

HOUSING INVESTMENT GUIDANCE NOTE

The Scottish
Government

**To: All Registered Social Landlords
(RSLs)**

**Subject: Strategy and Development
Funding Plans (SDFPs)**

**Issued by: Housing Investment Division
(HID)**

Ref No: HIGN 2009/11

Page: 1 of 13

**Issued: September
2009**

This Guidance Note tells you about the arrangements for submitting Strategy and Development Funding Plans (SDFPs) in 2009. It supersedes HIGN 2008/11.

Responsibility for appraising SDFP submissions, and for issuing Programme Agreements, lies with the Grant Provider. The Grant Provider refers to Scottish Government or (in the case of Glasgow and Edinburgh) the City Councils.

This Guidance Note has been reviewed to ensure that appropriate links are made to the HIGN 2009/09 guidance on Strategic Housing Investment Plans (SHIPs), and will continue to be reviewed as SHIPs develop.

Questions about this Guidance Note should be addressed to the Grant Provider.

This Guidance Note is on the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes>.

Introduction

1. This Guidance Note tells you about the arrangements for submitting this year's Strategy and Development Funding Plans (SDFPs) to the Grant Provider. It supersedes HIGN 2008/11.

Content

2. You do not need to submit an SDFP this year if you are not seeking funding over the next three financial years (2010/11 to 2012/13).
3. If you are looking for funding over the next three financial years, you should complete Tables 1 and 2 at Appendix 1. To help you fill in these Tables, 'Notes on completion' are given in Appendix 2.
4. If you are seeking funding for projects that will reach cost plan and design and/ or tender stage in 2010/11, you should also complete Table 3 'Framework of Proposed Rent Levels' (see Appendix 3).
5. These tables are available electronically in the 'Guidance' section of our website.

Planning

6. The SDFP submission gives the Grant Provider important information to support the development of investment programme proposals.
7. As well as your own organisational priorities, expertise and knowledge, you should take account of all relevant planning sources, including Local Housing Strategies (LHS) and Strategic Housing Investment Plans (SHIPs), when developing your SDFP submission. Revised guidance - HIGN 2009/09 - designed to assist local authorities prepare their SHIPs for the period 2010/11 to 2014/15 was published recently and can also be found at the above link. Local authorities are expected to work closely with RSLs and other key partners from the outset in preparing SHIPs and we would expect to see a strong alignment between SHIPs and SDFPs.
8. SDFPs still form the basis of formal programme commitments.

Timescales

9. The Grant Provider is responsible for appraising this year's SDFP submissions, and for issuing Programme Agreement letters.

10. All SDFP submissions, except those to Glasgow City Council, should be with the Grant Provider by 6 January 2010. The submission date for Glasgow City Council will be advised under separate cover.
11. The Grant Provider will issue Programme Agreement letters by the end of April 2010, subject to Ministerial approval of the Affordable Housing Investment Programme (AHIP). A standard template for the Programme Agreement letter will be provided by the Housing Investment Division.

Future Requirements

12. We plan to review the future role of SDFPs once current discussions set out in the Minister's June 2009 statement "Investing in Affordable Housing – the Way forward" are concluded. This review will be carried out in consultation with the SFHA and COSLA. Until this review has been undertaken and completed, all RSLs seeking funding over the next three years should continue to operate the current SDFP process and should ensure that the relevant local authorities also receive a copy of the SDFP.

APPENDIX 1

TABLE 1 - DEVELOPMENT FUNDING SOUGHT (CAPITAL PROJECTS BY PROJECT/ EXPENDITURE BLOCK)

BLOCK PROJECTS
(See Note 1)

NAME OF RSL _____

PROJECT NAME AND KEY DATES (See Note 2) | **No Units & PROPOSED CLIENT GROUPS** (Note 3)

	No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
				0
PROVISION FOR PARTICULAR NEEDS (Note 4)				
ACQ				
START				
COMPL				

	No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
				0
ACQ				
START				
COMPL				

	No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
				0
ACQ				
START				
COMPL				

	No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
				0
ACQ				
START				
COMPL				

	No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
				0
ACQ				
START				
COMPL				

SUBMISSION DATES (Note 5)

HAG/ ACQ	HAG/ COST PLAN	HAG/ TENDER
DATE SUBMITTED (ACT/EST)		
DATE APPROVED (ACT/EST)		

