

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

24 September 2020

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT – AFFORDABLE HOUSING – THE SCOTTISH
GOVERNMENT’S AFFORDABLE HOUSING SUPPLY TARGET

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report *Affordable Housing – The Scottish Government’s Affordable Housing Supply Target*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report [*Affordable Housing - The Scottish Government's Affordable Housing Supply Target*](#) published in April 2020, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee’s specialisation arrangements, the Members leading the review of this particular report are Councillor Miller and Councillor Grant. The Head of Environment (Strategic Services) has provided comments on the Audit Scotland report and a copy of those comments is attached (see Appendix A).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland Report – *Affordable Housing – The Scottish Government’s Affordable Housing Supply Target*.

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EAST RENFREWSHIRE COUNCILAUDIT COMMITTEE24 September 2020Head of Environment (Strategic Services)Affordable Housing - The Scottish Government's affordable housing supply target – Audit
Scotland April 2020**PURPOSE OF REPORT**

1. The purpose of this report is to:
 - summarize in brief the findings of Audit Scotland's report;
 - report on progress towards Scottish Government's affordable housing supply target and assess what impact it has had;
 - compare council's performance in relation to the national picture contained within the report; and
 - consider what more the Scottish Government and councils need to do to support the continued increase in affordable housing for those in need.

RECOMMENDATIONS

2. The Committee should:-
 - a) note the challenges associated with the delivery of Affordable Housing locally;
 - b) note that delivery of the existing programme will depend on Scottish Government's recovery plan going forward into 2021 along with that of developers upon whom we are reliant for project delivery; and
 - c) request a further report from Housing Services outlining the challenges involved in delivering social housing in ERC.

BACKGROUND

3. The Scottish Government's affordable housing supply target is one of several objectives under the Scottish Government's More Homes approach which aims to increase the supply of new homes across Scotland.

4. The Scottish Government has set a target to deliver 50,000 affordable homes between 2016/17 and 2020/21, which are funded through its Affordable Housing Supply Programme (AHSP) including the following:

- 35,000 homes for social rent provided by council and Registered Social Landlords (RSLs);
- homes for mid-market rent (MMR) mainly provided by RSLs; and
- homes for affordable home ownership.

5. Most of the affordable housing delivered will be new build but the AHSP also supports the purchase of existing properties.

6. The AHSP supports the delivery of affordable housing through several funding streams to councils, RSLs, other providers of housing and the public.

7. Councils have important strategic roles. They are responsible for developing plans for local programmes for their own areas. These plans are delivered by the councils, their RSL partners and, in some cases, through agreements with private house builders.

REPORT

8. The aims of the audit are to report on progress towards the Scottish Government's affordable housing target and assess what impact it has had and to consider what more the Scottish Government and councils need to do to support the continued increase in affordable housing for those in need. Appendix 1 sets out a summary of the recommendations.

The affordable housing target

9. With specific regards to the affordable housing target, the report acknowledges that the Scottish Government has an ambitious target for affordable housing and plans to invest around £3.5 billion to meet its target. The target is a response to evidence of the need for affordable housing, although defining affordable housing is complicated and there is a lack of evidence to show assessment of local needs has influenced the Scottish Government target.

10. East Renfrewshire Council has determined its targets and tenure from housing need and demand analysis and this is reflected in the Local Housing Strategy and the SHIP. East Renfrewshire Council has very specific demands and specific demographics which make development challenging.

11. The two distinct areas of the Council have different requirements in terms of the need for affordable housing and the ability to provide it. There are also pressures across the board to support an ageing population and homes which are adaptable over a household's lifetime.

12. Audit Scotland identified good national progress towards meeting the target. The Scottish Government is closely monitoring the target and reports that it is on track to be achieved. However, serious risks remain including the impact of COVID on the construction industry and the shortage of affordable developable sites.

Delivery and impact of the affordable housing target

13. When assessing the delivery and impact over the first three years of the programme, the report noted that the Scottish Government has invested around £1.9 billion to meet its target. In addition, there has been significant investment from councils and RSLs. Councils are generally working well with their partners to plan and deliver new affordable housing in their areas.

14. East Renfrewshire Council has a small pool of RSLs operating in the local area, some with limited stock and who are operating nationally. The heaviest reliance for delivery of affordable housing at this time falls between the Council and our largest local RSL Barrhead Housing Association. Work is ongoing with HSCP to develop our understanding of individual needs and for these requirements to be reflected as effectively as possible in the types of affordable housing built. ERC

15. The report identified across all councils, new affordable housing, including housing to meet the particular housing needs of older people and those with disabilities, is being delivered. The delivery of affordable housing varies according to local needs, circumstances and priorities.

16. By the end of 2021, East Renfrewshire Council will have delivered homes specifically for older people and those with disabilities whilst its entire new build programme meets the Housing for Varying Needs standard. The Housing for Varying Needs provisions are the standards that apply to housing in Scotland intended to accommodate particular and changing household needs.

17. The report also found that whilst the investment is meeting some housing needs, and there is some evidence of positive benefits to tenants, local communities and the economy, although the Scottish Government's, and councils', monitoring and reporting of wider impact is limited.

