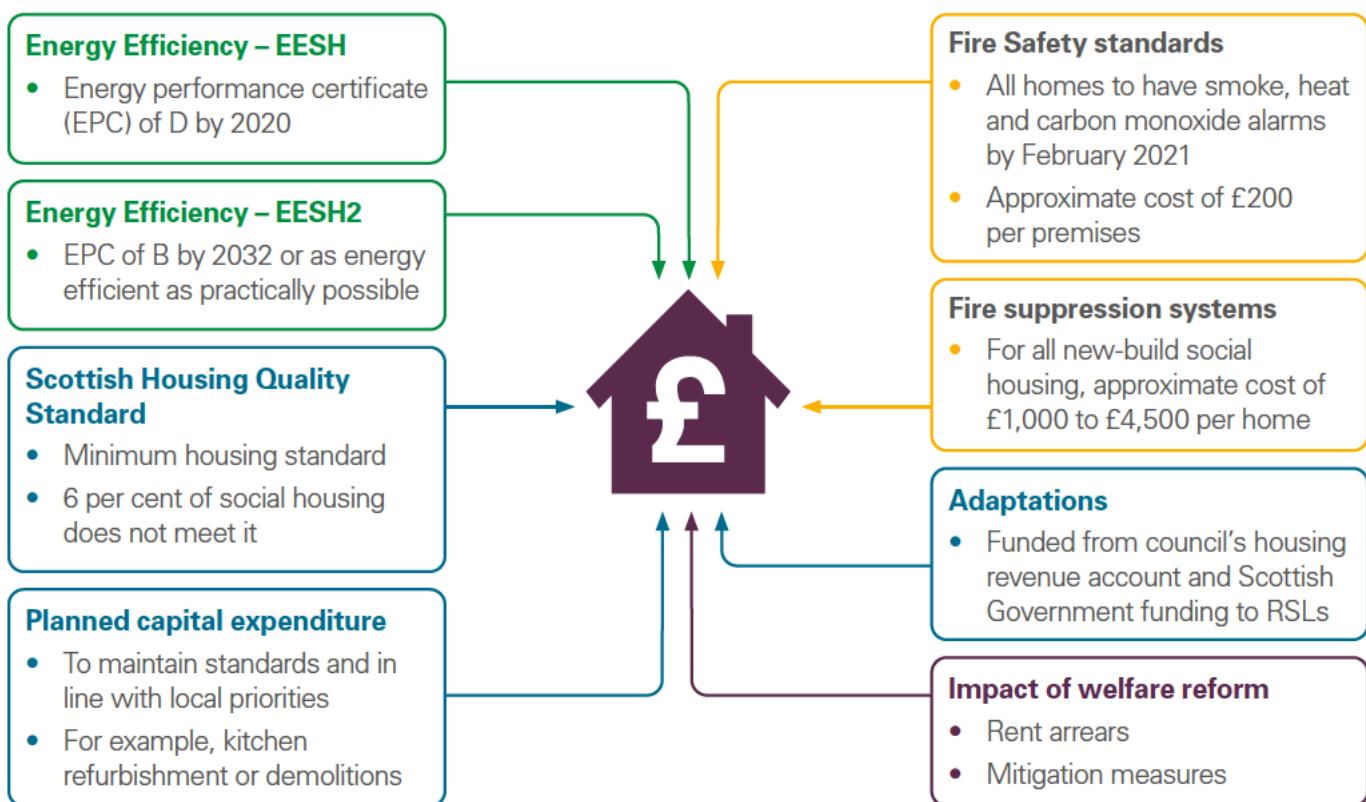


Exhibit 8

There are competing priorities on council and RSL budgets

Councils and RSLs must balance several priorities alongside their investment in new homes. This could result in higher rents for tenants.



Source: Audit Scotland

82. Councils and RSLs fund most of their capital investment either through tenants' rent or borrowing, which is then repaid with tenants' rent. Councils and RSLs have been increasing their capital investment to meet their different priorities. For example, total council housing debt was £3.8 billion in March 2019 (an increase of 8 per cent in real terms since March 2015) and cost £276 million in loan charges (in 2018/19).²⁶

83. For councils and RSLs to deliver their new-build programmes and meet other priorities, they will need to either increase tenants' rents or make efficiency savings elsewhere.

- The City of Edinburgh Council's Housing Revenue Account has a projected shortfall in future years. In order to meet its ambitious housing targets without increasing rents above inflation it is redesigning its housing service, including how it carries out repairs.
- The SHR reports that in 2018/19, 80 percent of social landlords increased their rent above inflation. Social landlords' average rent increase in 2018/19 was 3.7 per cent, up on the previous year's level of 2.4 per cent, and the highest level since current monitoring began in 2013.

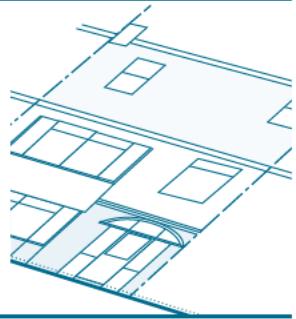
84. Social rent levels vary across the country. In 2018/19, the average social rent was £79 per week, and rents ranged from around £60 per week to £104 per week.²⁷ Councils and RSLs have a statutory duty to consult with their tenants and take account of their views when making decisions about proposed rent increases. As part of the Scottish Housing Regulator's new regulatory framework, RSLs will also have to confirm in annual assurance statements that they manage their resources to ensure their financial wellbeing while maintaining rents at levels that tenants can afford to pay. As some of the cost pressures are beyond the control of landlords, it makes it even more important for landlords to vigorously pursue cost efficiency and value for money.