DATE SUBMITTED (ACT/EST)		
DATE APPROVED (ACT/EST)		

DATE SUBMITTED (ACT/EST)		
DATE APPROVED (ACT/EST)		

DATE SUBMITTED (ACT/EST)		
DATE APPROVED (ACT/EST)		

DATE SUBMITTED (ACT/EST)		
DATE APPROVED (ACT/EST)		

EXPENDITURE PROFILE BY YEAR & TYPE OF FUNDING (£000s) (Note 6)

	PREV YEARS	CURRENT YEAR	YEAR 1 OF PLAN	YEAR 2 OF PLAN	YEAR 3 OF PLAN	FUTURE YEARS	TOTAL ALL YEARS
GRANT							
SALES							
PF							
OTHER							
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRANT							
SALES							
PF							
OTHER							
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRANT							
SALES							
PF							
OTHER							
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRANT							
SALES							
PF							
OTHER							
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRANT							
SALES							
PF							
OTHER							
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRANT PER UNIT (3PE) (Note 8)

HA RENT	HA LCHO	OTHER	TOTAL
			0

HA RENT	HA LCHO	OTHER	TOTAL
			0

HA RENT	HA LCHO	OTHER	TOTAL
			0

HA RENT	HA LCHO	OTHER	TOTAL
			0

HA RENT	HA LCHO	OTHER	TOTAL
			0

BLOCK TOTAL (Note 7)
[OR SUB-TOTAL IF MORE THAN 1 PAGE IS NEEDED]

No Units HA RENT	No Units HA LCHO	No Units OTHER	No Units TOTAL
0	0	0	0

	PREV YEARS	CURRENT YEAR	YEAR 1 OF PLAN	YEAR 2 OF PLAN	YEAR 3 OF PLAN	FUTURE YEARS	TOTAL ALL YEARS
GRANT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SALES	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PF	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OTHER	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000

TABLE 2 - SUMMARY OF DEVELOPMENT FUNDING REQUIRED AND PROGRAMME OUTPUTS

NAME OF RSL _____

NEW AND IMPROVED HOUSING PROVIDED/ PROPOSED

1 NUMBER OF UNITS IN TENDERS, COMPLETED AND ACQUIRED DURING THE PLAN PERIOD [See Note 1]

	No UNITS IN APPROVED TENDERS (NEW/IMPROVED HOUSING)				No UNITS COMPLETED (NEW/IMPROVED HOUSING)				No UNITS ACQUIRED FOR FUTURE DEVELOPMENT (NEW/IMPROVED HOUSING)			
	HA RENT	HA LCHO	OTHER	TOTAL	HA RENT	HA LCHO	OTHER	TOTAL	HA RENT	HA LCHO	OTHER	TOTAL
	CURRENT YEAR				0				0			
YEAR 1				0				0				0
YEAR 2				0				0				0
YEAR 3				0				0				0

2 GRANT AS % OF PROJECT COSTS [See Note 2]

(Based on expected tender approvals for new and improved housing units)

	GRANT AS % OF TOTAL COSTS OF FUNDED NEW/IMPROVED HOUSING UNITS
Year of tender approval	
CURRENT YEAR	%
YEAR 1	%
YEAR 2	%
YEAR 3	%

3 OTHER DEVELOPMENT ACTIVITIES (CAPITAL) FOR WHICH GRANT IS SOUGHT [See Note 3]

	MAJOR REPAIRS	DECANTS	FURNITURE GRANTS	STAGE 3 ADAPTS	ENVIRONMENTAL GRANTS
CURRENT YEAR No					
GRANT					
YEAR 1 No					
GRANT					
YEAR 2 No					
GRANT					
YEAR 3 No					
GRANT					

4 EXPENDITURE PROFILE BY YEAR AND TYPE OF FUNDING (ALL CAPITAL PROJECTS)

[See Note 4]

	CURRENT YEAR	YEAR 1 OF PLAN	YEAR 2 OF PLAN	YEAR 3 OF PLAN
GRANT				
LCHO SALES INCOME				
PRIVATE FINANCE				
OTHER				
TOTAL	0	0	0	0

5 SUSTAINABLE DEVELOPMENT POLICY

[See Note 6]

DO YOU HAVE A SUSTAINABLE DEVELOPMENT POLICY?

