

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	25 November 2020
Report by:	Executive Director (Housing and Technical Resources)

Subject:	South Lanarkshire Council's Strategic Housing Investment Plan 2021-2026
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Committee with an update on progress delivering affordable housing through the Strategic Local Programme Agreement (SLPA) during 2019/2020
- ◆ seek approval for the Strategic Housing Investment Plan (SHIP) for the five-year period from 2021 to 2026

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the progress made in increasing the supply of affordable housing through the SHIP and SLPA, be noted; and
- (2) that the content of the Strategic Housing Investment Plan 2021-2026, as set out in Appendix 3 to this report, be approved.

3. Background

- 3.1. The SHIP is a five-year rolling plan which links the strategic priorities identified in South Lanarkshire's Local Housing Strategy (LHS) to a strategic plan for the delivery of additional affordable housing. The purpose of the SHIP is to guide the allocation of available Scottish Government investment funding to meet the affordable Housing Supply Target as set out in the LHS and the associated priorities and outcomes.
- 3.2. The Local Housing Strategy, 'Affordable Homes; Sustainable Places', covering the period from 2017 to 2022 was approved by the Executive Committee in August 2017. It includes a Housing Supply Target for 1,500 additional affordable homes over this five-year period which was based on the robust and credible Glasgow city-region Housing Needs and Demand Assessment (HNDA).
- 3.3. Aligned to Scottish Government statutory guidance, the Housing Supply Target took into consideration availability of funding as indicated by the Scottish Government's Resource Planning Assumptions (RPA). The strategic outcomes identified in the LHS which guide investment priorities within this SHIP include:-

- ◆ increasing the supply of affordable housing in pressured areas
- ◆ increasing the supply of housing suitable for older people and those with disabilities and particular needs
- ◆ preventing homelessness through effective partnership working and support people who experience homelessness and are provided with temporary accommodation to move to settled accommodation that meets their needs as quickly as possible
- ◆ improving the quality and range of housing as part of regeneration strategies, and arresting decline in rural settlements
- ◆ improving housing quality and energy efficiency with more of the energy used from low carbon and renewable sources

3.4. The Scottish Government have confirmed the SHIP as the key document for identifying strategic housing projects to assist the achievement of the Scottish Government's target of 50,000 affordable homes, of which 35,000 are to be for social rent, during the life of the current Scottish Parliament.

3.5. The Scottish Government use approved SHIPs to inform the allocation of the affordable housing grant funding through a Strategic Local Programme Agreement (SLPA) for each local authority area. Thereafter the SLPA informs the development of separate local programme agreements between the local authority and the Scottish Government and Registered Social Landlords and the Scottish Government.

3.6. The Council's previous SHIP was approved by this Committee in November 2019 and covered the five-year period from 2020 to 2025. The SHIP and SLPA are reviewed and updated annually to reflect changes to the five-year rolling SHIP taking account of progress made delivering affordable housing in 2019/2020, and planned progress in the current year 2020/2021, aligned to the RPA's issued by the Scottish Government.

3.7. During the summer of 2019, Audit Scotland carried out an audit of the national affordable housing programme with South Lanarkshire Council selected to participate as one of four case study areas. The audit assessed objectives for affordable housing and focused on what impact the programme has had, and what more needs to be done to support the availability of housing to meet need.

3.8. The findings of the audit were published in April 2020 and included the following examples of good practice from South Lanarkshire:-

- ◆ well established tenant participation arrangements
- ◆ evidence to demonstrate that current and future needs of communities are being taken into account
- ◆ positive benefits to wider communities through the creation of job placements and apprenticeships

3.9. The findings from the Audit Scotland report will be considered by the Council as part of the implementation of the affordable housing programme.

4. **Impact of COVID-19**

4.1. Towards the end of 2019/2020 it became evident that the on-set of COVID-19 would have a significant impact on the development programme and following the

introduction of COVID-19 restrictions in March 2020, house building across Scotland was suspended.

- 4.2. The introduction of COVID-19 restrictions towards the close of the financial year impacted upon the progress of the development programme during 2019/2020. This pause came at a critical time in relation to the achievement of the 50,000 target and it has been acknowledged by the Scottish Government that it is now unlikely the target will be met by March 2021.
- 4.3. Since the easing of restrictions, construction sites have opened up and the Council and Registered Social Landlord (RSL) partners continue to work with contractors and the Scottish Government to ensure that the affordable housing programme can be delivered as quickly and safely as possible. Through this work, however, it is acknowledged that there will be an impact on delivery timescales, with some projects, originally having been expected to complete in 2020/2021 now unable to complete within this timescale.
- 4.4. Project programmes continue to be closely monitored and close working will continue with the Scottish Government to identify opportunities to safely and appropriately maximise the number of affordable housing units that can be delivered by the target date of March 2021.
- 4.5. In July 2020, the Scottish Government advised local authorities of the option to apply a light touch refresh of their previous SHIP and update it to reflect the programme, any delays and issues that have arisen due to COVID-19 and any approaches or activities being introduced to reflect the pandemic. The date for return of the SHIP was also extended to mid December 2020.

