housing projects at local level (identifying site opportunities, overcoming infrastructure issues etc.) and consider associated economic issues. The overall view is that these have worked very well in ensuring delivery of projects at a local level. The development forums membership extends to representatives from private developers on an invite basis and this was viewed as beneficial in the overall land and development discussions. LDFs also offer the opportunity for providing updates on the overall AHSP in the Highlands.

8.20. The Council uses various resources at its disposal to support RSLs in delivering the AHSP including. One of the most innovative approaches was the establishment of the Land Bank facility a number of years ago. The funding catalyst was £5m from the Scottish Government and £5m from the Council. Over the years the Council has continued to support the fund through the application of other resources. For example monies obtained through the 2nd homes Council Tax, HRA land sales, commuted sums and revenue from recycled loans for previous projects. Since its inception the total investment made available is estimated at over £28m. The fund has been used for a variety of purposes within the overall aim of supporting affordable housing delivery:

- Costs associated with the disposal of Council owned sites (e.g. demolition costs);
- Site acquisition and site servicing costs (including abnormal costs);
- House building costs;
- Supplementing funding for high cost projects (in areas of housing shortage);
- Part funding council house build programmes.

8.21. In the context of joint working to deliver affordable housing this approach to date has been highly successful in the Highlands. The combination of loans and grants available through the Fund has led to an average investment of approximately £20,000 per home, creating over 1,700 new homes of all tenure types. A large number of Housing Association projects have submitted applications to the Council and benefited from the Fund.

8.22. Examples of the projects delivered include:

⁵ Badenoch & Strathspey and Nairn; Caithness & Sutherland; Inverness; Lochaber; Easter, Mid and Wester Ross; Skye & Lochalsh

- Mixed tenure developments (private and affordable) in Culloden, Tain, Kildary and Nairn;
- New housing in Nairn to meet the needs of older people;
- The first new affordable housing for many years provided in rural communities (e.g. Plockton, Mallaig, Carrbridge, Dornoch and Acharacle).

8.23. The Council has also approached RSLs with potential on-lending facilities but none have taken this up to date. The Council has used Prudential Borrowing to facilitate the delivery of National Housing Trust (NHT) units. Nearly £24m has been identified with the aim of developing 236 new homes.

City of Edinburgh Council

8.24. In Edinburgh the Strategic Housing Investment Plan (SHIP) process works well in terms of joint working with RSLs. The basis of this is a common understanding of the key strategic housing priorities within the city and RSLs constructing development programmes that both fit with this and are deliverable. According to the Council the Transfer of the Management of Development Funding (TMDF) has also assisted in fostering better joint working with RSLs given the Council's pro-active role in the planning, monitoring and delivery of the programme. RSLs reported that the process for submitting project proposals through the SHIP process is good with their prioritisation of projects relatively straightforward due to the overall clarity in the strategic housing priorities within the LHS.

8.25. There are monthly joint liaison meetings between the Council and the Scottish Government as well as quarterly programme monitoring meetings between the Council and individual RSLs. The overall progress on the AHSP and delivery against supply targets is reported through the LHS process. The various strategic partnership groups are used as mechanisms to update RSLs on the overall progress on the programme.

8.26. The Council has led on promoting innovation in terms of working jointly to apply resources to deliver the main housing priority of addressing the shortfall of affordable housing. RSLs supported this view that the Council was open to innovation and ideas to arrive at different funding and delivery models. Some of the mechanisms used by the Council to support RSLs include:

- Land transfers at nil or below market value (HRA and non-HRA)
- Council Tax 2nd Homes Discount monies
- Commuted sums through the Affordable Housing Policy
- On-lending to RSLs through the General Fund
- Use of the National Housing Trust and the former Innovation and Investment Fund.

8.27. Some of the main financial support available to the RSL sector includes a commitment to over £59m of potential 'on-lending' monies (although to date there has been no actual spend on this). Through the operation of the Affordable Housing Policy £1.508m of commuted sums has been used over the last three years to support RSL development. Working with the Scottish Government and RSLs the Council through the National Housing Trust model has paid out over £45m since 2012/13. In one

instance the Council has also provided a rental guarantee for an RSL project. All this provides ample evidence of the Council's commitment to joint working and supporting RSLs to deliver affordable housing.

