

Report

Report to:	Executive Committee
Date of Meeting:	30 November 2022
Report by:	Executive Director (Housing and Technical Resources)

Subject:	South Lanarkshire Council Housing Supply Target
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1. Purpose of Report

1.1 The purpose of this report is to:-

- ◆ seek approval from Executive Committee for a new Council Housing Supply programme target to increase the total number of council homes in South Lanarkshire

2. Recommendation(s)

2.1. The Executive Committee is asked to approve the following recommendations:-

- (1) that the proposed target of 1,300 additional council homes, to be delivered by 31 March 2027, be approved.

3. Background

- 3.1 A key priority identified in the South Lanarkshire Local Housing Strategy 2022 to 2027 is to increase the overall housing supply, improving access to and choice of housing options that suit people's needs which they can afford and sustain.
- 3.2 Through the Council's affordable housing supply programme, Home+, the Council has significantly increased the number of additional homes for social rent across all areas of South Lanarkshire since 2015/16.
- 3.3 A target of 1,000 additional council homes was set in 2017, which is anticipated to be achieved by the end of 2022/23. These additional homes have been delivered through a combination of building new properties on council owned land, purchasing new 'off-the-shelf' properties from housing developers and purchasing suitable existing properties on the open market.
- 3.4 Nationally, a new long-term ambition has been set through the 'Housing to 2040' strategy to deliver an additional 110,000 affordable homes by 2032, with at least 70% of these to be for social rent.

4. Proposed new Home+ Target

- 4.1 In addition to establishing the strategic housing priorities for the local authority area, the Local Housing Strategy (LHS) is also required to set out Housing Supply Targets (HSTs). These are a policy based interpretation of the evidence set out within a regional Housing Need Demand Assessment for the total number of homes that may be delivered in the local authority area. The LHS 2022-27, which is being presented to today's Executive Committee elsewhere in the agenda indicates that a minimum of

between 1,250 and 1,500 affordable homes should be delivered over the next five years within South Lanarkshire by the Council and other affordable housing providers.

- 4.2 The Strategic Housing Investment Plan (SHIP) 2023-2028, approved by Housing and Technical Resources Committee on 5 October 2022, sets out 72 sites with an estimated total capacity for the delivery of a programme of up to 2,562 new affordable homes over the five-year period to 31 March 2028.
- 4.3 Of this, the SHIP contains 34 potential council sites, with a capacity of 1,389 units. These include priority projects rolled forward from the previously approved SHIP, projects with current funding commitments, as well as proposed new sites.
- 4.4 To enable the Council to contribute to the HSTs contained within the LHS and utilise the capacity identified within the SHIP, it is proposed that a target of 1,300 additional council homes will be introduced to the Home+ programme, to be achieved by 2027.
- 4.5 As with the existing programme, this will be achieved through a flexible combination of new homes built on behalf of the Council on existing Council owned land, new homes purchased off the shelf from housing developers and the acquisition of suitable existing homes.
- 4.6 Maintaining affordability and value for money will remain a key aspect of the Council's housing supply programme. Best value will continue to be achieved by building on the expertise gained, and partnerships developed through the programme, to date.

5. Monitoring and Reporting

- 5.1 Updates on progress in relation to the target will be provided to the Housing and Technical Resources Committee as part of the annual SHIP approval process.
- 5.2 In addition, wider progress in relation to the total number of additional affordable homes delivered in South Lanarkshire throughout the duration of the Local Housing Strategy 2022-27, will be reported to Executive Committee as part of the LHS annual review.

6. Employee Implications

- 6.1 There are no employee implications associated with this report.

7. Financial Implications

- 7.1 The existing Home+ programme has been delivered through a combination of Scottish Government grant funding, Housing Revenue Account capital investment and council borrowing. Should a new target be implemented, it is proposed that the same approach to funding will be adopted.
- 7.2 Should expected levels of Scottish Government grant be received, and average costs for borrowing and capital contributions continue, it is expected the new build aspect of the Home+ programme would have a neutral impact to the Housing Revenue Account Business Plan over a 40 year period. This means that over the 40 year period, the net cost of the additional borrowing and all other costs can be met from the additional rental income received. Homes acquired by the Council through the Open Market Purchase Scheme can also be obtained utilising Scottish Government grant funding, and based on current projections, will positively contribute to the Housing Revenue Account Business Plan once acquired.