Yes No
Please tick box

Appendix 2

Notes on completion for Table 1

In Table 1, you should list **each** capital project (whether approved or proposed) with potential grant expenditure over the next three financial years (2010/11 to 2012/13).

This includes projects providing new or improved housing **and** all other capital projects including:

- major repairs (list all projects);
- decants (list all projects);
- furniture grants (state the number of grants proposed for each financial year);
- stage 3 adaptations (state the number of adaptations proposed for each financial year); and
- environmental projects that are carried out **independently and outwith the curtilage** of new house building or improvement projects .

Note 1

You should complete a separate version of Table 1 for Block A, Block B and Block C projects.

Block A projects are projects that will have received tender approval before 1 April 2010 **and** that will incur grant expenditure after that date.

Block B projects are projects that you expect will be given tender approval between 1 April 2010 and 31 March 2011.

Block C projects are projects that will not receive tender approval before 1 April 2011. These projects will however incur grant expenditure over the next three financial years (2010/11 to 2012/13).

Based on these definitions, you should mark the boxes in the top and bottom left hand corners of Table 1 as A, B or C.

Table 1 contains sufficient space to enter five projects per page. There's a row for the Block total at the bottom of the page. If you've more than five Block A, B or C projects, please use the row for the Block total as a sub-total for the page, and continue onto a separate page.

Note 2

Please enter the project address or, if the project involves multiple or unknown addresses, please enter a description of the project (for example – furniture grants, New Build Phase x, Rehab of x address).

Please enter for each project the following dates (actual or estimated) in month and year format:

- ACQ acquisition completion;
- START site start; and
- COMPL practical completion of works (for the whole project).

You can leave the acquisition date blank for Block A projects.

There's no need to enter dates for furniture grants or stage 3 adaptations.

Note 3

For new or improved housing projects, please enter the number of units that will be provided. You should enter the number of units provided post improvement for rehabilitation projects.

Although not counted as new provision, please also show the number of units in major repairs, decants, furniture grants and stage 3 adaptation projects.

Note 4

You should complete this box for projects that include housing for people with particular needs.

- Particular needs – any particular needs provision should be described briefly in this box. You should also note if the project is linked to a hospital closure or retraction plan and if the project will need revenue support from other public agencies.

Note 5

Please enter the actual or estimated dates (month and year) for submitting HAG/Acquisition, HAG/Cost Plan and HAG/Tender forms. Please also enter the actual or estimated dates (month and year) for approving each form.

For Block A projects, you only need to enter HAG/Tender submission and approval dates.

If a project involves some but not all of the stages (for example – design and build projects), please only complete the boxes that apply.

You don't need to enter dates for furniture grants or stage 3 adaptations.

Note 6

You should complete an expenditure profile for each project. To help you do this, we've defined the following terms:

'Previous years' relates to expenditure before 1 April 2009.

'Current year' relates to expenditure that has been (or is expected to be) incurred between 1 April 2009 and 31 March 2010.

'Years 1, 2 and 3 of the plan' are self-explanatory.

'Future years' relates to expenditure from 1 April 2013.

'Grant' covers **all** capital grant expenditure funded by the Grant Provider.

'Sales' relates to the proceeds that you expect to receive from the sale of shared equity, shared ownership and improvement for sale properties.

'Private finance' relates to the private borrowings that you expect to draw down.

'Other' relates to any other funding sources that are expected (for example – local authority improvement and repair grants, owner occupiers' personal contributions, contributions from other public bodies, and contributions from your reserves).

Please enter the actual or estimated expenditure each year in the 'Total' boxes.

Note 7

Please enter details of the total number of units provided (for new and improved housing projects only). Please also enter details of the total expenditure profile for **all capital** projects, broken down by year and funding type.

Note 8

Please enter the estimated Grant Per Unit (3PE) for each project. This should be split by Rent and LCHO.

Notes on completion for Table 2

Table 2 summarises the information entered in Table 1. Overall, Table 2:

- gives a summary of expected unit approvals, completions and acquisitions over the next three financial years (2010/11 to 2012/13);
- shows grant as a percentage of total project costs, based on the expected tender approvals over the next three financial years (2010/11 to 2012/13);
- shows the estimated grant per unit required converted to a 3 person equivalent;
- shows the outputs from major repairs, decants, furniture grants and stage 3 adaptation projects; and
- profiles the expected expenditure and funding sources for all proposed capital projects.