8.28.RSLs took the view that the Council is particularly adept at fostering an environment encouraging innovation in the delivery of new affordable housing to meet the City's major housing priority to increase supply. This included being open to consideration of projects that are focused on meeting a wide range of housing needs from social rent to mid-market rent and Low Cost Home Ownership. Often the Council has used resources available to them such as commuted sums through the Affordable Housing Policy (for example in a Port of Leith HA development in Great Junction Street, Leith) to assist the delivery of RSL projects which otherwise might have had a funding gap. The Council highlighted its openness to consideration of various delivery mechanisms and projects proposed by RSLs when they meet the key objective of increasing housing supply.

8.29.City of Edinburgh Council undertook a Lead Developer selection exercise a number of years ago and preferred partners were selected as part of this process. In recent years there has been less of an emphasis on this with essentially there now not being a preferred developer framework for delivery. However this appears to be viewed more as an organic response to the changing economic and investment environment rather than a designed change in policy direction in terms of delivering the AHSP. The Council also emphasised their flexibility in considering proposals from RSLs across the board regardless of any former or current 'preferred partner' status. RSLs did report that the joint working arrangements in Edinburgh allow for a more strategic approach to land assembly where private developers are less able to 'play off' RSLs against each other.

8.30.In City of Edinburgh joint procurement in terms of delivering affordable housing is less pronounced. Stakeholders reported a number of complexities in this. For example the current council programme is relatively small in the overall context of the whole AHSP. The currently different procurement and organisational frameworks for LAs and RSLs are viewed as a significant hurdle at the moment. Some RSLs that operate at a national or regional level are more likely to engage in procurement activities at that level rather than with individual LAs. Those who had experience of developing framework agreements or joint initiatives (such as common design guides) pointed to the time and resource cost.

Aberdeenshire Council

8.31.In Aberdeenshire there is historically a strong foundation for joint working on affordable housing supply issues across the Council and RSL sectors. Part of this relates to the work in formulating the Affordable Housing Policy which has been in place for a number of years now. It was also the view that there has remained relatively high levels of housing development in Aberdeenshire and the wider housing market area throughout the recent economic downturn. Therefore the Affordable Housing Policy has remained critical in ensuring that land is available for RSLs to develop new homes. RSLs are particularly supportive of the Council's approach to planning gain issues with the existence of the dedicated team to co-ordinate this (which also delivers a service to City of Aberdeen and Moray councils). The Council's Planning Service is represented at all levels within the strategic housing planning

structure and along with the operational team on planning gain is to all intents and purposes the lead LA in Scotland in this regard. This benefits and enhances the relationships with RSLs who have direct communication lines with the Planning Service within the Council on issues of affordable housing.

8.32. Reflecting the wider relationship the SHIP process in Aberdeenshire works well for both the Council and RSLs. The Affordable Housing Forum provides the environment in which the SHIP and SLP can be discussed. Similar to other case study areas projects are prioritised on the basis of geographic patterns of housing need, deliverability and cost. RSLs input individual sites into the SHIP process, a significant proportion of which are driven by the Affordable Housing Policy requirements placed on private developers to provide affordable housing. Essentially private developers will approach RSLs to partner with in delivering their affordable housing commitments under the policy. Overall RSLs commented that there is good input into the SHIP process and an 'openness' with Aberdeenshire that may not be found in all LA areas. There was a view among RSL consultees that the Devanha experience had cemented relationships within the sector and led to a better understanding of the respective roles within Aberdeenshire. Subsequently tasks such as identifying the relevant RSL to take forward specific SHIP projects have been made easier (for example through mutual understandings of relative areas of operation).

8.33. In relation to monitoring the AHSP there are joint meetings between the Council and the Scottish Government. RSLs are involved in individual programme meetings with Scottish Government representatives. There is a good level of local joint monitoring on the AHSP through the Affordable Housing Forum in particular. It was the view of all stakeholders interviewed in the case study that the planning and monitoring of the programme jointly between the LA and RSLs is based on good professional working relationships. Regular contact and open and transparent lines of communication assisted this process.