5. SLPA Progress 2019/2020

- 5.1. Closely working with RSL partners and the Scottish Government, good progress was made by the Council and RSL's in delivering development priorities prior to national restrictions being applied on 23 March 2020 and the financial year end.
- 5.2. During 2019/2020, a total of 284 additional affordable homes for social rent were delivered across South Lanarkshire. This included 206 new homes built by three developing RSLs and 78 additional homes delivered by the Council, including those purchased through the Council's open market purchase scheme.
- 5.3. The additional affordable supply (284 units) delivered in 2019/2020 includes a mix of 196 units (69%) for general needs and 88 (31%) for particular needs/amenity housing. In compliance with Scottish Government grant requirements, all homes constructed on behalf of the council or RSLs meet Housing for Varying Needs Standard. Appendix 1 provides a summary of the Council and RSL completions during 2019/2020.

6. Home+ Programme Update

- 6.1. Work continues on the Council's programme to deliver 1,000 additional homes, detailed in Appendix 2. A total of 503 additional homes have been delivered and construction work is ongoing on a further 8 sites across South Lanarkshire.
- 6.2. The Council continues to use the affordable housing programme to increase the supply of specialist housing to meet particular needs. Of the 889 additional homes

delivered or under construction to date, 277 homes (31%) are designed for particular needs, including 102 (11%) barrier free lift access amenity flats designed to meet the needs of older people and wheelchair users. This exceeds the 8% wheelchair housing target set within the LHS for the proportion of new build social homes built to wheelchair accessible standards.

- 6.3. A number of flexible house types have been designed including a convertible wheelchair accessible bungalow, which can be adapted to a 2/3 bedroom family home, large homes with downstairs bedroom and bathroom, and the conversion of 2 properties into one large property to address the housing needs of a large family.
- 6.4. The Council's Open Market Purchase Scheme is closely aligned to the LHS priorities and targets the purchase of property to increase the Council's supply of priority house types and sizes depleted through the Right to Buy. The key aims being to meet specific and urgent housing needs, and wider housing quality improvement and regeneration priorities. In 2019/2020, 60 homes were purchased through the scheme and a further 60 are programmed for acquisition during 2020/2021.
- 6.5. This scheme continues to be a cost effective and efficient method of delivering much needed additional homes in priority areas, particularly in cases where an urgent housing need can be met. While the new SHIP proposes to continue open market purchases at varied targets throughout the five-year period, the actual outturn will be driven by the availability of grant subsidy.
- 6.6. Work on procurement across other sites in the programme is well underway to ensure the target of 1,000 additional Council homes is achieved. A summary of the 889 additional homes either under construction, completed or acquired to date through the Council's Home+ Programme is contained in Appendix 2.
- 6.7. The updated SHIP tables include sites with an estimated capacity of up to 3,014 additional homes for potential inclusion in the Council and RSL's housing programmes. Work continues to develop the detailed programme going forward and progress will be reported to Committee through the annual SHIP review.
- 6.8. Good progress continues to be made towards delivering the 1,000 additional affordable housing target set by the Council. The delivery of affordable housing is both a national and local priority, and as such opportunities to increase and enhance the range of housing options available beyond the current target will continue to be identified. Any future proposals to deliver beyond the existing target will be presented to this Committee for approval on an individual basis.

7. Resource Planning Assumptions (RPAs)

- 7.1. In the SHIP report to this Committee in October 2017, it was noted that the Scottish Government had provided Resource Planning Assumptions (RPA'S) to local authorities covering the period up to March 2021. To date, RPAs have not been provided for the period beyond this date.
- 7.2. In August 2019, the Scottish Government published guidance advising that in the absence of future RPAs, local authorities should use existing RPA levels to forecast their allocation when developing their SHIP. The RPA levels used in the preparation of the new SHIP for the five-year period are summarised in Table A below:

Table A: RPA Levels

RPA (June 2019) Financial Year	Scottish Government RPA (£0.0 m)	SHIP Planning Assumptions RPA + 25% slippage applied Y1 (£0.0 m)
Year 1 (2021/22)*	£25.199	£31.498
Year 2 (2022/23)*	£25.199	£25.199
Year 3 (2023/24)*	£25.199	£25.199
Year 4 (2024/25)*	£25.199	£25.199
Year 5 (2025/26)*	£25.199	£25.199
Total RPA		£132.294

