

EAST AYRSHIRE COUNCIL

CABINET – 16 SEPTEMBER 2009

KICK START COUNCIL HOUSE BUILDING BID SUBMISSION

Report by the Executive Director of Neighbourhood Services

1. PURPOSE OF THE REPORT

- 1.1 To seek Cabinet authority to submit to the Scottish Government a bid for funding to assist in the provision of the new Council housing across East Ayrshire on sites at Creelshaugh Road, Fenwick, Drumbrochan, Cumnock, Newlands Drive and Lammermuir Road, Kilmarnock as identified on the plans attached to this report as Appendices 1 to 4 in accordance with the approved East Ayrshire Strategic Housing Investment Plan 2009/10 – 2013/14, and to seek authority in the event of the submission being successful to appoint both Atrium Initiatives and Shire Housing Association as the Council's agents to manage the design and build projects in respect of the second phase of the Council's house building programme.

2. BACKGROUND

- 2.1 In November 2008, the Scottish Government announced a programme of £25 million funding to encourage a new generation of Council house building. A letter was issued by the Scottish Government on 17 November 2008 inviting Local Authorities to bid for funding under the scheme.
- 2.2 The East Ayrshire Strategic Housing Investment Plan 2009/10 - 2013/14 was approved by Cabinet on 3 December 2008, and was submitted to the Scottish Government, to include the provision of new Council house building as follows:

Year	Sub Area	Number	Type	Cost (£)	
				Subsidy/	Council* per unit
2009/ 2010	Kilmarnock Central	10	Older people	25000	100000*
2010/ 2011	Northern	10	Older people	25000	100000*
2011/ 2012	Cumnock - Auchinleck	10	Older people	25000	100000*
2012/ 2013	Kilmarnock North	10	Older people	25000	100000*
2013/ 2014	Kilmarnock South	10	Older people	25000	100000*

- 2.3 An initial funding bid was submitted on 12 January 2009 in respect of the funding identified at 2.1 above to both the Scottish Government and to COSLA on the basis of the Strategic Housing Investment Plan proposals agreed by Cabinet on 3 December 2008.
- 2.4 Although the bid was initially unsuccessful, on 26 June 2009, the Council received confirmation from the Scottish Government that its first phase submission in the sum of £0.25M for the provision of ten new Council houses had been re-considered and approved.
- 2.5 In April 2009, the Deputy First Minister announced that notwithstanding ongoing consideration in respect of the initial funding bids further applications for a second round of funding would be invited, bringing the total funding available for new Council house building to £50M.
- 2.6 On 26 June 2009, a letter was received from the Scottish Government inviting Local Authorities to bid for a second phase of funding for new Council house building, with the overall aim to maximise the number of new houses built of sufficient quality, in the right place.
- 2.7 The six overarching principles that govern the allocation of funding in respect of the second round of funding remain the same as before, namely:
- (i) the Council has the ability to manage the new stock effectively;
 - (ii) the Council has prudential borrowing capacity and/or uses other financial resources;
 - (iii) the required subsidy for any proposed development from the Scottish Government will be less than £0.025M per home
 - (iv) the area has housing need and the new homes will contribute to the Council meeting its 2012 homelessness target;
 - (v) the Council can demonstrate that it has well developed plans to ensure delivery of the proposed new housing; and
 - (vi) the number of units that are built is maximised within the resources available but not at the expense of having to compromise on design quality.

A second stage bid is proposed to be submitted by the deadline of 25 September 2009 to both Scottish Government and to COSLA.

3. FIRST PHASE BID

- 3.1 Following Cabinet Authority of 3 June 2009 to appoint Atrium Homes as the Council's agents to manage the design and build project in terms of the bid that was approved by Scottish Government on 26 June 2009 for the development of part of the site of the former St. Matthew's school at MacDonald Drive, Kilmarnock to provide ten new Council houses for older/ambulant disabled people, the Association has requested that the Council enters into a contractual relationship with Atrium Initiatives, a subsidiary of Atrium Homes established to manage their design and build

projects. Negotiations in respect of the finalised terms and conditions of contract are ongoing. Site start is due to be achieved by March 2010.

- 3.2 Initial discussions that have been held with Atrium Initiatives have determined that work progress on the new build development and therefore risk management of the project and its costs will be linked to the Royal Institute of British Architects' Plan of Work Stages and benchmarked against the Scottish Government's Three Person Equivalent costs.

4. SECOND STAGE BID PROPOSALS

- 4.1 The second stage bid allows for the provision of ten, two bedroom sized social rented houses per the developments proposed in Cumnock-Auchinleck and Kilmarnock South, with seven houses being provided in the Northern Area where the site will only support that number of houses and thirteen houses being provided in the Kilmarnock North area, as the site can support a larger development. These proposals broadly reflect the priorities as set out in the East Ayrshire Strategic Housing Investment Plan from 2010/11 – 2013/2014, i.e. excluding 2009/2010, for ambulant disabled/ older people, in response to identified housing need to provide a total of forty new build Council houses.

- 4.2 The total of forty houses proposed are in addition to the ten houses already approved by the Scottish Government. The forty houses are spread across the East Ayrshire area and are to be selected as follows:

Area	Number of Units
Northern	7
Cumnock - Auchinleck	10
Kilmarnock North	13
Kilmarnock South	10

- 4.3 It is proposed that the second stage bid will provide for four sites being developed within the financial year 2010/2011, rather than spread over the life of the Strategic Housing Investment Programme 2009/2010 – 2013/2014, in response to the bid criteria for the second phase bid proposals.

- 4.4 There are currently 153 applicants on the housing list who have been assessed as having an identified need for older people's supported accommodation. The following figures denote the number of applications from people age 60 and over seeking housing in specific areas with a weighted first choice:

i. Kilmarnock Central	290
ii. Northern	73
iii. Cumnock and Doon Valley	221
iv. Kilmarnock North	11
v. Kilmarnock South	48

The forty proposed additional new, affordable houses have been identified specifically to meet the needs of an identified growing older population, and will therefore be allocated only to older and ambulant disabled people.

5. FUNDING

- 5.1 A copy of the bid is attached as Appendix 5 and confirms there will be no requirement for additional resources to manage the proposed new Council houses, as they will be incorporated into the stock currently managed by existing staff located within Housing Area Teams. In this way, a consistent approach to effective housing management will be provided. The proposed additional Council housing stock will be incorporated into existing housing management systems at no additional cost.
- 5.2 The effect on the overall cost per unit has been calculated by the Finance Service based on 2009/2010 data and stock numbers. With regard to ensuring designated resources to support the proposed new Council House Building programme, it is anticipated that the scheme will incur no additional management costs and that, all other things being equal, the increased stock due to house building proposals will dilute overall per unit costs. The funding required to meet the additional borrowing costs, i.e. debt charges, will be incorporated into the annual rent setting exercise.
- 5.3 Any increase in rent required will assume the same methodology as that used in preparing the 2009/2010 Housing Revenue Account budget, and that the debt will be repaid over 60 years. Any future rent setting proposals will be subject to Cabinet approval and tenant consultation, in accordance with Council procedures for affordable housing.
- 5.4 In terms of resources to fund the proposed new houses, it is anticipated that each house will cost in the region of £0.1M gross with a maximum subsidy of no more than £0.025M per house, in accordance with the funding criteria. The total borrowing requirement will therefore be £3.75M.
- 5.5 The required funding to achieve the Scottish Housing Quality Standard has been calculated, monitored on an annual basis and set aside as indicated in the Council's financial plans to 2015 and this funding remains exclusive of any requirements within this bid. Further funding requirements to maintain the Standard beyond the achievement date of 2015 have also been calculated within the Council's 30 year Housing maintenance financial plan to ensure that future stock maintenance and improvement can be sustained.

6. BID SUBMISSION

- 6.1 The bid contains the following information:

6.1.1 Site location

The preferred sites for the second phase of the new Council house build programme are as follows:

Area	Proposed Sites	Number of Units
Northern	Creelshaugh Road, Fenwick	7
Cumnock -Auchinleck	Drumbrochan, Cumnock	10
Kilmarnock North	Newlands Drive, Kilmarnock	13
Kilmarnock South	Lammermuir Road, Kilmarnock	10

There are no known infrastructure issues with all four sites which would preclude the development of the proposed Council housing.

Location plans of the sites identified are attached.

6.1.2 Ownership details

The identified sites sit within the Housing Revenue Account and are currently grassed open spaces.

6.1.3 Acquisition timescale

As the sites are presently within the Council's ownership, there is no other issue on acquisition.

6.1.4 Planning status

1. Northern: Creelshaugh Road, Fenwick

The site is located within the settlement boundary of Fenwick in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan and, given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms.

2. Kilmarnock North: Newlands Drive, Kilmarnock

The site is located within the settlement boundary of Kilmarnock in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan and given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms. Whilst it is considered that the proposed 13 units could easily be accommodated on this site, it should be noted that an area of safeguarded open space abuts the northern and western edges of the

site. Encroachment of development onto this safeguarded area would not be acceptable.

3. Cumnock – Auchinleck: Drumbrochan, Cumnock

The principle of accessing 10 housing units from Dalgleish Avenue is acceptable to Roads and Transportation.

With regard to planning policy, the site is part of a larger identified housing site in the adopted East Ayrshire Local Plan and is not designated for any particular purpose in the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. Given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms.

4. Kilmarnock South: Lammermuir Road, Kilmarnock

Roads and Transportation Service have confirmed that the principle of housing development at this site is acceptable as the access road is of sufficient width and the site is of a sufficient size to accommodate a turning head.

With regard to planning policy, the site is located within the settlement boundary of Kilmarnock in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan. It is bounded on all four sides by 2 storey houses and as a result there are potential issues of overlooking and loss of privacy but these issues can be addressed by careful design.

A limited development of ten, two bedroom sized equivalent development designed for older people can be designed to fit this site and achieve normal standards in relation to overlooking and amenity. The Head of Planning and Economic Development has confirmed that a single storey courtyard arrangement of this scale of development could be designed to fit the site and achieve a favourable recommendation.

6.1.5 Planning Application

It is anticipated that the planning applications will be dealt with within the statutory timeframe, which is two months. Given the size of each of the proposed developments, they would fall within the Council's Scheme of Delegation, which, unless there are more than ten objections received, would not normally require to go to the local Planning Committee for consideration.

6.1.6 Building Warrant

Building Warrants that relate to any development that include a social element are automatically fast-tracked. Provided the required minimum level of information is supplied, which can be accommodated via pre-warrant

discussions, a warrant application may be processed in ten days, with one additional day to issue the required paperwork.

6.1.7 Critical development constraints

There are no critical development constraints identified at this time.

6.1.8 Housing mix

It is proposed to develop two sites of 10 x 2 bed houses, one site of 7 x 2 bed houses, and one site of 13 x 2 bed houses for ambulant disabled/older people.

6.1.9 Management and Procurement

It is proposed that the Council will, subject to Cabinet authority, negotiate directly with a Registered Social Landlord that not only has its main operational base in East Ayrshire, to be able to better project manage the design and build process, but which also has a Framework Agreement in place for Construction work.

Of the developing Registered Social Landlords operating across East Ayrshire, two have a joint Framework Agreement in place; namely Atrium Homes and Shire Housing Association.

Arising from discussions with the two Registered Social Landlords or in the case of Atrium their nominated subsidiary company, Atrium Initiatives, it is proposed to negotiate with the Registered Social Landlords as follows:

Area	Site	Proposed Registered Social Landlord
Northern	Creelshaugh Road, Fenwick	Atrium Homes
Cumnock -Auchinleck	Drumbrochan, Cumnock	Shire Housing Association
Kilmarnock North	Newlands Drive, Kilmarnock	Atrium Homes
Kilmarnock South	Lammermuir Road, Kilmarnock	Atrium Homes

This approach is proposed as each of the Registered Social Landlords has capacity in terms of its current development programme to commence the works within the requisite timescale. In addition, they employ an experienced in-house development team and have undertaken development work to include the provision of general needs, amenity and wheelchair access housing.

6.1.10 Costs

Each of the proposed Registered Social Landlords will develop detailed scheme designs and costs for each of the sites in response to the identified housing mix and type. It is anticipated however, that target project costs will be linked to the Royal Incorporation of British Architects' Plan of Work Stages and will be benchmarked against the Scottish Government's Three Person Equivalent costs for each project.

The Council House Building programme assumes Scottish Government subsidy of no more than £0.025M per unit to total £0.25M for ten units. Council funding requirements, net of land contributions, would amount to approximately £0.75M per site for the four sites that comprise the second forty unit phase.

The sites have recently been valued for the Council's Asset Register on a cleared site basis. It is considered that the appropriate valuation rates would be:

Site	Area (acres)	Pro Rata Valuation (£)
Creelshaugh Road, Fenwick	0.672	188,000
Drumbrochan, Cumnock	1.806	161,000
Newlands Drive, Tourhill	2.124	180,000
Lammermuir Road, Kilmarnock	1.278	206,000

6.1.11 Timescales

As part of the submission, it is anticipated that a site start may be achieved before the end of the financial year 2010/2011 for each of the four sites, in accordance with the bid criteria.