Note 1

Please enter the total number of new and improved housing units that you expect to receive tender approval, complete and acquire in the current financial year and over the next three financial years (2010/11 to 2012/13).

The 'units in approved tenders' matrix should be based on the expected tender approval dates for projects included in Table 1.

The 'units completed' matrix should be based on the practical completion of new and improved housing units. Units should only be recorded when an entire project is complete. You should therefore ignore phased or sectional completion dates.

The 'units acquired' matrix should be based on the number of unimproved properties acquired for improvement projects. For new build or conversion projects, figures should be based on the expected number of units in the completed project.

The 'HA Rent' and 'HA LCHO' columns should **exclude** major repairs, decants, furniture grants, stage 3 adaptations and social and environmental grant projects.

In the 'Other' column, please record housing units that are in other ownership, as well as non-residential properties.

Note 2

Using the information you entered in Table 1 for tender approvals only, please show the grant you're seeking as a percentage of project costs. The percentage should be calculated by expressing the total grant for all tender approvals during a year as a percentage of the total project cost.

The table should **exclude** major repairs, decants, furniture grants and stage 3 adaptations. It should also exclude social and environmental grant projects that are carried out independently of house building and improvement works.

Note 3

Please show any expected grant expenditure on each of the activities listed during the current year and over the next three financial years (2010/11 to 2012/13).

The 'number' line relates to:

- the number of major repairs units, decant units and stage 3 adaptations that you expect to receive tender approval during the current year and over the next three financial years (2010/11 to 2012/13);
- the number of furniture grants that are expected to be approved **and** paid each year; and
- the number of environmental projects that you expect to carry out each year and which are independent of house building and improvement works. **These are grants to improve the environment around housing outwith the curtilage and to provide other amenities to complement housing investment.**

Note 4

Please summarise the total annual expenditure on **all** capital projects that you are seeking funding for during the current financial year and over the next three financial years (2010/11 to 2012/13). The totals for each year and the types of funding should come from the information on individual projects shown in Table 1.

'Grant' covers **all** capital grant expenditure funded by the Grant Provider.

'Sales' relates to the proceeds that you expect to receive from the sale of Homestake, shared ownership and improvement for sale properties.

'Private finance' relates to the private borrowings that you expect to draw down.

'Other' relates to any other funding sources that are expected (for example – local authority improvement and repair grants, owner occupiers' personal contributions, contributions from other public bodies, and contributions from your reserves).

Note 5

You should show whether you have a verifiable sustainable development policy by ticking the appropriate box. We assume 'verifiable' to mean that evidence can be produced if required. If you need help in drafting a policy, please go to our website. It contains non-mandatory guidance, including a 'policy wizard', which takes you through the main stages of developing a policy, an action plan and a system of audit and review.

APPENDIX 3

TABLE 3 - FRAMEWORK OF PROPOSED RENT LEVELS

Complete the table below to show illustrative rent levels derived from your rental policy and applied to the various project types proposed for cost plan and design and/ or tender approval in 2010/11.

Please fill in only those boxes that apply to projects for which you're seeking cost plan and design and/ or tender approval in 2010/11.

HOUSE SIZE	ILLUSTRATIVE SCOTTISH SECURE TENANCY ANNUAL RENTAL LEVELS IN CURRENT YEAR PRICES, ie BASED ON CURRENT YEAR RENTAL POLICY		<u>ESTIMATED</u> SCOTTISH SECURE TENANCY ANNUAL RENT LEVELS, BASED ON CURRENT YEAR + 1, ie 2010/11 PRICES	
	NEW BUILD	REHABILITATION	NEW BUILD	REHABILITATION
Hostel Bedspace				
1 Person				
2 Person				
3 Person				
4 Person				
5 Person				
6 Person				
7 or more persons				

- Note :
- (i) If you plan to house a mix of client groups for whom significantly different rents are proposed, **and/ or** to cover a range of locations in which significantly different rents are proposed, please append separate details.
 - (ii) Please append details about the assumptions you've used in projecting current rents to 2010/11 prices.

- Certification:**
- (1) The above rental proposals are calculated on the basis of our rent policy.
 - (2) We will amend these proposals in accordance with any variation in rental policy which may be agreed following consultation with the Grant Provider.