**Subject to future years funding commitment*

- 7.3. In line with Scottish Government guidance for the preparation of the SHIP for forward planning purposes, a slippage factor of 25% is added to the annual RPA for 2021/2022.
- 7.4. As part of the annual review process for the SHIP, proposals currently outlined for years 2 to 5 will be presented to Committee for approval when funding for these future years is confirmed.
- 7.5. The development priorities and potential grant funding requirements identified in years 1 to 5 of the new SHIP (2021-2026) reflect the development capacity of potential sites that could be brought forward to increase the supply of affordable housing in South Lanarkshire should resources become available.
- 8. South Lanarkshire SHIP 2021-2026**
- 8.1. A copy of the SHIP and associated table of priority sites is provided in Appendix 3 to this report. The document has been updated in line with Scottish Government guidance for the preparation of SHIPs available at the time of preparation. It provides a detailed context and rationale for the priorities which could be delivered over the five-year period to March 2026.
- 8.2. Table 1 annexed to the SHIP sets out priorities for grant funding to be delivered over the rolling five-year period of the SHIP (April 2021 to March 2026).
- 8.3. The SHIP 2021-2026 includes projects with a total potential capacity for delivering up to 3,014 affordable homes in South Lanarkshire over the five year period to March 2026, including 2,754 new build homes and 260 to be purchased through the Open Market Purchase Scheme. The actual new build output will be subject to a detailed development assessment of the viability of each site, as well as the level of grant funding which will be available over the period to 2026.
- 8.4. Table B below shows the proposed distribution of anticipated new build completions across the four housing market areas in South Lanarkshire over the five-year period, and the 260 units to be purchased in priority areas across South Lanarkshire.

Table B: SHIP Priorities by Housing Market Area

Clydesdale	Hamilton	East Kilbride	Rutherglen/ Cambuslang	OMP (various areas)	South Lanarkshire
243	957	865	689	260	3014
13.26%	36.73%	29.59%	15.31%	5.10%	100%

- 8.5. The SHIP tables reflect development progress and comprise a combination of projects rolled forward from the previous SHIP and new sites consistent with the LHS strategic outcomes. The information provided includes estimates of site capacity, the mix of general or special needs housing to be provided, indicative site start and completion dates, along with associated grant funding requirements based on the current Housing Subsidy Target levels.
- 8.6. The assumptions and forecasts set out in the tables are based on the best information available at the time of preparation and will be subject to refinement as part of the annual review of the SHIP and preparation of the SLPA as individual projects are developed.
- 8.7. In accordance with the guidance, the SLPA will continue to be managed, reviewed and refreshed annually in consultation and agreement with the Scottish Government and RSL partners.

9. Next Steps

- 9.1. To achieve specified timescales, the draft SHIP 2021-2026, as detailed in Appendix 3, will be submitted to the Scottish Government subject to approval by Committee. The Scottish Government's Housing Supply Team (More Homes Division) will collate the South Lanarkshire SHIP into a national programme for Ministerial approval, and thereafter the SLPA will be prepared for sign off by each authority.
- 9.2. Once the SLPA is finalised, the Scottish Government will issue individual programme agreements for RSL and Council projects covering the units, tenure mix, subsidy levels, site start and completion dates, as these come forward. Monitoring and review of the delivery programme by the Council, its RSL partners and the Scottish Government will take place on an ongoing basis throughout the year.
- 9.3. The Council will continue to review its Affordable Housing Supply Programme based on known demand for additional affordable housing and annual RPA adjustments determined via the SHIP development process, to consider wherever possible the opportunities to extend the current programme to meet identified local housing need and demand.
- 9.4. A report monitoring delivery of the Council programme will be presented to this Committee as part of the annual SHIP report.

10. Employee Implications

- 10.1. There are no employee implications arising from the information presented in this report.

11. Financial Implications

- 11.1. The SHIP contains sites with sufficient capacity to ensure the Council's commitment to deliver 1,000 additional Council homes by 2021 is achieved. The cost of delivering these new homes will be met through additional borrowing supplemented by Scottish Government grant funding over the development programme.
- 11.2. The impact of the additional borrowing and all additional costs have been reviewed in line with the long-term business plan and will be submitted for approval as part of the annual Housing Revenue and Capital Account Budget.

12. Climate Change, Sustainability and Environmental Implications

- 12.1. This report does not introduce a new policy, function or strategy which impacts on the natural environment, climate change or sustainability.

13. Other Implications

- 13.1. Provision of new affordable housing is one of the Council's top risks and is included on the Resource Risk Register.
- 13.2. The new build specification for future projects will achieve higher energy standards reflecting enhanced building regulations and will make a positive contribution to both the Council's sustainability, climate change and fuel poverty reduction targets.
- 13.3. The content of this report will contribute to the evidence to support the requirements of the Annual Assurance Statement.

14. Equality Impact Assessment and Consultation Arrangements

- 14.1. The SHIP is a delivery plan for the Council's LHS which has been subject of an equalities impact assessment.
- 14.2. Consultation on the preparation of the SHIP has taken place with RSL partners, other Council Resources and the Scottish Government.