Allowing for the appointment of the two preferred Registered Social Landlord partners by negotiation, and taking advantage of their Framework Agreement for Construction, it is anticipated that both Atrium Initiatives and Shire Housing Association will be formally appointed in January 2010, following Cabinet approval. A further fourteen month period would be anticipated to achieve site start in March 2011, with a ten month on-site phase, so as to achieve a completion in January 2012.

6.1.12 Work plan

In terms of current work planning, having identified the preferred location for this second round of new Council housing, the next key project lead-in milestone will be to negotiate the appointment of the two preferred Registered Social Landlords. These appointments are anticipated to be completed by January 2010.

6.1.13 Critical risk factors

Critical risk factors associated with the new build housing development proposals relate to:

i. Site investigations

Site investigation works will be commissioned immediately, to ensure that all site data is made available to the preferred developer partner to feed into the design phase.

ii. Utilities

One of the four proposed sites has previously had buildings in situ, and is therefore serviced in terms of the required infrastructure. Site investigation work will inform the Utilities information required with regard to the remaining sites where no development has taken place previously

6.1.14 Outcome

The Scottish Government has advised that the outcome of the recommendations from COSLA's Shared Services Board will be signed off by the Minister by the end of November, so that Councils may be informed of the decisions in early December 2009.

7. CONCLUSIONS

- 7.1 The provision of further new Council housing across East Ayrshire will continue to support the creation of sustainable communities, by redressing stock lost in popular locations such as through the Right to Buy. It will also provide new, smaller sized houses suitable for older service users in response to demographic trends data, thereby allowing larger sized accommodation to be allocated to families wishing to remain within their local communities. In this way, Council-led new housing development will contribute to alleviating pressures on affordable housing waiting lists and promoting area regeneration across East Ayrshire.
- 7.2 Key to the development of new Council house building is a recognition that national and local demographic trends report a growing older population. In developing housing specifically for older and ambulant disabled people, the Council seeks to enhance the supply, thereby making existing larger sized properties available for existing and new residents to East Ayrshire. Local service delivery and joint-working arrangements already identified to support those residents to remain in their own homes may then be delivered in a more co-ordinated and efficient manner.

8. FINANCIAL/PERSONNEL IMPLICATIONS

- 8.1 There will be no requirement for additional resources to manage the new Council houses proposed as they will be incorporated into the stock currently managed by existing staff located within Neighbourhood Housing Teams.
- 8.2 The effect on overall cost per unit has been agreed with the Council's Finance Service based on 2009/2010 budgets which indicate that there will be no impact on Supervision and Management and Repair costs per unit. In addition, it is anticipated that there will be no material effect on average rents as no premium will be applied to new build stock compared to current rents.
- 8.3 The effect on debt charges is estimated to be equivalent to an increased rent of between 30p and 37p per week, dependent upon the actual interest rate at the time of borrowing and assuming the borrowing will be repaid over 60 years and 48 weeks rent. The increase will require to be incorporated into the overall rent setting process in line with the anticipated build profile.
- 8.4 The Standard Delivery Plan financial model which is used to ensure that achieving the Scottish Housing Quality Standard remains financially viable has been updated to take account of the proposed house building programme. Indicators contained within the model suggest that both the building programme and achievement of the Scottish Housing Quality Standard remain financially viable. However, it may be that further efficiencies and/or rent increases above the previously agreed Retail Price Index plus 1% may be required to offset additional debt charges in future years.

9. POLICY/LEGAL IMPLICATIONS

- 9.1 The provision of new Council house building supports the East Ayrshire Strategic Housing Investment Plan objectives 2009/10 – 2013/14 approved by Cabinet on 3 December 2008.

10. COMMUNITY PLANNING IMPLICATIONS

- 10.1 Within one of the four Main Themes of Delivering Community Regeneration, the Community Planning partners seek to promote a wide range of housing which is attractive to people who live in East Ayrshire, recognising the needs of older people, people with a disability and homeless people, so as to provide suitable accommodation for people as they move through their various life situations.
- 10.2 This further Council house building bid proposal for forty new build affordable houses for ambulant disabled/older people supports the East Ayrshire Community Plan theme 'Delivering Community Regeneration', through the provision of high quality affordable accommodation, developed to reflect identified housing need within an existing community.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The development of new build Council housing seeks to promote and sustain housing standards across East Ayrshire through the provision of high quality new build affordable housing, making a more efficient use of public resources complemented with public sector borrowing so as to meet identified housing need.
- 11.2 The Standard Delivery Plan financial model referred to in 8.4 above will continue to be updated on an annual basis and corrective action taken where necessary to ensure both the house building programme and achievement of Scottish Housing Quality Standard remain financially viable.
- 11.3 Work progress on the proposed additional forty new build houses development, and therefore risk management of the project, will be linked to the Royal Institute of British Architects' Plan of Work Stages.

12. ASSET MANAGEMENT IMPLICATIONS

- 12.1 The Council house building proposals meet the Council's policy objectives in respect of asset management and partnership working in so far as the proposals will enhance the Council's range and supply of affordable housing in terms of its existing stock through a collaborative arrangement with a preferred developing partner Registered Social Landlord. The proposals will further complement the ongoing Housing Improvement Programme works so as to promote achieving the Scottish Housing Quality Standard for East Ayrshire-owned housing stock by 2015, as set out in the East Ayrshire Single Outcome Agreement and the East Ayrshire Local Housing Strategy.

13. RECOMMENDATIONS

- 13.1 It is recommended that Cabinet:
 - (i) Authorise the submission of a second phase bid for funding to the Scottish Government and COSLA to assist in the provision of new Council housing across East Ayrshire in accordance with the total number of new build Council houses as set out within the approved East Ayrshire Strategic Housing Investment Plan 2009/10 – 2013/14 to include the sites at Creelshaugh Road, Fenwick, Drumbrochan, Cumnock, Newlands Drive and Lammermuir Road, Kilmarnock;
 - (ii) Subject to Scottish Government approval of the second stage bid, authorise the appointment of Atrium Homes or their subsidiary company Atrium Initiatives and Shire Housing Association Ltd to manage the design and build process relative to the second phase of the Council house building programme for the reasons detailed in paragraph 6.1.9 of this

report in accordance with the provisions of paragraph 20 (1) of the Council's standing orders relating to contracts;

- (iii) Due to the timescales involved, agree that authorisation be given to implement the recommendations in (i) above, prior to any consideration by the Governance and Scrutiny Committee as to delay implementation would seriously prejudice the Council's position in relation to achieving a site start next financial year;
- (iv) Note that a further report on progress will be submitted to a future Cabinet meeting; and
- (v) otherwise note the content of the report.

Chris McAleavey
Head of Housing

WS/CMCA/DB
10 September 2009

LIST OF BACKGROUND PAPERS

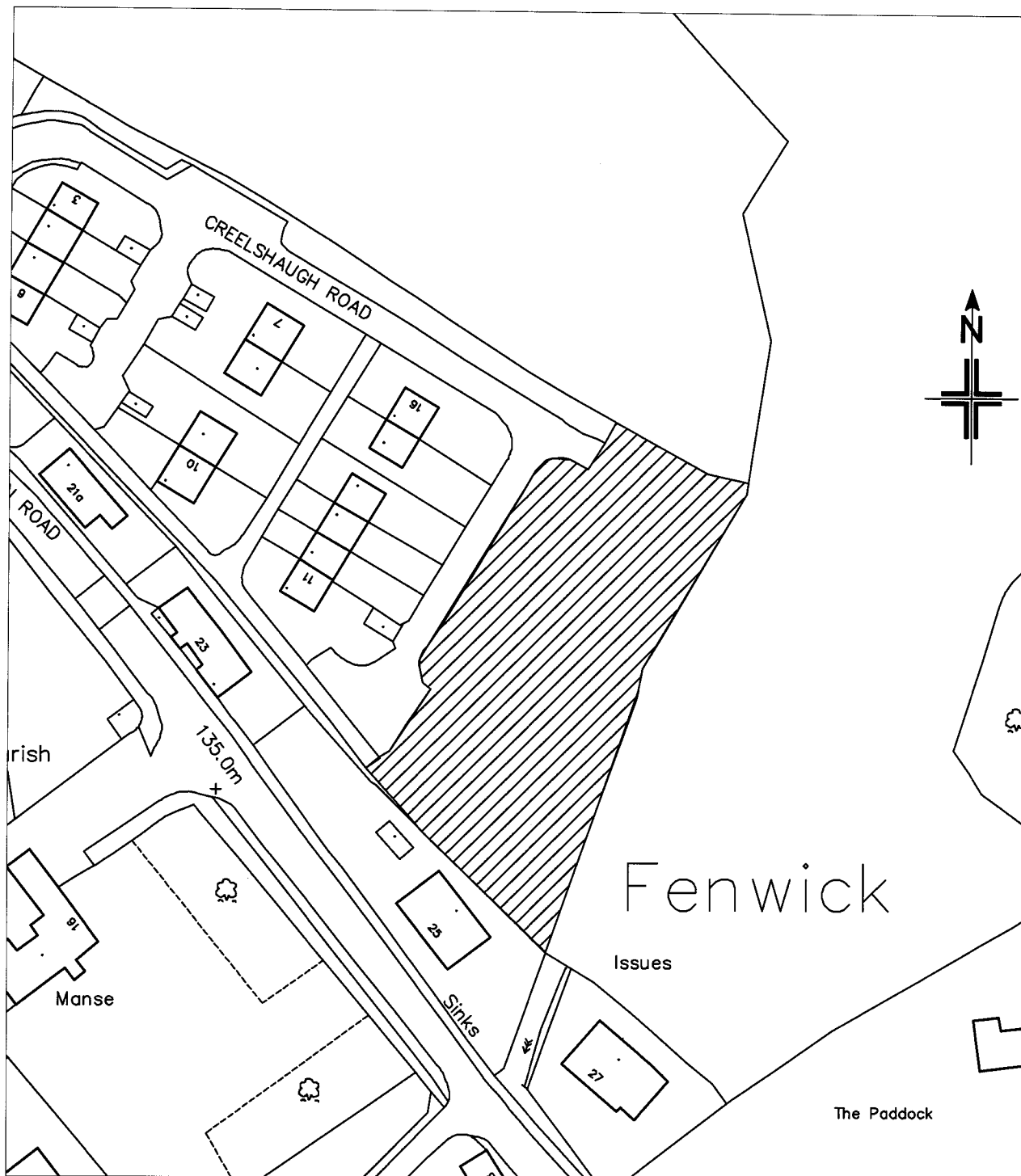
- 1 Scottish Government letter dated 26 June 2009 inviting Local Authorities to bid for a second phase of funding to encourage new Council house building.
- 2 East Ayrshire Council: Council House Building Submission, 12 January 2009.
- 3 East Ayrshire Council - Council House Building Bid submission, 29 May 2009.

IMPLEMENTATION OFFICER:

Implementation Officer: .mcaleavey@east-ayrshire.gov.uk

Anyone wishing further information should contact: Chris McAleavey, Head of Housing. Telephone 01563 576651.