- 7.3 As an example of the potential costs, if the target of 1,300 homes is achieved through a combination of building 1,000 new homes and purchasing 300 homes from the open market, additional investment of £227million would be required. This would be met through additional borrowing of £104 million and Scottish Government grant support of £123 million.
- 7.4 Whilst there is a neutral impact on the Housing Revenue Account Business Plan over a 40 year period, there are initial construction and purchase costs at the start of the programme which impact on the cash flow in the early years of the programme. The estimated costs have been included in the Business Plan in respect of the rent uplift projections for 2023/24.
- 7.5 The figures shown are planning estimates based on recent actual costs. The following factors could affect these estimates: level and availability of grant funding, the cost of borrowing, construction costs and purchase costs. Changes to the estimates could have an impact on the Housing Revenue Account Business Plan and future rent levels.
- 7.6 Progress on the programme will be regularly monitored and reviewed in line with the long term business plan and will be submitted for approval as part of the Housing Revenue and Capital Account Budget which is reported to the Housing and Technical Resources Committee on an annual basis.
- 7.7 The financial implications relating to the delivery of the Home+ programme will also continue to be monitored and adjusted as part of the SHIP, reported to the Housing and Technical Resources Committee on an annual basis.

8. Climate Change, Sustainability and Environmental Implications

- 8.1 The contents and proposals within this report link with key priorities of the Local Housing Strategy. As part of the development of the Local Housing Strategy 2022-27, a full Strategic Environmental Assessment (SEA) was undertaken with the report submitted to the SEA Gateway and published online for consultation.
- 8.2 This assessment identified that the new-build specification for future housing projects will achieve higher energy standards reflecting enhanced building regulations and will, therefore, make a positive contribution to local and national sustainability and climate change targets.

9. Other implications

- 9.1 Delivery of additional affordable housing is one of the Council's top risks and is included on the Resource Risk Register.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1 Equality Impact Assessment (EqIA) processes were also undertaken throughout the development of the Local Housing Strategy 2022-27 to identify and mitigate any negative impacts and seek opportunities to promote equality. This identified the LHS 2022-27 will have no negative impacts on any protected characteristics groups and will have significant positive impacts in relation to age and disability.
- 10.2 The Home+ programme remains a key aspect of the Local Housing Strategy's priority to increase the supply of affordable housing across South Lanarkshire. As part of the development of the strategy, a range of consultation activities were completed with internal and external partners as well as members of the public.

Stephen Gibson
Executive Director (Housing and Technical Resources)

22 November 2022

Links to Council Values/Priorities/Outcomes

- ◆ Focused on people and their need
- ◆ Accountable, effective, efficient and transparent
- ◆ Fair, open and sustainable
- ◆ People - Put people first and reduce inequality
- ◆ Progress – we need to recover, progress and improve
- ◆ Planet – we need to work towards a sustainable future in sustainable places
- ◆ Communities and environment – caring, connected, sustainable communities
- ◆ Housing and land – good quality, suitable and sustainable places to live
- ◆ Our economy – thriving business, fair jobs and vibrant town centres

Previous References

- ◆ South Lanarkshire Local Housing Strategy 2022-27, Executive Committee, 30 November 2022
- ◆ South Lanarkshire Council's Strategic Housing Investment Plan 2023-2028, Housing and Technical Resources Committee, 5 October 2022

List of Background Papers

- ◆ South Lanarkshire Strategic Housing Investment Programme 2023-28
- ◆ South Lanarkshire Local Housing Strategy 2022-27
- ◆ Glasgow City Region Housing Need Demand Assessment (2022)

Contact for Further Information

If you would like further information, please contact:-

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