Daniel Lowe

Executive Director (Housing and Technical Resources)

25 November 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Improve the availability, quality, and access of housing
- ◆ Improve later life
- ◆ Support our communities by tackling disadvantage and deprivation and supporting spiration
- ◆ Support the local economy by providing the right conditions for growth, improving skills and employability
- ◆ Work with communities and partners to promote high quality thriving and sustainable communities

Previous References

- ◆ South Lanarkshire Local Housing Strategy 2017-2022
- ◆ South Lanarkshire Rapid Rehousing Transition Plan 2019-2024
- ◆ Strategic Housing Investment Plan 2020-2025 Housing and Technical Resources Committee Report, November 2019

List of Background Papers

- ◆ Scottish Government Guidance Affordable Housing Supply Programme: Process and procedures MHDGN 2020/2022
- ◆ Scottish Government Guidance - Preparation of Strategic Housing Investment Plans (MHDGN 2019/04) www.gov.scot
- ◆ Scottish Government – Affordable Housing Supply Programme (AHSP) Process and Procedures Guidance (MHDGN 2019/03) www.gov.scot
- ◆ Scottish Government SHIP Guidance Note (HSGN 2013/02) www.gov.scot
- ◆ Scottish Government SHIP Guidance Note (HSGN 2012/06) www.gov.scot

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix 1: Summary of SLPA completions by SLC and RSLs within South Lanarkshire 2019/2020

Site	Provider	General	Particular Needs/Amenity	Total
Kirkton Street/Union Street, Carluke	SLC		18	18
Open Market Purchase	SLC	60		60
Council Programme Sub Total		60	18	78
Percentage		77%	23%	100%
Shieldhill Rd, Carluke	Clyde Valley HA	4	4	8
DAKS Site, Larkhall	Clyde Valley HA	44	4	48
Glengowan, Larkhall	Clyde Valley HA	30	4	34
Mavor Ph 3, East Kilbride	Clyde Valley HA	25	18	43
Ewart Avenue, Hamilton	Clyde Valley HA		1	1
North Vennel, Lanark	Clyde Valley HA	4		4
GlenRoyal Nursery, Rutherglen	Rutherglen and Cambuslang HA		37	37
Rolls Royce, East Kilbride	West of Scotland HA	29	2	31
RSL Programme Sub Total		136	70	206
Percentage		66%	34%	100%
Council and RSL Combined Total		196	88	284
Percentage		69%	31%	100%

Appendix 2: Council New Build and Acquisition Programme Summary

Table 1: Council new build and open market purchase to March 2020

Site	Area	General Needs	Particular Needs/ Amenity	Total Units	Year completion
Baird Hill	East Kilbride	14	14	28	2015/16
Belmont Drive	East Kilbride	6	14	20	2016/17
Fernhill Road	Rutherglen	36	34	70	2016/17
Old Mill Rd	Uddingston	0	12	12	2017/18
Maxwellton Avenue	East Kilbride	4	12	16	2017/18
Belstane Gate	Carluke	22	0	22	2017/18
Almada Street	Hamilton	10	0	10	2018/19
South Vennel	Lanark	0	18	18	2018/19
Morven Avenue	Blantyre	14	0	14	2018/19
Highstonehall Road	Hamilton	20	4	24	2018/19
Heathery Knowe	East Kilbride	4	12	16	2018/19
St Blanes PS	Blantyre	10	10	20	2018/19
East Milton	East Kilbride	0	30	30	2018/19
Kirkton Street	Carluke	0	18	18	2019/20
New build completions	Sub-total	140	178	318	
Open Market Purchase	All areas	12	1	13	2015/16
		19	0	19	2016/17
		31	1	32	2017/18
		59	2	61	2018/19
		60	0	60	2019/20
Total additional supply		321	182	503	
%		64%	36%	100%	

Table 2: 2020/21 current sites under construction

Site	Area	General Needs	Particular Needs/ Amenity	Total Units	Est completion
Auldkirk Road	Cambuslang	42	6	48	2020/21
East Whitlawburn	Cambuslang	90	28	118	2020/21
Gilbertfield Road	Cambuslang	45	12	57	2020/21
Edinburgh Road, Biggar	Clydesdale	14	10	24	2020/21
Law Primary School	Clydesdale	8	12	20	2020/21
St Leonards	East Kilbride	44	15	59	2020/21
Highstonehall Road	Hamilton	36	12	48	2020/21
Carlisle Road	Hamilton	12	0	12	2020/21
Total on site		291	95	386	
%		75%	25%	100%	

Table 3: Overall Additional Supply

	General Needs	Particular Needs/Amenity	Total
Overall Additional Supply	612	277	889
Percentage	69%	31%	100%