CABINET PLAN



Area shown hatched black = 2720 square metres or (0.672) acres

TITLE
 CREELSHAUGH ROAD
 FENWICK

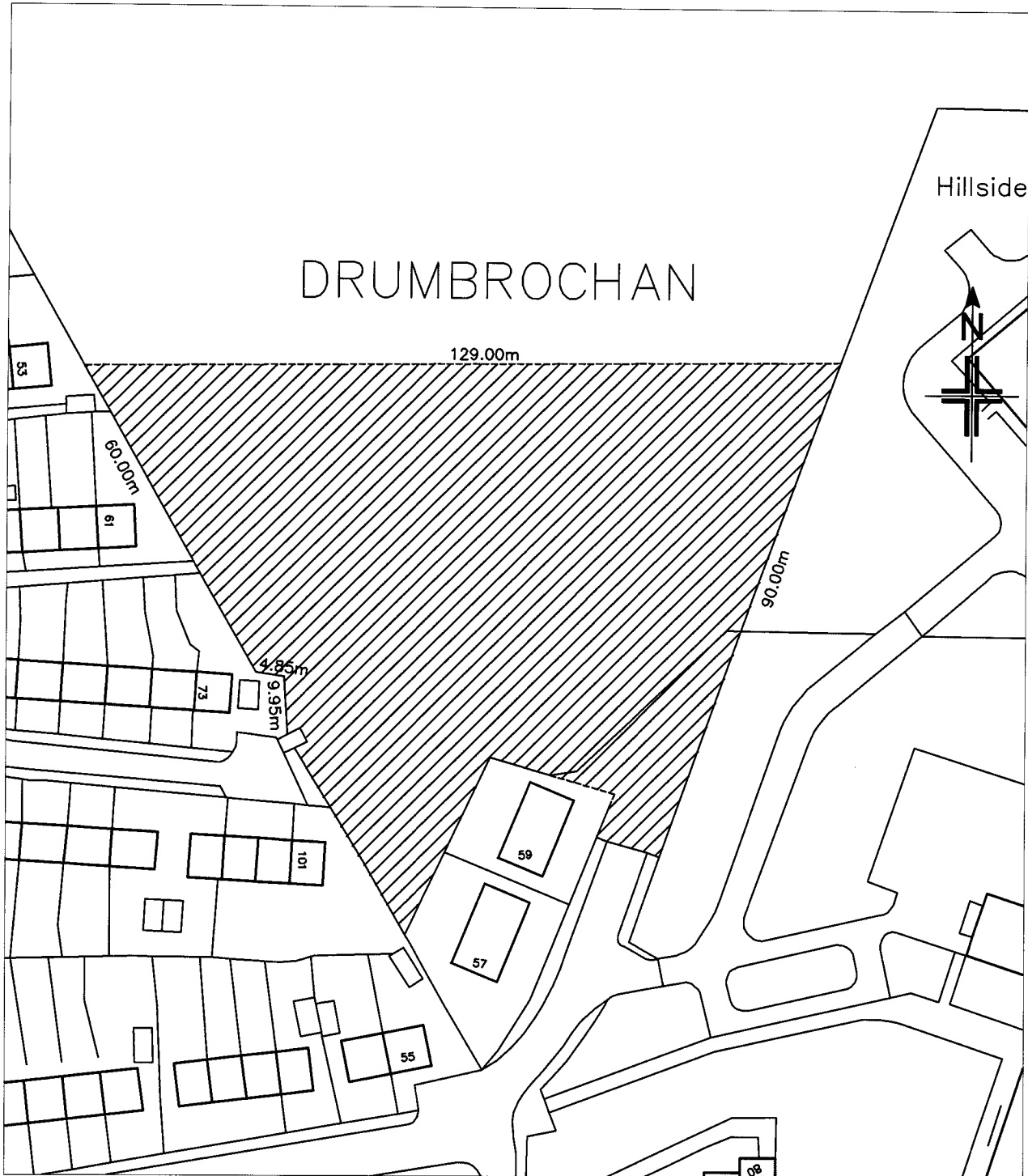
East Ayrshire
COUNCIL

LAND SURVEY

Alexander McPhee ACMA
 Head of Finance and
 Asset Management

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 Council Office, 17/19 Hill Street, Kilmarnock KA3 1HA.

CABINET PLAN



Area shown hatched black = 7310 square metres or (1.806) acres

TITLE

DRUMBROCHAN
CUMNOCK

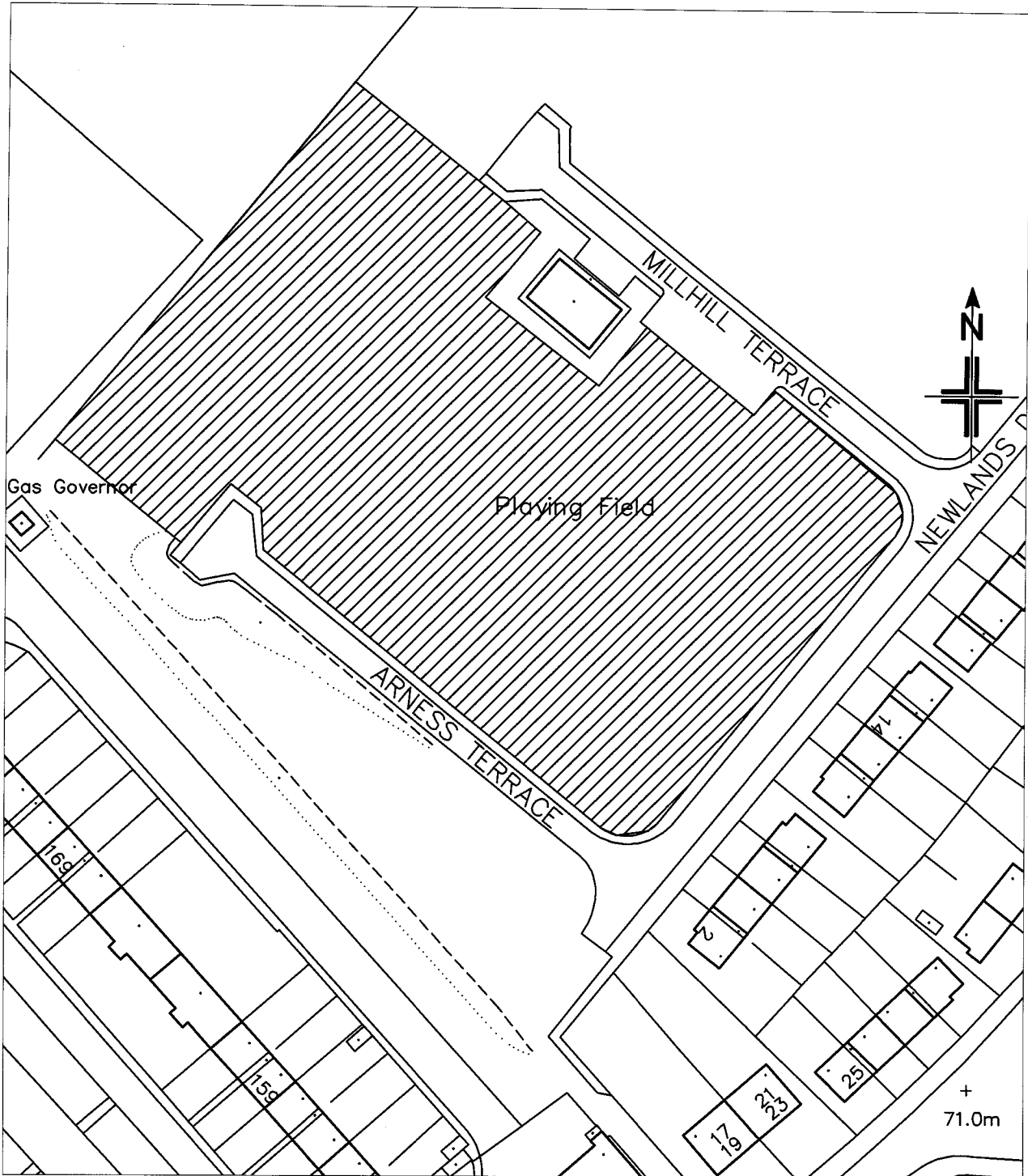
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council

LAND SURVEY

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CABINET PLAN



Area shown hatched black = 8596 square metres or (2.124) acres

TITLE

NEWLANDS DRIVE
KILMARNOCK

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LAND SURVEY

Alexander McPhee ACMA
Head of Finance and
Asset Management

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EAST AYRSHIRE COUNCIL

COUNCIL HOUSE BUILDING SUBMISSION

September 2009



INDEX

CONTENTS	PAGE
Section 1: Context	3
Section 2: Principle One	13
Section 3: Principle Two and Three	15
Section 4: Principle Four	19
Section 5: Principle Five	29
Section 6: Principle Six	31
Section 7: Principle Seven	35
Section 8: Principle Eight	38
Section 9: Principle Nine	45
Appendices	
Annex A: Excel spreadsheet: Scottish Local Authority New Build Financial Proforma Round 2 – June 2009	

SECTION 1: STRATEGIC CONTEXT

WIDER CONTEXT

The strategic context within which the 'Kick Starting Council House Building' criteria is set provides clear direction for the further development of this new affordable housing option, by virtue of the range of current guidance supporting the provision of affordable housing solutions to promote sustainable communities in terms of the Local Housing Strategy and the forthcoming revised Strategic Housing Investment Programme guidance.

Firm Foundations: 'The Future of Housing in Scotland'

Firm Foundations, published in October 2007, sets out the Scottish Government's vision for the future of housing in Scotland. The document's key messages include: a commitment to increase the rate of house building; an enhanced role for the private rented sector; regional housing supply targets; further assistance for first time buyers; and competition for grant subsidy.

East Ayrshire Community Plan and Single Outcome Agreement

East Ayrshire Council and its Community Planning Partners agreed the Single Outcome Agreement with Ministers in June 2008.

In accordance with the new relationship between central and local government established through the Concordat, and in line with proposed changes in national policy direction, the Concordat and the associated development of Single Outcome Agreements will have an impact on how local authorities and partners prepare and implement future local initiatives so as to contribute to a number of the fifteen national outcomes. For example, National Outcome 10, 'We live in well designed, sustainable places where we are able to access the amenities and services we need', and National Outcome 11 'We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.' It is also likely to contribute towards the achievement of locally defined outcomes.

The East Ayrshire Community Planning partners are committed to working together to make a real difference to the lives of all people in the area. The East Ayrshire vision states:

'East Ayrshire will be a place with strong, vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs.'

(East Ayrshire Community Plan, 2003. p.3.)

Community planning brings together agencies, organisations and communities to identify and prioritise what needs to be done, and to plan, coordinate and deliver action to meet these identified priorities. The East Ayrshire Community Plan guiding principles are to:

- Promote social justice and social inclusion,
- Build sustainability,
- Succeed in joint working and involving people,
- Ensuring quality and accessibility, and
- Delivering continuous improvement and best value.

Within one of the four Main Themes of Delivering Community Regeneration, the Community Planning partners seek to:

Promote a wide range of housing which is attractive to people who live in East Ayrshire, and will recognise the needs of older people, people with a disability and homeless people...to provide suitable accommodation for people as they move through their various life situations.'

(East Ayrshire Community Plan, 2003. p.24.)

East Ayrshire Local Housing Strategy Priorities

The East Ayrshire Local Housing Strategy 2004-2009 was submitted to Communities Scotland, the former Housing Investment Division of the Scottish Government, in April 2004, in accordance with the statutory requirement detailed in the Housing (Scotland) Act 2001. The LHS sets out four core aims developed by Local Housing Strategy Planning Partners to meet the housing needs of the people of East Ayrshire. Further, it includes the key priorities to be tackled in order to meet those aims:

- Aim One** Support the Community Planning Partnership to regenerate disadvantaged areas and develop sustainable communities.
- Aim Two** Improve resident satisfaction with home and the surrounding environment
- Aim Three** Ensure Equal Access to an Adequate Supply of Good Quality Affordable Accommodation
- Aim Four** Ensure individuals requiring support to live independently in the community are enabled to do so

Updating the East Ayrshire LHS

The current East Ayrshire Local Housing Strategy expired in April 2009. Arrangements for the submission of a second round of Local Housing Strategies were published by the Scottish Government and supported by updated guidance in June 2008. The guidance sets out key changes to the

format and detail of Local Housing Strategies in accordance with the new relationship between central and local government established through the Concordat, and in line with proposed changes in national policy direction.

So as to facilitate the integration of Local Housing Strategies and Development Plans, the submission of Local Housing Strategies will now be linked to the submission dates of Local Development Plans. It will be important for the Local Housing Strategy and Main Issues Reports of Local Development Plans to be prepared in tandem; with both informed by the outcomes of the required housing need and demand assessment.

Local Authorities can choose to submit the Local Housing Strategy at any point between the conclusion of consultation on the Main Issues Report and submission of the proposed plan to Scottish Ministers. Therefore, submission will be staggered between the end of 2009 and the end of 2011, depending on the Local Authority's timescale for submission of the proposed plan.

In East Ayrshire, the alteration to the Adopted Local Plan was finalised on 26 February 2009. It is anticipated that a public enquiry will be held in Summer/Autumn 2009 and once all outstanding objections are resolved, work can begin on the Main Issues Report for the new Local Development Plan. Therefore, the proposed deadline for submission of the next East Ayrshire Local Housing Strategy, to reflect the outcomes of the Housing Need and Demand Assessment, is December 2011.

Finalised draft version of the East Ayrshire Local Plan with modifications

The Council has developed an Affordable Housing Policy in response to identified need, and Supplementary Planning Guidance on Affordable Housing has been produced and adopted into the final plan.

The prime housing objective of the revised Local Plan is to allocate, in accordance with the provisions of the replacement structure plan, a sufficient supply and choice of housing land, together with any associated ancillary and service facilities, to meet all East Ayrshire housing needs to 2017, whilst taking into consideration future housing land requirements to 2025.

The allocation of housing sites in the revised Local Plan has specifically taken the following factors into consideration:

- the impact of the M77 extension particularly on Kilmarnock and other communities in the Glasgow Link Corridor;
- constraints in water and sewerage infrastructure provision and the ability of a site to overcome those constraints;
- the existence of any physical or topographical constraints;
- the ability of a site to be integrated with the settlement within which it is proposed and with the transport infrastructure to which it relates;
- the ability and capacity of the landscape to accommodate the size and scale of residential development proposed.