8.34. The Council uses various resources at its disposal to support RSLs in delivering the AHSP including:

- Land secured through the Affordable Housing Policy;
- Council Tax 2nd Homes Discount monies;
- Commuted sums through the Affordable Housing Policy;
- General Fund Support.

8.35. Specific examples of the joint working in terms of utilising LA resources over the period 2011-14 include 113 homes for RSL development realised through land secured by way of the Affordable Housing Policy. Over £1.1m has been achieved through the Council Tax 2nd Homes Funding route. In addition commuted sums totalling just over £0.720m have been applied to support the programme. Finally in 2013/14 Council General Fund resources of £1.857m have been used to help develop 94 housing association social rented homes. The funding is basically assisting to bridge a gap between the actual development costs and the grant provided by the Scottish Government. RSLs noted that the grant rates available are still challenging for many developing associations. The application of these various LA resource mechanisms and associated commitment of the RSL sector to deliver the projects underlines the joint working in Aberdeenshire focused on the strategic goal to increase the supply of affordable housing.

8.36. The RSL sector in Aberdeenshire has previous experience of joint procurement through the Devanha arrangements. At the moment there are no joint procurement arrangements in place between the Council and RSLs in terms of the new build programme. The Council has its own procurement framework in place for its new build programme. RSLs also procure their projects on an individual basis. RSL stakeholders in the case study felt the Devanha project had significant benefits although could have been even more collaborative to some extent. Overall though it had improved relationships and set a foundation for the current joint working arrangements. To this extent there was a view among RSLs that a further phase of Devanha could have potentially considered incorporation of Council new build projects. However the Council did allude to the necessity in the current public sector climate to be utilising its own resources in terms of staff, skills and expertise to undertake work associated with the new build programme.

9. Joint Working in Delivering New Build Affordable Homes

Renfrewshire Council

- 9.1. Renfrewshire Council has completed one new build project and has another currently at an early stage of development. Both of these projects have involved the use of RSL development services and working in partnership to deliver the projects. Sanctuary HA assisted the Council with a development at Barrhead Road, Paisley which is now completed and Williamsburgh HA are currently assisting with services on a project at Seedhill Road in Paisley. In terms of land ownership both the sites are owned by the Council having previously been cleared through demolition of obsolete housing stock in one case and a former care home in the other.
- 9.2. The first project where Sanctuary HA were involved resulted in 37 council homes being built on the site of a former care home, with 22 family sized homes and 15 grouped amenity homes for older people. On the other Council new build project Williamsburgh HA are providing development services to the Council as well as developing their own homes. The site is split into 23 general needs homes for the Association and 24 amenity standard flats for the Council. All the homes will be for social rent.
- 9.3. Sanctuary HA provided development agency services for the Council for the project at Barrhead Road in Paisley. This also included a common procurement exercise where contractors were sought jointly for the project at Barrhead Road and for another Sanctuary HA development of 71 homes at Gallowhill in Paisley (on a site purchased from the Council). Both these projects were funded through the SG Innovation and Investment Fund. For the procurement the projects were separated into two distinct Lots and awarded on a separate basis although common award criteria was used. Both the Council and Sanctuary HA took the view that this process had worked relatively well notwithstanding the learning curve in terms of joint working of this nature and in particular given it was the Council's first new build development in a number of years.
- 9.4. Williamsburgh HA (WHA) and the Council are working closely on the project at Seedhill Road in Paisley which will contribute to agreed strategic housing and regeneration priorities. The Association is developing homes on their part of the site and also providing development services to the Council for the remaining area of the site. From the Association's perspective the joint working arrangement came from the fact that the opportunity arose at a time when it fitted within their own business plan objectives. The Council's corporate procurement team have led on the joint tendering process with scoring on cost/quality for both design and construction contracts. This has worked relatively well from the WHA perspective as the Association's approach to procurement was quite close to that of the Council. While there were some issues on the detail of Council policies and procedures (e.g. professional indemnity insurance limits) or variations from the Association's usual approach (quality and price considerations at different stages in the tender process) there was a feeling that the Council has been receptive to advice and suggestions from the Association in terms of arriving at the overall approach adopted.