18. In East Renfrewshire, feedback is sought from all new tenants in new council housing. However assessing the impact from the new affordable housing delivered in East Renfrewshire is a key improvement action to ensure future provision meets the changing needs of current and future residents.

FINANCE AND EFFICIENCY

19. Audit Scotland have stated that the lack of certainty on Scottish Government funding plans post 2020 poses a risk to achieving the target, however, over the first three years of the programme the SG has invested around £1.9 billion to meet its target. In addition there has been significant investment from RSLs and councils.

20. To support the affordable housing programme, and there is an ongoing planned investment of £40m in nearly 630 new affordable homes. This includes homes to rent from the council and housing associations.

21. The investment in affordable housing within East Renfrewshire also ensures efficient use of developer contributions and 2nd Council tax discounts.

CONSULTATION

22. During the preparation of their report Audit Scotland reviewed documents; analysed data; carried out fieldwork in four study councils; interviewed SG representatives and other stakeholders; and met with tenant representatives.

23. In preparation for the annual SHIP, East Renfrewshire Council will consult with local and national RSL's and East Renfrewshire HSCP to ensure the delivery of affordable housing meets local needs.

PARTNERSHIP WORKING

24. No community planning partners have been consulted regarding this paper.

IMPLICATIONS OF THE PROPOSALS

25. There are no staffing, legal, IT state aid or equalities implications from this report.

26. The lack of certainty on Scottish Government funding plans post 2020 poses a risk to achieving the target and meeting future housing needs. In addition the challenges posed by the cost implications of COVID on the construction industry and cost of land in the areas of highest need pose a significant risk to the delivery of affordable housing in East Renfrewshire.

CONCLUSIONS

27. The Audit Scotland report identified significant barriers to the ongoing delivery of affordable housing remain. These include access to suitable land to develop with the necessary infrastructure, and higher development costs. Within East Renfrewshire these risks are particularly relevant and challenging. The Scottish Government, councils and their partners are working to address these barriers, but challenges remain.

28. Furthermore the report states that The Scottish Government has provided only limited information about the funding arrangements immediately post 2021. This uncertainty is affecting the council and their partner's ability to plan future developments and meet the ongoing need for affordable housing.

29. The report also acknowledged that The Scottish Government is in the process of developing its Housing to 2040 vision. In developing this vision, there are opportunities to learn lessons from the existing programme, particularly in terms of clearly setting out the intended outcomes from the investment and the contribution that the programme can make to other policy commitments, such as poverty and climate change.

30. East Renfrewshire Council's Strategic Housing Investment Plan (SHIP) is currently under review and will be submitted to Cabinet before the end of 2020. This will provide an accurate update on the delivery of affordable housing and the impact of COVID 19.

RECOMMENDATIONS

31. The Committee should

- a) note the challenges associated with the delivery of Affordable Housing locally;
- b) note that delivery of the existing programme will depend on Scottish Government's recovery plan going forward into 2021 along with that of developers upon whom we are reliant for project delivery; and
- c) request a further report from Housing Services outlining the challenges involved in delivering social housing in ERC.

Head of Environment (Strategic Services)

BACKGROUND PAPERS

Affordable Housing - The Scottish Government's affordable housing supply target by Audit Scotland April 2020

East Renfrewshire Council's Strategic Housing Investment Plan (SHIP)

The Scottish Government and councils should:

- evaluate the impact of their current programme on housing needs and the economic impact of the investment in affordable housing; and
- work in partnership with RSLs to implement performance measures to demonstrate the value for money of new-build homes, and work to demonstrate the social value of investment.

Councils should:

- ensure consistent and early engagement with, and involvement of, tenants and the wider community in developing affordable housing plans to ensure they help to improve local outcomes;
- ensure that their arrangements with health and social care partnerships maximize their input into the planning for, and investment in, affordable housing to meet health and social care priorities;
- improve reporting on the delivery of affordable housing to demonstrate how housing needs have been met and how it is contributing to wider improved outcomes, including those listed in the national performance framework.

When planning for post-2021 investment, The Scottish Government should work councils and RSLs to:

- clearly set out a long-term vision and funding arrangements beyond the parliamentary term;
- clearly set out the outcomes it expects to achieve by its investment and how it will contribute to other policy objectives such as human rights and equalities; reducing homelessness, poverty and child poverty; improving health and wellbeing and responding to the climate emergency; as well as contributing to the national performance framework outcomes;
- assess the contribution of funding streams for affordable housing on outcomes and review the grant funding distribution arrangements and grant subsidy benchmarks to ensure that they are fit for purpose and are aligned to meet the outcomes of investment;
- improve its reporting on the affordable housing supply investment program to ensure information is as comprehensive as possible and includes the location of homes delivered in each council area;
- ensure that the data for understanding housing need at a national and local level is as robust as possible and use this data to more effectively inform future spending plans to make sure that the right homes are built in the right places; and
- consider the appropriate balance between investing in new homes and improvements to existing homes, whilst ensuring that rent levels for existing tenants remain affordable.

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