Sustainability

The East Ayrshire Local Plan Alteration has adopted a primary strategic aim, encompassing and encapsulating all of the aspirations expressed in the Community Plan, which is:

‘To promote sustainable development, to maximise the economic potential of East Ayrshire, and to improve the quality of life for its residents.’

All of the aims, strategies, policies and proposals contained within the Local Plan have been made the subject of a full Sustainability Appraisal.

LOCAL CONTEXT

East Ayrshire

East Ayrshire is home to around 120,250 people within a mixture of urban and rural settlements. Kilmarnock (population 43,600) is the largest settlement in the north of the authority, while the south is more rural comprising many former mining communities, including its main town of Cumnock (population 9,400).

The key issues in which strategic planning for affordable housing are set are detailed below:

- Mix of urban and rural settlements gives rise to different challenges, particularly between the north and south of the Authority area.
- Significant areas of rural hinterland and a number of particularly remote communities.
- A large number of settlements with varied populations, residential, economic, commercial, cultural and community services.
- Lower levels of owner occupation and private renting than Scotland as a whole, with 1 in 3 East Ayrshire households living within a Council property.
- Owner occupation is the dominant tenure, with 58% of the population owning their home.
- Lower house prices overall, than the national average, but with significant variation within each area.
- Major role for the social rented sector within the East Ayrshire housing system split between the Council and thirteen Registered Social Landlords.
- Growing private rented sector, which is responding to the Scottish Government’s agenda to deliver improvements in both landlord services, and property quality in this tenure.
- Challenging Local Economy that, although predicted to grow at a steady rate, is at a pace below the national average.

- Overrepresentation of manufacturing and engineering industries in the area and the continued under representation of financial and business services is forecast.
- High levels of unemployment in particular pockets of the authority and high levels of deprivation, with almost a quarter of the population living in the most deprived wards in Scotland.
- The median annual household income is below the Scottish average.
- The period to 2018 is expected to see an overall decline of 7.8% in the population of East Ayrshire.
- The numbers of younger people is expected to decrease sharply, while the number of people in the older age groups is expected to rise.
- Number of households is expected to rise, with the number of single people households experiencing a significant increase.

Housing Tenure and Profile

Overall, East Ayrshire's housing system continues to display lower levels of owner occupation than for Scotland as a whole, although the sale of Council and former Scottish Homes stock under the Right To Buy has contributed to an increase in the proportion of stock that is privately owned (61%); an increase of 48% since 1991. Around 33% of households in East Ayrshire live within the social rented sector, with the proportion of the total stock owned by the Council at 80%. The balance of households at 6%, are contained within the private rented sector.

The age and type of East Ayrshire stock is markedly different to that for Scotland, with a lesser proportion of pre war stock. The post war period, 1945 onwards, saw significant construction activity, with 38% of all existing stock being built within the following two decades. Stock built since 1982 accounts for only 1 in 10 domestic properties.

Deprivation

The Scottish Index of Multiple Deprivation 2006 shows that East Ayrshire has some of the highest levels of deprivation in Scotland. 8 out of 154 data zones fall within the most deprived 5% of areas in Scotland. These are concentrated in North Kilmarnock, the Shortlees area of Kilmarnock, and Bellsbank. A further 20 data zones fall within the most deprived 15%.

Income

In addition, the Scottish House Condition Survey suggests a median annual household income for East Ayrshire of £13700, whilst the national equivalent is £14500.

Demographic Context in East Ayrshire

Changes in population profile and to household numbers, types and sizes must be considered so that any proposed new bricks and mortar investment and service planning will meet the needs and aspirations of future customers.

The table below sets out the population by age group as at 2004, and the predicted changes in the population up to 2024.

Projected Population by Age Group

	East Ayrshire				Scotland			
	2004	2010	2014	2024	2004	2010	2014	2024
All Ages (x1,000)	119.7	119.2	118.5	116.2	5,078.4	5,118.2	5,123.7	5,118.9
0-15 years	22.9	20.8	20.2	19.2	935.5	873.1	844.7	819.7
16-29 years	18.8	20.1	19.7	16.4	881.0	931.5	917.0	807.2
30-49 years	35.2	32.9	30.7	27.6	1,502.1	1,416.5	1,345.7	1,262.6
50-64 years	23.1	24.2	24.5	25.9	933.3	1,012.5	1,046.2	1,074.9
65-74 years	11.2	11.8	13.1	13.6	455.1	477.0	528.8	585.2
75+ years	8.5	9.4	10.3	13.5	371.4	407.6	441.3	569.3

Source: General Register Office for Scotland (2004 Based Population Projections), 2005

The period to 2024 is expected to see an overall decline of 3% in the number of people living in East Ayrshire. This trend approximates to a loss of around 3,500 people. However, the table demonstrates that the pattern of change varies dramatically across different age groups. Most notably, there is an expectation of significant increases in the number of people within the older age groups, and especially, in the number of people of retirement age or over. At nearly 60%, the anticipated percentage increase in the number of people aged 75 and over is higher than the expected national average. This increase reflects the trend of increased longevity being experienced across Scotland, and has significant implications for planning and service provision for older people.

In considering the profile of households living in the area, at the time of the 2001 Census, the table below highlights that:

- East Ayrshire has a lower proportion of single person households than was found nationally;
- although the overall proportion of single person households is lower than that for Scotland, the proportion of single person pensioner households is higher.

Projected Households, 2005-2010

	Total Households	Households with 1 adult	Households with 1 adult with child(ren)	Households with 2 or more adults	Households with 2 or more adults with child(ren)	Mean Household size
2005						
East Ayrshire	50,790	15,450	3,300	20,600	11,440	2.30
	100.00%	30.42%	6.50%	40.56%	22.52%	-
Scotland	2,248,580	776,220	150,880	872,230	449,250	2.19
	100.00%	34.52%	6.71%	38.79%	19.98%	-
2010						
East Ayrshire	51,030	16,530	3,430	20,880	10,190	2.23
	100.00%	32.39%	6.72%	40.92%	19.97%	-
Scotland	2,308,810	846,030	161,590	896,480	404,710	2.11
	100.00%	36.64%	7.00%	38.83%	17.53%	-

Note: Statistics provided are based on all household types.

Source: General Register Office for Scotland, 2006

To this end, the focus for continued new build Council housing in East Ayrshire is proposed to build on the first phase approval, so as to respond to the growing older population across the communities of East Ayrshire through the provision of housing for older and ambulant disabled people.

Programme Development

The Council's Housing Service is responsible for leading the development of the Strategic Housing Investment Programme. Building on the successful arrangements established for the development of the first Strategic Housing Investment Programme, key local stakeholders continue to be involved in the Local Housing Investment Framework in East Ayrshire.

As key partners in the Strategic Housing Investment Framework, locally developing Registered Social Landlords are central to both the development and delivery of the Strategic Housing Investment Programme. The contribution of Registered Social Landlord partners is secured on an ongoing basis through the work around the Affordable Housing Investment Programming activities and attendance at the Social Landlord Forum.

Developing Agents

The Affordable Housing Investment Programming activity in East Ayrshire is currently delivered via robust working relationships with; the Council, locally operating and developing Registered Social Landlords, and the Scottish Government's Housing Investment Division Area office. At a strategic level, the Housing Service meets regularly with Scottish Government officials to review strategic agreement priorities in terms of ongoing, proposed and pipeline developments set against the aims outlined in the current Local Housing Strategy.

Locally-based Registered Social Landlords are selected to undertake development activity on the basis of their experience, track record, skills,

capacity and geographical location, e.g. where a provider already has stock in the area of the proposed project, and/ or a local office base.

The Council's Housing Service is experienced in leading Officer Working Groups to streamline the development process of more complex development projects. The Officer Groups comprise representation from all relevant departments within the Council and partner organisations, to include Housing (Operations and Strategy), Estates, Legal, Planning, Roads, Social Work, Scottish Government Housing Investment Division, Registered Social Landlords and where appropriate, the Tenants' Information Service. Officer representatives also attend pre-application meetings with Development Management in the Planning Service, the RSL and their consultants and contractor at the request of the RSL, to promote the Local Housing Strategy priorities.

One of the most recent officer groups was established to facilitate a new build project in response to the Older Persons Service Review in 2006 at Cessnock Gardens in Hurlford. This 48 week project represents the first extra care new build housing development following the review, and achieved a site start on 8th September 2008 to provide 26 new houses at a total cost of £3.7M. The completion date for the development was 11 August 2009.

Within the five year lifespan of the East Ayrshire Strategic Housing Investment Programme 2009/ 2010 – 2013/ 2014, provision has been made for the development of proposed new Council House Building on a collaborative working arrangement basis with locally developing Registered Social Landlords. In this way, a total of 50 additional units of affordable housing may be secured for older people across East Ayrshire's communities.

To date, the Council has successfully bid for a first phase of funding for new Council housing to be provided in the New Farm Loch area of Kilmarnock, all in accordance with the priorities set out in the East Ayrshire Strategic Housing Investment Programme 2009/ 10 – 2011/ 2014, to provide ten new build affordable houses for older, ambulant disabled people. These properties are to be developed by Atrium Initiatives; a subsidiary of a locally based developing Registered Social Landlord in East Ayrshire, further to Cabinet approval to negotiate directly with the Association, which has a Framework Agreement with a locally based contractor, McTaggart Construction.

Phase Two Bid

Year	2010/ 2011			
Area/ Site	Northern	Cumnock-Auchinleck	Kilmarnock North	Kilmarnock South
Address	Creelshaugh Road, Fenwick	Drumbrochan, Cumnock	Newlands Drive, Kilmarnock	Lammermuir Road, Kilmarnock
No. units	7	10	13	10

Subsidy level (£)	25000	25000	25000	25000
East Ayrshire Council funding	75000	75000	75000	75000
Units per site	7	10	13	10
Indicative Milestones				
Planning approval	By November 2011	By November 2011	By November 2011	By November 2011
Tender issue (Tender negotiation)	By January 2011	By January 2011	By January 2011	By January 2011
Demolition/ site clearance	N/A	N/A	N/A	N/A
Start construction	March 2011	March 2011	March 2011	March 2011
Completion date	January 2012	January 2012	January 2012	January 2012
Site Ownership	Housing Revenue Account	Housing Revenue Account	Housing Revenue Account	General Services Account

Planning Application

It is anticipated that the planning applications for each of the sites will be dealt with within the statutory timeframe, which is two months. Given the size of each of the proposed developments, each would fall within the Council's Scheme of Delegation, which, unless there are more than ten objections received, would not normally require to go to the local Planning Committee for consideration.

Building Warrants that relate to any development that include a social element are automatically fast-tracked. Provided the required minimum level of information is supplied, which can be accommodated via pre-warrant discussions, a warrant application may be processed in ten days, with one additional day to issue the required paperwork.

Work plan

In terms of current work planning, having identified the preferred locations for these four new Council housing developments, the next key project lead-in milestone will be to negotiate the appointment of each of the preferred Registered Social Landlords. These appointments are anticipated to be completed by January 2010.

Timescales

It is anticipated that a site start for each of the four sites may be achieved before the end of financial year 2010/ 2011.

Allowing for the appointment of the two preferred Registered Social Landlord partner by negotiation, and taking advantage of their Framework Agreement for Construction, it is anticipated that both Atrium Initiatives and Shire Housing Association would be formally appointed in January 2010. A further fourteen month period would be anticipated to achieve site start in March 2011, with a ten month on-site phase, so as to achieve a completion in January 2012.

SECTION 2

The Council has the ability to manage and maintain the new stock effectively.

There will be no requirement for additional resources to manage the new Council houses proposed as they will be incorporated into the Council stock currently managed by existing staff located within Housing Area Teams. Indeed, the approved East Ayrshire Strategic Housing Investment Programme 2009/ 2010 – 2013/ 2014, to include Council house building proposals within each of the five years of the programme, was broken down by Sub Areas based on operational allocation areas. In this way, a consistent approach to effective housing management may be provided. The Housing Area Teams that are broken down into de-centralised geographical offices, manage the functions of allocations and estate management, with repairs being managed by a centralised Repairs Team. The proposed additional Council housing stock will therefore be incorporated into existing housing management systems at no additional cost.

The Scottish Housing Regulator awarded East Ayrshire Council a B grade (good performance) for housing management in April 2008. The Regulator found that the Housing Service had many strengths, including:

- Housing a large number of people in housing need,
- Managing our estates well,
- Having a good lettable standard for empty houses.

Audit Scotland Statutory Performance Indicators for 2007/ 2008 showed that East Ayrshire Council was in the top quartile of best performers in the following categories:

- % of properties re-let in under 4 weeks,
- Average time to re-let properties,
- Lowest % of tenants in severe rent arrears,
- Current arrears as a % of new rent.