- 9.5. WHA has developed a degree of flexibility in its contractual approach to delivering its development services to the Council. The cost of the development services has been offset by the Council against the value of their land transferred as part of the overall agreement to developing the site.
- 9.6. Both the Council and WHA referred to the learning process that has been part of the joint working particularly on the technical side of development for the Council and on the other hand the Association becoming more familiar with the Council's corporate approach to procurement and how this operates in the new build context. For the Council the key elements where using RSL services has been beneficial are assistance for the initial stages of their new build projects, expertise in design issues and managing the contractual stage in dealing directly with contractors over specific issues that would arise. For example this could be around costs or specific technical solutions to problems. It is also important to note that both RSLs involved in this process did cite the work of not only the Council's housing service but also the wider reach of joint working that they have experienced with the corporate procurement service in Renfrewshire. While there had been issues to resolve both RSLs found that there was a solution based focus to the Council's corporate working on the projects. This is particularly important to emphasise as it is often the view that LA corporate procurement policies, procedures and processes and that of RSLs are almost incompatible and a major barrier to joint working in this area.

The Highland Council

- 9.7. In the Highlands, the Westercraigs development to the west of Inverness is a good example of joint working. The site is the former Craig Phadrig hospital and a number of development phases will deliver a total of 1,000 mixed tenure homes. The current phase on site is an excellent example of the Council, RSL partners and the Highland Housing Alliance working together to deliver affordable homes. The partners in the development are the Council, Highland Housing Alliance, Caledonia HA and Albyn Housing Society. It will deliver 42 houses for mid-market rent (NHT), 16 houses for affordable rent (THC), 24 flats for affordable rent (RSL) and 8 LCHO houses through the LIFT shared equity scheme. Albyn Housing Society are acting as development agents for Caledonia HA and the Council. There is a single building contractor (Robertson Highland) delivering a contract of around £12m.

Fife Council

- 9.8. In 2013 Fife Council and Kingdom Housing Association completed a joint development of affordable housing at Westport in Cupar. Kingdom Housing Association built 9 mid-market rental units and the Council built 21 social rented homes and an office building on the site (a former school owned by the Council). The mid-market units were developed on the site purchased from the Council by Kingdom HA on a deferred payment basis. The agreement is that the land purchase cost must be paid to the Council within 14 years of the completion of the flats. Seven of the flats will be rented for the first 10 years and then sold over a period of time with the remaining two being retained for rental for 30 years. The 9 flats are owned by Kingdom HA but leased to a wholly owned subsidiary, Kingdom Initiatives, who manage and lease the flats on a Short Assured Tenancy basis. The project is a good example of joint working to deliver a mixed tenure development on a former brownfield site with a flexible and innovative land purchase arrangement agreed between Kingdom HA and the Council.

City of Edinburgh Council

9.9. Joint working between the LA and RSL sector in Edinburgh is at a relatively mature stage and based on a sound partnership structure at all levels. A good example is the Quatermile Project in the city centre which was delivered in partnership with Hillcrest HA. The Affordable Housing Policy (in place for a number of years now) acted as the basis for securing 174 affordable homes within the 900 unit development to regenerate a site that had been vacant for a number of years. Of the affordable homes 98 are social rented (owned and managed by Hillcrest HA) and were supported by approximately £6.9m of public subsidy through the AHSP. The remaining 76 affordable homes were provided by Hillcrest HA on a mid-market rent basis without the need for any public subsidy.

Aberdeenshire Council

9.10. Aberdeenshire Council is working jointly with Sanctuary Housing (Tenants First) on a development of 62 social rented units in Peterhead – 42 by the Council and 20 by Sanctuary. There will be a mix of provision in relation to the Council new build with 31 general needs homes and 11 homes for people with learning disabilities. The brownfield site is jointly owned by the Council and Sanctuary with the total cost of the development estimated at £7m. It will contribute to the regeneration of Peterhead town centre. Sanctuary is providing project management services for the Council for this specific development.