As at 1st April 2008, the Housing Service managed 13330 houses. Figures taken from the CIPFA Rating Review estimate that for the year 2008/ 2009, East Ayrshire Council's management costs per house are significantly lower than the Scottish average. The 2008/ 2009 estimate is £565.24, with the Scottish average being estimated at £679.89. The 2007/ 2008 actual East Ayrshire Council management costs per house were £514 compared with the Scottish average of £665. Net expenditure on supervision and management for East Ayrshire was £6,863,000 with a stock of 13330 compared with a total Scottish figure of £203,640,000 with a stock of 305,913.

Indeed, the Scottish Housing Regulator's Inspection Report dated April 2008 for East Ayrshire Council records:

“7.17: The Council charges its tenants an average rent of £44.84 per week that compares favourably to the national figure of £46.65. Its loan debt per unit is 72% of the national figure. East Ayrshire Council’s supervision and management costs for 2006/07 are £582, and are below the national average by 8.4%.”

The effect on overall cost per unit has been calculated by the Council’s Finance Service based on 2009/ 2010 budgets which indicate that there will be no impact on Supervision and Management and Repair costs per unit. In addition, it is anticipated that there will be no material effect on average rents as no premium will be applied to new build stock compared to current rents.

SECTION 3

The Council has prudential borrowing capacity/ other resources.

At its meeting held on 16 September 2009, Cabinet approved the second phase Council house building bid to provide a further 40 new build Council houses, with an associated total borrowing requirement of £3.75M.

Borrowing capacity, to include key underpinning assumptions and sensitivities.

In terms of resources to fund the proposed new houses, it is anticipated that each house will cost in the region of £0.1M gross with a maximum subsidy of no more than £0.025M per house. Therefore, the total borrowing requirement for the Council would be £3.75M. On this basis, the effect on debt charges is estimated to be equivalent to an increased rent of 30p per week, assuming the same methodology as that used in preparing the 2009/10 Housing Revenue Account budget, and that the borrowing is repaid over 60 years and 48 weeks rent.

With regard to ensuring designated resources to support the proposed additional Council House Building programme, it is anticipated that the schemes would incur no additional management costs as set out in Section 2, and that, all other things being equal, the increased stock due to house building proposals would dilute overall per unit costs. The funding required to meet the additional borrowing costs, i.e. debt charges, would be incorporated into the annual rent setting exercise.

Any future rent setting proposals would be subject to Cabinet approval and tenant consultation, in accordance with Council procedures for affordable housing.

The Council is committed to the achievement of the Scottish Housing Quality Standard by the deadline of 2015.

In terms of progress towards the Standard, this is currently ahead of the position expected at this time and as calculated within the Standard Delivery Plan provided in support of this objective.

The required funding to achieve the Scottish Housing Quality Standard has been calculated, monitored on an annual basis and set aside as indicated in the Council's financial plans to 2015 and this funding remains exclusive of any requirements within this bid. Further funding requirements to maintain the Standard beyond the achievement date of 2015 have also been calculated within the Council's 30 year Housing maintenance financial plan to ensure that future stock maintenance and improvement can be sustained.

Rent Strategy and Affordability Assessment

The rent strategy for the additional forty houses proposed for development reflects the demand for social rented housing across East Ayrshire, as set out under 'Analysis of need for type of houses in proposed locations'. This data records high levels of demand for social rented housing for applicants aged sixty years and over, with 153 applicants on the housing list that have been assessed as having an identified need for older people's supported accommodation.

As reported within the 'Affordability and Migration within the Ayrshire Housing System Final Report' dated June 2007 carried out by Newhaven Research, the increase in house prices throughout Ayrshire, coupled with the more recent down turn in the availability of mortgage products, it is anticipated that further Council House Building for older people will assist in complementing the range of affordable housing solutions available in East Ayrshire, as set out in the East Ayrshire Strategic Housing Investment Programme 2009/2010 – 2013/2014.

Affordability Assessment

Average rents across the family grouping for East Ayrshire, together with those of the other social landlords operating within East Ayrshire evidence that year on year, East Ayrshire Council's rents are among the lowest, and are consistently below the national average.

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
East Ayrshire	£38.24	£41.91	£43.20	£44.84	£46.80	£48.63
Clackmannanshire	£38.61	£40.19	£41.83	£43.50	£45.40	£47.58
East Renfrewshire	£40.71	£42.74	£44.23	£45.78	£46.59	£48.00
North Ayrshire	£36.77	£38.60	£41.30	£44.19	£47.28	£50.59
South Ayrshire	£38.38	£39.84	£43.45	£45.06	£47.17	£49.48
West Lothian	£45.12	£46.70	£46.67	£48.30	£49.37	£52.33
Scottish LA Average	£40.96	£42.64	£44.78	£46.63	£47.92	£49.36
Atrium	£50.24	£52.52	£55.57	£57.99	60.96	£64.16
Cunningham	£45.28	£46.38	£50.68	£54.51	58.24	£62.63
Shire	£51.24	£53.42	£55.40	£55.31	61.61	£65.34
Scottish RSL Average	£46.97	£48.54	£50.10	£51.76	54.74	n/a

Source: COSLA / Scottish Housing Regulator

Rent Strategy

The effect on debt charges is estimated to be equivalent to an increased rent of 30p per week, assuming the same methodology as that used in preparing the 2009/2010 Housing Revenue Account budget, and that the borrowing is repaid over sixty years.

As set out in the Narrative to Annex A of the Scottish Local Authority New Build Financial Proforma, it is anticipated that the proposed additional forty Council houses will have no impact on Supervision and Management and Repair costs per unit.

In addition, it is further anticipated that there will be no material effect on average rents as no premium will be applied to new build stock compared to current rents.

Scottish Local Authority New Build Financial Proforma

Round 2 – June 2009

Annex A Narrative

Methodology

Annex A was completed by using the Standard Delivery Plan financial model updated by East Ayrshire Council on an annual basis. The model was updated to take account of the proposed 40 additional houses. This updated model was then compared with the previous version which did not include these additional houses.

Findings

The model contains two main indicators. Firstly, debt per dwelling should not exceed £8,000. Within the revised model, debt per dwelling peaks at £5,724 in year 2016-17. For the purposes of the return (which only requests information to 2014-15, debt per dwelling peaks at £5,715. Both these indicators are well within the parameters which suggest that the scheme is financially viable.

The second indicator suggests that debt cost / net income ratio should not exceed 25%. Within the revised model, debt cost / net income ratio peaks at 18.3% in year 2024-25. For the purposes of the return (which only requests information to 2014-15, debt cost / net income ratio peaks at 17.4%. Once again, both these indicators are well within the parameters which suggest that the scheme is financially viable.

It is anticipated that the building of 40 new council houses within East Ayrshire will have no impact on Supervision & Management and Repair costs per unit. In addition, it is anticipated that there will be no material effect on average rents as no premium will be applied to new build stock compared to current rents.

SECTION 4

The area has housing need and the new homes will contribute to the Council meeting its 2012 homelessness target.

Housing Need

The Council has undertaken two studies with regard to considering affordable housing:

Affordable Housing Needs Study – Tribal Consultants

In August 2006, Tribal Consultants completed a research study of Affordable Housing Needs in East Ayrshire.

The Study concluded that although as a whole, East Ayrshire is not an area of housing market pressure, there are some sub areas within the area where access to the housing market may be problematic for some households, notably, the Northern Area, Doon Valley and Kilmarnock Central (if trends continue). Moreover, within Kilmarnock (Central & South) and the Northern Areas, there were: rapidly rising house prices; pressure on the socially rented sector and; households in unmet housing need.

Ayrshire Affordability and Migration Study – Newhaven Consultants

The three Ayrshire Authorities, in conjunction with Communities Scotland, commissioned Newhaven Research in April 2007 to investigate affordability and migration within the Ayrshire housing system.

This study concluded that since January 2000, house prices had risen sharply in all housing market areas, with the Kilmarnock Housing Market Area experiencing high house price increases within the second hand market relative to other housing market areas. It further re-affirmed that within East Ayrshire, there was greatest pressure on affordability in the Kilmarnock and Northern Sub-Areas, with Cumnock on the margins of being unaffordable in 2006.

The study also investigated migration patterns within Ayrshire, and between it and other areas, and looked specifically at the impact of the M77 extension on the extent of integration of the Glasgow and Ayrshire Housing Markets. The findings showed that 85% of annual household movement took place wholly within East Ayrshire; and that between local authority areas, the largest cross-boundary flows were across East and South Ayrshire.

As a result of the study, an affordable housing need has been established within East Ayrshire from the Northern area down through the authority area to the bottom of Kilmarnock.

The Finalised draft version of the East Ayrshire Local Plan with modifications has responded to the findings of this research with the inclusion of the Affordable Housing Policy which will increase delivery of affordable housing in the private sector.

East Ayrshire Affordable Housing Policy

The Ayrshire Joint Structure Plan states that in some areas, demand for affordable housing exceeds the supply, further compounded by the availability and cost of sites. The Structure Plan further adds that to address the deficiencies, affordable policies in Local Plans should be prepared and in general, Local Plans should seek affordable housing contributions consistent with Local Housing Strategies.

The Council is keen to ensure that housing of a high quality that is affordable to people on modest incomes is available throughout East Ayrshire's communities, and the Council's Housing and Planning Services have been working jointly to promote this objective.

The affordable housing study commissioned by the Council's Housing Service in 2005/ 06, augmented a previous Housing Needs Assessment completed by consultants in 2004. The study has shown that there is an affordable housing shortfall in Kilmarnock and in the northern area which includes the communities of Fenwick, Kilmaurs, Stewarton, Dunlop and Lugton.

In order to address identified shortfalls in affordable housing, Policy RES31 of the Alteration to East Ayrshire Local Plan finalised version with modifications, states:

The Council will require the provision of social/ rented/ affordable housing:

- (i) on those sites specifically identified and reserved for such purposes in the Local Plan; and
- (ii) on all housing sites of 40 or more houses proposed for Kilmarnock, and communities in the Glasgow Link Corridor, comprising the settlements of Stewarton, Kilmaurs, Dunlop, Lugton, Fenwick and Laigh Fenwick. The Council will require a benchmark figure of 25% of all the houses proposed for Stewarton, Kilmaurs, Dunlop, Lugton, Fenwick and Laigh Fenwick to be affordable in nature, with a benchmark figure of 15% being adopted for Kilmarnock.

The Council will also require other smaller windfall or redevelopment residential development sites of between 4 and 39 housing units within Kilmarnock and the Glasgow Link communities to make an appropriate financial contribution to meeting affordable housing requirements within the communities concerned. Agreements under Section 75 of the Town and Country Planning (Scotland) Act 1997 will be requested in respect of the above matters.

In formulating their development proposals, prospective developers will be required to fully reflect and respect the provisions of the Council's Supplementary Planning Guidance on Affordable Housing.'

On-Site Provision

Whilst the Council is willing to accept a range of affordable housing provision, it will, in conjunction with the grant provider, determine the appropriate level of affordable housing provision for any site taking into consideration local factors. Where affordable housing with a Registered Social Landlord is agreed by the Council, developers are encouraged to work in partnership with the Registered Social Landlord in achieving delivery of the housing proposed. PAN 74 'Affordable Housing' notes that progress is smoothest where a developer enters into early discussion with a Registered Social Landlord as a potential development partner. To this end, the Council encourages discussions with Registered Social Landlord's to be undertaken at the outset of the development process. To assist in the process, developers should, in the first instance, contact the relevant Council planning officer who will, in conjunction with the Council's housing officers and the Scottish Government, identify an appropriate partner Registered Social Landlord to deliver the affordable housing element of a proposal.

Where proposals are brought forward on a partnership model, the affordable housing must be designed as an integral part of the overall development and be visually integrated with the rest of the development. Developers and Registered Social Landlord's are recommended to engage in discussions with the Council at the earliest possible opportunity in the planning application preparation process to agree the precise scale, location and design of the affordable housing element of the overall proposal. Wherever possible, a joint planning application should be submitted by the developer and the Registered Social Landlord. The provision of affordable housing will require to be captured in any outline or full planning application submitted via a Section 75 legal agreement. For information purposes, the Scottish Government's minimum space standard for Registered Social Landlord developments is attached as Appendix 1 to this guidance.

Serviced land provided to Registered Social Landlords will require to be transferred from the developer to the Registered Social Landlord at a price agreed between both parties, equivalent to the value of the serviced land to be used for affordable housing purposes. In the event of a dispute, the District Valuer or an independent third party shall determine an appropriate price for the land, which shall be paid for by the developer. The transfer of the serviced sites from the developer to a Registered Social Landlord or the Council will be agreed through a Section 75 Legal Agreement.

Serviced land transferred to an Registered Social Landlord (or other party) shall revert to the developer if development has not commenced on the affordable housing portion of the site, or if no funding has been secured to

implement the development after 5 years of the date of planning consent, or one year following completion of the wider development, whichever is the later date. In this instance, the developer will then be required to pay the appropriate commuted sum.

The Council will insist on on-site affordable housing provision for all developments in the affected communities in excess 40 units, with an exception being made only in cases where no development partners can be identified, thus undermining the entire development e.g. a large scale flatted development. In these instances an appropriate commuted payment will be sought. In exceptional circumstances and only where a full justification can be made, a developer may opt to provide the affordable housing provision on a different site to that to which the application relates. The Council will consider such proposals on their individual merits. However, any off-site affordable housing provision must be located within the same settlement/ local area as the main development itself and consideration will also be given to the particular housing needs of the settlement or local area concerned. It should be noted that the Council is not obliged to accept any off-site affordable housing provision as may be offered by a developer and that this option remains at the Council's own discretion.

Commuted Payments

It is acknowledged that on smaller residential sites, the threshold for a Registered Social Landlord is likely to be too low to make the development financially viable and unrealistic to manage. Therefore, on sites of between 4 and 39 units, the Council will consider commuted payments as a viable option to direct on site provision.

With the payment of a commuted sum the developer is free to develop the site without providing affordable housing on the site itself. In such cases, the Council can also accumulate the commuted sums for purposes that will help meet identified affordable housing needs elsewhere. It is anticipated that commuted sums will be used to fund or part fund;

- Council house developments (these are anticipated to be small scale and may focus on specific types of housing).
- The provision of financial assistance to Registered Social Landlords to assist in funding the purchase of land and the development of affordable homes.

Commuted payments will be calculated in accordance with the provisions of PAN 74 and will be set at the value per unit of serviced land for rented affordable housing. It is acknowledged that this value will be less than the unrestricted market value. In the event of a dispute, the District Valuer or an independent third party shall determine the appropriate price, costs of which will be borne by the developer. All commuted payments will be agreed through a Planning Agreement and will be payable prior the commencement of development or as agreed with the Planning Authority.

Commuted payments will be paid into an Affordable Housing Fund, managed by the Council for affordable housing provision as set out above.

Impact of the Affordable Housing Policy

The finalised version of the Alteration to the East Ayrshire Local Plan identifies housing land allocations for each settlement. For those particular housing market sub-areas where the greatest need for affordable homes has been identified, a total of 3054 housing units have been allocated in Kilmarnock and 667 in the Northern Area (referred to in the Local Plan as the Glasgow Link Corridor) to meet demand to 2017. However, a significant number of these units already have existing planning consent (1154 units in Kilmarnock and 121 units in the Northern Area). Within the Northern Area there are also two local plan sites without planning consent totalling 72 units identified solely for affordable housing. Consequently, all of these units will not be subject to the provisions of the affordable housing policy for the settlements concerned.

Of the 1154 units which have already received planning consent in Kilmarnock, 202 of these are purely for affordable housing. However, as of October 2008, all 202 units are either constructed and occupied or under construction and will be complete during 2009. For this reason these units have not been included in the calculations as they will not assist in meeting future emerging demand for affordable housing after this time.

In reality, therefore, only 1900 of the housing units identified in Kilmarnock and 474 of those identified in the Northern Area are considered capable of helping meet the affordable housing requirements of the areas concerned. The table below provides a summary of the Housing Land Supply projections.

Table 2: Housing Land Supply Projections

Area	Total Housing Land Allocations to 2017	No. of units where planning consent issued	No. of units from affordable only local plan sites without planning consent	Balance of Units where Affordable Housing Policy would apply	Potential No. of Affordable Units
Kilmarnock	3054	1154		1900	285 (15%)
Northern Area	667	121	72	474	119 (25%)

Applying the accepted benchmark of 25% of the capacity of development sites within the Kilmarnock area being affordable in nature, an affordable housing allocation of 475 affordable units could be achieved, which exceeds

the identified projected need for 393 units. Accordingly, the Council has considered it appropriate and justifiable to establish a reduced benchmark figure of 15% of all housing units being allocated for affordable housing purposes within Kilmarnock.

Similarly, applying the accepted benchmark of 25% of the capacity of development sites within the Northern Area being affordable in nature, an affordable housing allocation of 119 affordable units could be achieved. When the 72 affordable only units are added to this figure the total number of affordable units in the northern area is 191 which falls some way short of the identified projected need for 347 units. However, it is considered that it is not appropriate at this particular time to increase the benchmark figure for this area beyond 25%, although this position will be reviewed when the Local Housing Strategy is updated in 2011 and in the preparation of any subsequent new local development plan for the area.

Local Housing Need

With an affordable housing need having been identified through the studies undertaken by both Tribal and Newhaven Consultants from the Northern Sub Area to the Glasgow Link Corridor, the Council House Building programme across the second phase of four sites seeks to address, in part, the shortfall in affordable housing provision, complemented by the balance of affordable housing solutions contained within the East Ayrshire Strategic Housing Investment Programme 2009/ 2010 – 2013/ 2014.

Over the life of the Local Plan, presently unanticipated affordable housing needs may be identified in other communities throughout East Ayrshire. Such needs would be identified annually as part of the statutory requirement to provide an annual update of the Council's Local Housing Strategy. This is in accordance with the East Ayrshire Community Plan. Where such a need has been identified, the Council will seek appropriate levels of affordable housing provision for the particular settlements concerned, including areas of emerging affordable housing need out-with those referenced above, in line with the provisions of this policy. As a consequence of the Ayrshire Affordability and Migration Study reporting that Cumnock Valley was on the margins of being unaffordable in 2006, the new Council House Building Programme allows for complementary new housing development in the Cumnock - Auchinleck Sub Area, as well as those Sub Areas covered by the Affordable Housing Policy.

Further evidence of housing need across Sub Areas may be gathered from an analysis of Council House Sales between 2000 and 2009 by Ward.

Ward	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Annick	46	30	32	25	18	10
Kilmarnock						
North	23	39	43	16	19	5
Kilmarnock	87	65	48	27	30	10

West						
Kilmarnock						
East	98	75	47	45	42	19
Kilmarnock						
South	85	61	62	40	27	11
Irvine Valley	73	59	43	35	28	9
Ballochmyle	81	63	69	61	36	20
Cumnock	72	60	62	23	29	12
Doon Valley	73	65	53	41	22	13
Total	638	517	459	313	251	109

These figures provide an indication of the location of the highest levels of former Right to Buy stock, and further demonstrate areas of high demand for housing across East Ayrshire.

Since the introduction of the Right to Buy legislation in 1980, 13274 Council houses have been sold. As at 31st March 2009, the Council owned 13086 houses. The loss of 13274 from a total stock of 26495, excluding demolitions, represents 50.10% of all stock. The development of further Council House Building would therefore seek to support the provision of new affordable housing options for the residents of East Ayrshire.

Taking account of the 'Affordability and Migration Within the Ayrshire Housing System Final Report', dated June 2007 carried out by Newhaven Research, the study concludes that in line with the rest of Scotland, the Ayrshire housing market is dominated by second hand sales. In the period from January 2000 to June 2006, there was a steep rise in house prices throughout Ayrshire. In the first six months of 2006, the median second-hand price stood at £88000, whilst the median new build price stood at £153000. This represents an increase of over 90% and 100% respectively over the period.

The housing market, unlike that for many other products, has a strong spatial dimension. In order to understand the operation of the housing market, it is therefore important to have a clear picture of its spatial structure. Looking at the pattern of migration flows of house purchasers has confirmed that the Ayrshire housing system has a complex geographic structure involving seven housing market areas.

Four major housing markets: Ayr Housing Market Area, Kilmarnock Housing Market Area, Irvine Housing Market Area and the Three Towns Housing Market Area. These operate across the core investment area outlined in the second Ayrshire Structure Plan. Whilst these four Housing Market Areas remain distinctive, there are signs that they are becoming more open and that the degree of inter-connectivity between them is increasing.

Three remaining housing market areas: North Coast, Garnock Valley, Girvan and South Carrick are more open and rural in nature. In addition, the Ayr Housing Market Area and Kilmarnock Housing Market Area each contain three distinctive sub-areas.

The four major Housing Market Areas have all experienced greater price pressure than the rest of Scotland. In the period 2000 to 2006, median second hand prices in these four housing markets increased by between 95% and 105% compared to 89% in the rest of Scotland.

The large majority (70%) of the population that moved within East Ayrshire in 2005 comprised low-income families (27%), families on the move (14%) and town centre singles (12%). The other main feature of migration from South to East Ayrshire is the country lifestyles group, which accounts for 14% of moves. Moves from North Ayrshire to East Ayrshire are dominated by low income families at 29% and families on the move at 24%, as defined within the Descriptions of mosaic Groups (Appendix One).

As noted previously, with an increase in house prices throughout Ayrshire, and an opening up of Housing Market Areas, pressure is increasing on the provision of housing that is available for the population moving within East Ayrshire. Coupled with the down turn in the availability of mortgage products, it is anticipated that the provision of further Council House Building for older people will assist in complementing the range of affordable housing solutions developed in the East Ayrshire Strategic Housing Investment Programme through making larger homes available for families to access affordable housing within identified communities.

Reducing Pressure: 2012 Homelessness Target

East Ayrshire Council has identified that the proposed additional new build Council houses will be provided for older and ambulant disabled people. Following confirmation of a successful bid, the Council will develop and implement a Letting Plan specific to these properties, so as to award priority to tenants in the social rented sector. In turn, it is anticipated that this lettings initiative will 'free up' mainstream social housing for larger families on the waiting lists.

Further, in accordance with its current Allocation Policy, East Ayrshire Council currently allocates 32% of vacancies to the Homeless Group. It is anticipated that this percentage will be increased to meet the 2012 target in terms of the abolition of priority need. Additionally, linkages may be made to promoting the elimination of fuel poverty as frequently, it is the case that it is the aged population that lives in family-sized accommodation that is larger than the requirements of its occupants.

Pressured Status

East Ayrshire Council has carried out preliminary investigations to identify whether an application for pressured status may be made to the Scottish Government, to include a first meeting with colleagues from the Scottish Government's Housing Investment Division. Notwithstanding the new Housing Bill consultation proposals, initial analysis has identified that there is a significant number of letting areas that could be considered for "pressured

status.” However, whilst this data represents a core element of the required evidence, this information is not conclusive, given that it is not the only factor to be considered. Further evidence gathering is to be undertaken, and will necessitate detailed dialogue with the Scottish Government Housing Investment Division, for clarification, and Registered Social Landlord partners. Following a successful bid for second phase funding for Council housing, East Ayrshire Council will undertake further examination as to whether an application may be submitted.

The Council seeks to secure additional affordable housing through its second bid for new Council House Building, to provide sustainable, affordable housing solutions for existing and new residents living in the communities of East Ayrshire. The Council will therefore actively investigate the designation of pressured area status to secure its proposed new affordable housing for the long term. In addition, through the provision of housing designated for older and ambulant disabled people, the Council will seek to have these new build properties qualify for an exemption in terms of section 61 (4) (ea) of the 1987 Housing (Scotland) Act as inserted by the 2001 Housing (Scotland) Act, given that similarly designed housing being developed through the Affordable Housing Improvement Programme are funded under ‘special needs’, rather than ‘mainstream’ funding.

Analysis of need for type of houses in proposed locations

There are currently 153 applicants on the housing list who have been assessed as having an identified need for older people’s supported accommodation. It is likely that, based on previous experience, there will be an increase in applications for this type of accommodation once proposals are publicised. The following figures denote the number of applications from people age 60 and over seeking housing in specific areas with a weighted first choice:

No. of Applications for Area Made by Applicants Aged 60 Years and Over

Kilmarnock Central	290
Northern	73
Cumnock and Doon Valley	221
Kilmarnock North	11
Kilmarnock South	48

The Council wishes to protect this proposed new build Council housing investment from the Right to Buy, again, notwithstanding any future legislative changes, and would therefore further investigate the opportunity to apply for pressured status to the Scottish Government in seeking to protect existing and new affordable housing.

Current Levels of Satisfaction

The Housing Needs Survey carried out by mruk indicates that, overall, residents of East Ayrshire are generally satisfied with the area they live in, with 93% of private sector residents and 90% of social rented sector tenants reporting they are either satisfied or very satisfied with the area they live in.

The East Ayrshire Private Sector House Condition Survey, 2006 reports that housing satisfaction levels within the District are high. 27423 households are very satisfied with their current dwelling (71.1%) and an additional 9927 households (25.7%) are fairly satisfied. Only 859 households expressed direct dissatisfaction with their dwelling (2.1%). Housing dissatisfaction levels are higher for private-rented tenants and in the Cumnock and Kilmarnock Areas. Linked to high levels of housing satisfaction, the majority of households regard their property to be in good repair (33882 households – 87.87%).

Tenant Consultation

East Ayrshire Council commissioned mruk research to undertake its Tenant Satisfaction Survey in 2007. Among the Key Conclusions, the results suggest that overall satisfaction levels with the Housing Service have largely been maintained or improved since the previous survey in 2004. In particular, satisfaction ratings have increased for the repairs service, value for money perceptions have mostly improved and the quality of information provided to tenants is considered better by the majority.

With regard to Improving the Housing Service, a significant increase (12% rise since 2004; 20% better rating in 2007) was evident in the proportion of respondents who perceive the quality of housing service to have improved over the last few years, particularly in Kilmarnock North (35%) and Cumnock (22%). Further, with regard to perceptions of the Housing Service, nearly all respondents (98%) perceive the Housing Service to be easy to contact and has friendly staff. Least (78%) perceive it to provide good value for money.

It is therefore within this high standard management framework that the proposed additional new Council housing would be set, thereby enhancing the affordable housing provision across East Ayrshire's communities.

SECTION 5

The Council can demonstrate that it has well developed plans.

Indicative Programme

The indicative project programme attached in Section 8: Additional information is set out on a month to month basis and will apply to each of the four proposed developments within this second phase bid. The programme is achievable, assuming minimal unforeseen issues, and allows for a site start within financial year 2010/ 2011 for each of the four proposed developments, assuming a fifteen month period to work up each of the four proposed developments from approval of the bid.

The Council is developing an Asset Register of all Council-owned resources, in terms of property and land holdings. This data has informed the identification of suitable sites for new Council House Building, so as to make use of appropriate, effective land that sits within the Council's ownership, thereby reducing the per unit cost in terms of acquisition. Approximate sums of £0.014M to £0.030M per unit have been assumed to meet the acquisition costs.

An officer group has already been established comprising representatives from Housing (both Operations and Development & Strategy), Estates, Finance and Legal Services to promote the proposals for Council House Building. Identified partner Registered Social Landlords will also be represented on the groups for each of the four proposed developments. All new build proposals are to be developed on either vacant or cleared sites.

Robust Delivery Arrangements

The Council proposes new Council house building activity to provide forty new Council homes to continue to take place in Sub Areas that already have affordable housing development identified within the Strategic Housing Investment Programme with an identified partner Registered Social Landlord. Each of the two identified Registered Social Landlords has its main operational base in East Ayrshire, so as to be able to: better project manage the process; seek to maximise efficiencies in terms of procuring and delivering the new homes; provide value for money; ensure high standard product delivery; and promote local labour initiatives. The Council therefore seeks to procure the proposed new Council housing through a collaborative arrangement with locally based developing Registered Social Landlords, developing on the identified sites as follows:

Year	Area	Site Location	Site Address	Registered Social Landlord Partner
2010/ 2011	Northern	Fenwick	Creelshaugh Road	Atrium Initiatives
	Cumnock-Auchinleck	Cumnock	Drumbrochan	Shire Housing Association
	Kilmarnock North	Kilmarnock	Newlands Drive	Atrium Initiatives
	Kilmarnock South	Kilmarnock	Lammermuir Road	Atrium Initiatives

Of the developing Registered Social Landlords operating across East Ayrshire, the two identified have a joint Framework Agreement in place; namely Atrium Initiatives and Shire Housing Association. Given that the sites are located in the areas where each of the Registered Social Landlords has its base and most of its stock, it is proposed to negotiate with Atrium Initiatives and Shire Housing Association as outlined above, as they have both recently completed new build developments in the authority area in which most of the new build Council housing is proposed.

The Associations therefore have capacity in terms of their current development programme, having successfully completed the new build developments outlined to commence the works within the requisite timescale, employ experienced in-house development staff and have undertaken development work to include the provision of general needs, amenity and wheelchair access housing.

The proposals aim to provide sustainable, high quality and cost effective housing, whilst also being designed to meet the current Building Regulation Standards and those set out in the Registered Social Landlords' 'New Build Design Guide'. The designs proposed will reflect the specific needs of older and ambulant disabled residents, and will comply fully with the necessary requirements outlined in the 'Housing for Varying Needs' Standards. Further details of the proposed Design Criteria are set out in Section 8: Additional information.

SECTION 6

The number of extra homes that are built is maximised and re in the right places.

East Ayrshire Local Housing Strategy

The current East Ayrshire Local Housing Strategy aims are to:

Aim One Support the Community Planning Partnership to regenerate disadvantaged areas and develop sustainable communities.

The provision of forty additional new Council houses across East Ayrshire will support the creation of sustainable communities, by redressing stock lost in popular locations through the Right to Buy. It will also provide new, smaller-sized houses suitable for older residents in response to demographic trends data, thereby allowing larger sized accommodation to be allocated to families wishing to remain within their local communities. In this way, further Council-led new housing development will contribute to alleviating pressures on affordable housing waiting lists and promoting area regeneration across East Ayrshire.

Over the last three financial years, East Ayrshire Council has secured £32.179 million of Affordable Housing Investment Programme funding which has been invested into the provision of 123 affordable homes by locally developing Registered Social Landlord partners, in response to identified housing need. The Council seeks to continue to build on these established working arrangements to secure the provision of additional, new affordable Council House Building so as to promote sustained area regeneration in priority communities.

Aim Two Improve resident satisfaction with home and the surrounding environment

Through the development of energy efficient new build housing, the proposed forty Council houses will provide high standards of thermal insulation, making homes more efficient in terms of running and maintenance costs for the householder and landlord respectively, in accordance with the Scottish Housing Quality Standard for social landlords.

The proposed housing will also be built to Secure by Design standards, thereby minimising opportunities for opportunist crime in and around the home environment.

Aim Three Ensure Equal Access to an Adequate Supply of Good Quality Affordable Accommodation

As previously reported, from the Affordable Housing Needs and the Ayrshire Affordability and Migration Studies undertaken by Tribal Consultants and

Newhaven Consultants respectively, together with Waiting List data, there is evidence of a growing demand for the provision of affordable housing across East Ayrshire. This position has been exacerbated by the current lack of: confidence in the housing market in terms of new supply of affordable housing in the private sector; and financial products with which to access home ownership. This climate has put additional pressures on the Council's Housing Waiting List figures across the authority area, thereby increasing pressure for more affordable provision.

Aim Four Ensure individuals requiring support to live independently in the community are enabled to do so

By 2010, some 11,800 people in East Ayrshire will be aged between 65 and 74. A further 9,400 will be over 75. These numbers are anticipated to increase to 13,100 and 10,300 respectively by 2014. Over 90% of them live in their own homes, with a rough 50/50 split between the social rented sector and owner occupation. A small number live in the private rented sector. Less than 10% of the entire older population in East Ayrshire live in residential or supported accommodation.

Key to the development of the proposed new Council House Building is a recognition that national and local demographic trends report a growing older population. In developing a further forty houses specifically for older and ambulant disabled people, the Council seeks to enhance the supply, thereby making existing larger-sized properties available for existing and new residents to East Ayrshire. Local service delivery and joint-working arrangements already identified to support those residents to remain in their own homes may then be delivered in a more coordinated and efficient manner.

The East Ayrshire Local Housing Strategy 2004-2009 therefore notes there is a range of: individuals who require accommodation that is appropriate for their particular needs; and support services to enable them to live independently in their homes.

East Ayrshire Strategic Housing Investment Programme

The East Ayrshire Strategic Housing Investment Programme has been developed to include a range of affordable housing solutions, to include the provision of Council House Building during each of the five years of the programme within five Sub Areas, namely:

- Kilmarnock Central
- Northern
- Cumnock – Auchinleck
- Kilmarnock North
- Kilmarnock South

The Strategic Housing Investment Programme was submitted to the Scottish Government by the due deadline of 28th November 2008, following

consideration and approval by the Council's Corporate Management Team, and Elected Members at the Cabinet meeting held on 3rd December 2008.

The Council re-submitted a first round bid for the provision of new Council Housing to both the Scottish Government and COSLA in May 2009, and has been successful in securing £0.25M of funding to facilitate the development of ten houses for older, ambulant disabled people in Kilmarnock, to reflect the first year's Strategic Housing Investment Programme Council house building priorities.

Altogether, the Strategic Housing Investment Programme promotes the creation of 35 new affordable housing developments over a 5 year period, to supply 929 new affordable homes across a range of needs. The tenure patterns include:

- RSL Affordable Rent,
- Local Authority Affordable Rent,
- RSL New Supply Shared Equity (NSSE),
- Open Market Shared Equity (OMSE),
- Private Sector Low Cost Home Ownership (LCHO) initiatives

The affordable housing developments will respond to identified housing need arising from:

- General needs housing,
- Community care housing for older people and people with complex needs,
- Identified Initiative Areas,
- Homelessness:
 - Hostel facility,
 - Refuge provision,
 - Formerly looked after and young people,
- Town centre regeneration,
- Existing and new Local Plan land releases,
- Master planning exercises.

Significantly, the programme allows for the complementary provision of affordable housing in partnership with Private Developers, with no contribution from the Affordable Housing Investment Programme.

The programme assumes an Affordable Housing Investment Programme resource allocation of £7M plus 40%, to allow for slippage, to total approximately £10M per annum over the five year lifespan of the programme. The allocation awarded to East Ayrshire for 2009/2010 is in the sum of £8.933M.

Set within this framework, the Council House Building programme assumes Scottish Government subsidy of no more than £0.025M per unit, to total £0.25M for, in the main, each of the ten-unit Council house developments

proposed within each of the remaining four years of the Strategic Housing Investment Programme. Each new house is estimated to cost in the region of £0.1M gross to develop. This sum is to be supplemented by Council Contributions via Land and Prudential Borrowing in the sum of approximately £0.75M per ten unit development, relative to the overall programme spend proposal. The total borrowing requirement would be £3.75M.

Given the range of affordable housing solutions contained within the Strategic Housing Investment Programme, drawing on both the Affordable Housing Investment Programme and from other resources in terms of both the Council's and Private Developers' input, the proposals for the provision of an additional forty new Council House Building will not adversely impact the delivery of other affordable housing supply via the Affordable Housing Investment Programme. Indeed, the supply of Council housing seeks to complement the affordable housing provision as set out in the approved Strategic Housing Investment Programme.

Effective Procurement

The Council has assumed new Council House Building activity to take place in Sub Areas that generally already have affordable housing development identified with partner Registered Social Landlords as set out in the East Ayrshire Strategic Housing Investment Programme 2009/ 2010 – 2013/ 2014, to seek to maximise efficiencies in terms of procuring and delivering the proposed new homes.

In order to ensure value for money, high standard product delivery and to promote local labour initiatives, the Council will seek to procure the proposed new Council housing through a contractual arrangement with two identified locally based developing Registered Social Landlords, as set out in Section 5, as is the case with the Council's first phase Council house new build development. In employing Registered Social Landlord partners, the preferred developers will benchmark against similarly sized projects undertaken by the Associations so as to offer value for the public pound, in the current financial climate.

Negotiations with the identified partner Registered Social Landlord, Atrium Initiatives, for the first phase Council house proposals are currently ongoing in terms of contractual obligations and new build proposals are being developed within the Registered Social Landlord's value for money framework, with a view to achieving a site start in March 2010. The Council would therefore propose to repeat this successful arrangement to deliver forty further new build Council houses across East Ayrshire with both Atrium Initiatives and with Shire Housing Association.

SECTION 7

RISK MANAGEMENT

Critical risk factors associated with the new build housing development proposals relate to:

Demolition

As each of the four sites identified has either previously been cleared or does not contain existing buildings, no demolition works will be required.

Ownership

All four identified sites sit within the Housing Revenue Account.

Planning Status

Northern

Creelshaugh Road, Fenwick

The site is located within the settlement boundary of Fenwick in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan and, given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms.

Kilmarnock North

Newlands Drive, Kilmarnock

The site is located within the settlement boundary of Kilmarnock in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan and given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms. Whilst it is considered that the proposed 13 units could easily be accommodated on this site, it should be noted that an area of safeguarded open space abuts the northern and western edges of the site. Encroachment of development onto this safeguarded area would not be acceptable.

Cumnock - Auchinleck

Drumbrochan, Cumnock

The principle of accessing 10 housing units from Dalglish Avenue is acceptable to Roads and Transportation.

With regard to planning policy, the site is part of a larger identified housing site in the adopted East Ayrshire Local Plan and is not designated for any particular purpose in the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. Given the location of the site within an established residential area, the principle of housing development is acceptable in planning policy terms

Kilmarnock South

Lammermuir Road, Kilmarnock

Roads and Transportation Service have confirmed that the principle of housing development at this site is acceptable as the access road is of sufficient width and the site is of a sufficient size to accommodate a turning head.

With regard to planning policy, the site is located within the settlement boundary of Kilmarnock in both the adopted East Ayrshire Local Plan and the Alteration to the East Ayrshire Local Plan, finalised draft with modifications. It is not designated for any particular purpose in either local plan. It is bounded on all four sides by 2 storey houses and as a result there are potential issues of overlooking and loss of privacy but these issues can be addressed by careful design.

A limited development of ten, two bedroom sized equivalent development designed for older people can be designed to fit this site and achieve normal standards in relation to overlooking and amenity. The Head of Planning and Economic Development has confirmed that a single storey courtyard arrangement of this scale of development could be designed to fit the site and achieve a favourable recommendation.

Site Investigations

Site investigation works will be commissioned immediately, following confirmation of a successful second phase bid for new build Council housing, to ensure that all site data is made available to the preferred developer partners to feed into the design phase for each development.

Utilities

One of the identified sites has previously had a building in situ, and is therefore serviced in terms of the required infrastructure, with the exception of Creelshaugh Road, Fenwick, Lammermuir Road, Kilmarnock and Drumbrochan, Cumnock in the Northern, Kilmarnock and Cumnock-Auchinleck areas respectively where early site investigations and pre-tender work will be commissioned.

Costs

There are no demolition costs associated with the sites as each site has previously been cleared or does not contain existing buildings.

SECTION 8

Additional Background Information

DESIGN CRITERIA

The design criteria that are anticipated to be employed in developing the proposed new Council House Building programme encompass:

Design Concept

The proposals allow for two bedroom, four person house layouts.

The proposals aim to be both high quality and cost effective, whilst also designed to meet the current Building Regulation Standards and those set out in the Registered Social Landlords' 'New Build Design Guide'. The design reflects the specific needs of older and ambulant disabled residents, and complies fully with the necessary requirements outlined in the 'Housing for Varying Needs' Standards.

Security Conscious Design

The design of the proposed housing aims to achieve eligibility for 'Secured by Design' accreditation from Strathclyde Police. All properties will have their own front and back doors, so removing the risk of unauthorised access through communal closes. In addition, all properties will benefit from having glazed openings overlooking entrance areas, providing natural surveillance.

Effective Landscaping

Landscaping to communal areas throughout the housing developments will be kept to a minimum height, thereby reducing shaded areas and allowing residents to monitor the areas more easily.

Physical Security

The construction design will incorporate traditional materials, i.e. facing brick, concrete roof tiles, lockable double glazed windows and doors, all in compliance with 'Secured By Design' requirements. A proposed courtyard-type layout will be designed to form a barrier around the extents of the site, whilst creating a well-overlooked, rear, communal landscaped garden and parking area.

Lighting

All properties will have external lights mounted above front and rear entrances to provide a safe and secure environment for tenants and their vehicles.

Internal Design

Space Standards

Generous space standards will be incorporated throughout the proposed internal house layouts, so as to maximise usable floor space. All houses will conform to the criteria contained within Housing for Varying Needs Standards.

Functionality of Internal Spaces

The house layouts and individual rooms will therefore be designed to allow tenants to carry out their daily activities unhindered.

Accessibility and Flexibility

The houses will incorporate barrier free design standards, and subject to ground levels, will include ground floor level access to the front and rear of all properties.

Relationship with External Spaces

All properties will be designed so that they look out onto surrounding external spaces, and these areas will be linked by designated paths. Communal external areas will be designed to be overlooked by neighbouring properties.

External Design

Communal Gardens

All properties will be designed to have direct access to generous, enclosed shared gardens to the rear, and each property will have its own drying area. These areas will be well maintained and overlooked by neighbouring properties.

Boundaries

Generally, throughout the proposed housing developments, fencing enclosing front garden areas will be 1.0 metre high metal fencing, with 1.4 metre high timber fencing enclosing rear gardens. Timber post and wire divisional fencing is proposed to be utilised between properties to front gardens throughout.

Accessibility

Any new access road and pavements to the proposed shared parking to the rear of the properties will incorporate a shared surface. All roads and pavements, parking bays will have a paviour finish. All properties will be easily accessed via paved paths to maximise accessibility for all residents and visitors.

Maintenance

The external works will be designed with low maintenance as a focus, using traditional long-life materials and landscaping which will require low maintenance throughout its lifespan.

Sustainability

The aim of the sustainable approach will be to achieve sustainable design through the innovative use of low impact building techniques and materials and high insulation standards.

More specifically, this approach to the proposed design will be to create new homes that: people will want to live in; are warm and dry; energy efficient and have low running costs for residents, thereby becoming a long-term asset to the communities of East Ayrshire, as well as respecting the environment.

AFFORDABILITY AND MIGRATION WITHIN THE AYRSHIRE HOUSING SYSTEM

Summary Descriptions of Each Mosaic Group

Upper Echelons

This group consists of professionals, senior managers and others able to afford spacious housing in the choicest locations. As the most affluent Mosaic group, these households exert most influence on the upper end of the housing market.

Families on the Move

This group includes younger or early middle working age single and dual earning households starting or growing their families. This group tends to live in houses build after 1945 and is the key customer segment for newly built housing.

Small Town Propriety

This group includes retired households as well as middle aged to older working home owners whose jobs are likely to root them in the community – such as local craftspeople, shopkeepers and other professions serving people rather than business customers. They are less likely to move than younger households.

Country Lifestyles

This group generally comprises of middle aged/ older working and retired households rather than families with young children. These households have a rural lifestyle, in terms of where they live and type of work. When moving house, they are likely to move between rural areas rather than into urban areas.

Urban Sophisticates

This is a highly mobile, well educated and affluent group that own or rent well appointed properties and are most often found in Scotland's larger cities.

Town Centre Singles

This diverse group includes single person and childless couples across the age spectrum. Many of these households are mobile but they are also less affluent than families on the move or urban sophisticates. They are therefore more likely to encounter affordability issues than these other two mobile groups.

Renters Now Owning

This group consists mainly of households that exercised their right to buy. As such they tend to be older and more settled.

Low Income Families

This group consists mainly of families and lone parents. Most of these households contain at least one person in employment, often in lower paid occupations. Many rent from a social landlord but this group may also include those buying their home through some form of shared equity. These households are quite mobile and may be most affected by affordability issues.

State Beneficiaries

This group in the main rent from a social landlord and includes single people, childless couples and pensioners as well as households with children, most of whom are heavily reliant on state benefit. They are relatively geographically immobile compared with other groups, particularly low-income families.

Shades of Grey

This group includes older person households living in sheltered accommodation as well as housing originally built for families. Most rent from a social landlord and many rely on the state pension as their source of income.

Note: The 'descriptor' labels (such as shades of grey) are those used by Experian and reflect the marketing origins of the MOSAIC classification system.

Costs

Each of the proposed Registered Social Landlords will develop detailed scheme designs and costs for each of the sites in response to the identified housing mix and type. It is anticipated however, that target project costs will be linked to the Royal Incorporation of British Architects' Plan of Work Stages and will be benchmarked against the Scottish Government's Three Person Equivalent Costs for each project.

Valuations

The sites have recently been valued for the Council's Asset Register. It is considered that the appropriate valuation rates would be as follows:

Site	Area (acres)	Pro Rata Valuation (£)
Creelshaugh Road, Fenwick	0.672	188,800
Drumbrochan, Cumnock	1.806	161,000
Newlands Drive, Kilmarnock	2.124	180,000
Lammermuir Road, Kilmarnock	1.278	206,000

INDICATIVE PROGRAMME

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Client Appointment												
Topographical Survey												
Prepare draft house plans and site layout options												
Ground Investigation Report												
Client confirmation of housing mix												
Revise initial layout to suit mix												
Preparation of Risk Register												
Initial Planning Pre Application discussion												
Preparation of House Types												
Client approval of house and site layouts												
Initial consultation with local community												
Cost estimate												
Revision of Layout and House Types												
Feedback consultation with local community												
Client instruction to submit planning application												
Preparation of planning application drawings												
Scottish Government Cost Plan Submission												
Planning Determination												
Risk Register Update												
Scottish Government Cost Plan approval												
Client instruct to prepare Building Warrant Drawings												
Preparation of BW drawings												
Preparation of Drainage Approval drawings												
Preparation of Road Construction Consent (RCC) drawings												
Design of water supply infrastructure												
Risk Register Update												
Production Information Drawings												
Approval of Water Supply Infrastructure												
Building Warrant Approval												
Drainage Approval												

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Road Construction Consent												
Preparation of Contract Documents (B of Q)												
Risk Register Update												
Cost Estimate checking												
Negotiation of Contract												
HAG Funding approval												
Contract Award/Mobilisation												
Construction Period												

SECTION 9

Contact Details

Further information with regard to the East Ayrshire Council bid for funding for Incentivising New Council House Building may be obtained by contacting:

Christopher McAleavey, Head of Housing, Department of Neighbourhood Services

Tel. 01563 574876

E-mail: .mcaleavey@east-ayrshire.gov.uk

Deborah Brady, Development Officer, Development and Strategy Section, Housing Service, Department of Neighbourhood Services

Tel. 01563 576792

E-mail: .brady@east-ayrshire.gov.uk

Paul Whip, Financial Services Manager – Neighbourhood Services, Finance and Asset Management Service, Chief Executive's Department

Tel. 01563 576405

E-mail: .whip@east-ayrshire.gov.uk

**Annex A: Scottish Local Authority New Build Financial Proforma
Round 2 - June 2009**

East Ayrshire Council

Where monetary values are required, please enter them in nominal/cash terms

	Cells which must be filled in
	Cells calculated by spreadsheet

Part A reflects the financial position excluding proposed Round 2 new build, i.e. the financial position due to current stock, plus new build from Round 1, plus any other planned new build that will be carried out even if no funding is received in Round 2	A-1	Estimated overall HRA position for 2009/10 excluding proposed Round 2 new build		Total	Per unit	
	1	Stock as at 30 September 2009	units	13,025	n/a	
	2	HRA debt as at 30 September 2009	£000	65,553	£5,033	
	3	HRA loan charges for 2009/10	£000	5,200	£399	
	4	- of which capital repayment	£000	1,093	£84	
	5	- of which interest charges	£000	60	£5	
	6	Net rental income (gross rents less voids and arrears) for 2009/10	£000	33,269	£2,554	
	7	Loan charges as a % of net rental income	%	16%	n/a	
	8	Supervision & Management expenditure for 2009/10	£000	9,226	£708	
	9	Repairs & Maintenance expenditure for 2009/10	£000	14,268	£1,095	
	10	Capital Expenditure Funded from Current Revenue (CFCR) for 2009/10	£000	3,901	£300	
	11	Average weekly rent (52 week basis) for 2009/10	£	50.86	n/a	
	12	Pooled HRA interest rate for 2009/10	%	6%	n/a	
		A-2	Peak and trough indicators for overall HRA (excluding Round 2 new build units) during the period 2009/10 to 2014/15		Value	Year
	13	Peak total HRA debt	£000	69,824	2013-14	
	14	Peak HRA debt per unit	£	5,518	2014-15	
	15	Peak total HRA loan charges	£000	6,408	2014-15	
	16	Peak HRA loan charges per unit	£	508	2014-15	
	17	Peak HRA loan charges as a % of net rental income	%	17%	2014-15	
	18	Peak Supervision & Management expenditure per unit	£	855	2014-15	
	19	Peak Repairs & Maintenance expenditure per unit	£	920	2014-15	
20	Trough CFCR per unit	£	3,901	2012-13		
21	Peak average weekly rents (52-week basis)	£	60.40	2014-15		

Part B reflects the financial position if the bid in Round 2 is successful	B-1	Round 2 new build activity summary		Total	Per unit	
	22	Round 2 new build addition to stock	units	40	n/a	
	23	Construction costs	£000	3,200,000	£80,000	
	24	Land costs	£000	0	£0	
	25	Other costs (fees, preliminaries, etc.)	£000	800,000	£20,000	
	26	Total capital costs for Round 2 new build	£000	4,000,000	£100,000	
	27	Scottish Government grant (the maximum subsidy per unit is £25,000)	£000	1,000,000	£25,000	
	28	Additional borrowing required for Round 2 new build stock	£000	3,000,000	£75,000	
	29	Interest rate on additional borrowing	%	6%	n/a	
	30	Average weekly starting rents for Round 2 new build stock (52-week basis)	£	50.86	n/a	
	31	Average rental premium for Round 2 new build stock compared to current rents (line 11)	%	0%	n/a	
		B-2	Peak and trough indicators for overall HRA (including Round 2 new build units) during the period 2009/10 to 2014/15		Value	Year
	32	Peak HRA debt	£000	72,652	2013-14	
	33	Peak HRA debt per unit	£	5,715	2014-15	
	34	Peak HRA loan charges	£000	6,728	2014-15	
	35	Peak HRA loan charges per unit	£	532	2014-15	
	36	Peak HRA loan charges as a % of net rental income	%	17%	2014-15	
	37	Peak Supervision & Management expenditure per unit	£	855	2014-15	
	38	Peak Repairs & Maintenance expenditure per unit	£	920	2014-15	
	39	Trough CFCR per unit	£	3,901	2012-13	
40	Peak average weekly rents (52-week basis)	£	60.40	2014-15		