85. Increasing social housing rents may impact on how affordable rents are for tenants. This in turn may impact on levels of poverty. Research has identified that higher levels of social housing, and lower social rents, in Scotland contribute to lower poverty rates (measured after housing costs) in Scotland compared to the rest of the UK.²⁸

86. As part of the Child Poverty (Scotland) Act 2017, councils and NHS boards must jointly report annually (in a local child poverty action report) on the activity they are taking, and will take, to reduce child poverty. As affordable housing has a key role to play in tackling poverty, councils will need to consider how their strategic housing priorities fit with the child poverty agenda. Further clarity from the Scottish Government on its expectations about what it means by affordable housing may help councils to do this. The Scottish Government will also need to assure itself that its funding arrangements for new affordable homes are aligned in the best way to allow social landlords to set rents to remain affordable for tenants.

Part 3

Challenges, barriers and the future



Key messages

- 1** 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 in rural and remote areas. The Scottish Government, councils and their partners are working to address these barriers, but challenges remain.
- 2** 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.
- 3** The Scottish Government has provided only limited information about the funding arrangements immediately post-2021. This uncertainty is affecting councils' and their partners ability to plan future developments.

There are barriers to providing new affordable housing

87. There are many barriers to the delivery of the current target and affordable housing in the future ([Exhibit 9, page 35](#)). The Scottish Government, councils and their partners are aware of, and acting to address, these barriers. Such joint action will need to continue if challenges are to be understood and addressed. Two of the most significant barriers are the availability of suitable land for development and skills shortages in the construction industry and councils.

In some areas, the availability or cost of land to purchase or develop is affecting affordable housing delivery

88. During our fieldwork, some social landlords reported that the land that could be developed easily has already been used for new affordable homes. Many future development sites will need more work to make them ready for development, such as brownfield sites with contaminated soil. Such sites may also require significant up-front infrastructure investment to make them viable, such as an upgrade to local water and sewerage infrastructure to cope with increased demand. Other sites may have more complicated ownership structures. This will increase the cost and/or timescales needed to deliver

affordable homes on these sites and in some cases may mean that the business case is not viable. For example:

- The City of Edinburgh Council has land allocated to housing on its local development plan for the next 20 years. However, the majority of this is privately owned and means that the timescales for development of housing are controlled by the private sector landowners and developers.
- Aberdeenshire Council cannot develop the Blackdog corridor north of Aberdeen until Scottish Water has the capacity and funding to provide the necessary infrastructure.

Exhibit 9

Enabling the ongoing provision of affordable housing

The Scottish Government, councils and their partners will need to continue to work together to overcome the barriers to providing affordable housing.

Examples of some barriers	Examples of some responses
 Funding uncertainty <ul style="list-style-type: none"> • post-2021 	<ul style="list-style-type: none"> • Planning for reduced investment • Different funding streams
 Access to suitable land <ul style="list-style-type: none"> • Land availability • Enabling infrastructure • Planning issues • Poor site conditions 	<ul style="list-style-type: none"> • Housing Infrastructure Fund • Infrastructure Commission for Scotland • Infrastructure first approach • Planning (Scotland) Act 2019 <ul style="list-style-type: none"> – Development ready sites in development plans – Possible infrastructure levy • Council's development plans • Council developer contribution, 's75' policies • Public sector land trawl
 Sustainability of developments <ul style="list-style-type: none"> • Demand/needs in local communities • Reduced carbon emissions 	<ul style="list-style-type: none"> • Rural and Islands Housing Funds • Community involvement • Energy efficiency standards for housing • Proposed new building standards
 Costs and capacity <ul style="list-style-type: none"> • Increased costs • Lack of skilled labour • Reduced council capacity 	<ul style="list-style-type: none"> • Framework contracts • Modern methods of construction • Scottish Government short life housing and construction skills working group

89. The Scottish Government launched a five-year Housing Infrastructure Fund in 2016. It is designed for priority sites that are unable to proceed because of the high costs or nature of the infrastructure requirements. It does not deliver homes directly, but unlocks sites for housing development. By July 2019, the Scottish Government had approved £17.8 million in grants to RSLs and councils and £13.9 million in loans to non-public-sector bodies. It has estimated that this will allow 10,000 homes (3,000 of which will be affordable) to be built where they otherwise would not have been. By July 2019, 79 homes had been built and 20 were affordable.

90. Argyll and Bute Council reported that the award of £2.1 million of infrastructure funding allowed upgrades to roads that were essential to enable a large development at its Dunbeg site to proceed. Some councils and RSLs, however, have reported that the criteria for accessing the fund have been too strict, although the Scottish Government has to ensure its funding achieves value for money and that bids are state aid compliant. In its latest guidance, the Scottish Government has relaxed the eligibility criteria for the infrastructure fund to allow more developers to make use of it before March 2021. The fund is currently being reviewed by the Scottish Government.

91. Councils can require private house builders to make contributions towards affordable housing supply in their areas. These contributions are normally secured through the use of conditions attached to an award of planning permission or a planning obligation, which are sometimes referred to as **Section 75**  agreements. These approaches can be used to ensure that up to 25 per cent of the total number of new houses in a development are affordable.

92. The use of the planning system to secure the provision of affordable housing varies across the country. This largely depends on the local housing market and the scale of private house building in the area. For example, over half of Aberdeenshire's affordable housing is delivered using Section 75 agreements. There are locations in Argyll and Bute and Aberdeenshire, however, where Section 75 agreements are not used, as there is little or no private housing development taking place. For the City of Edinburgh Council, agreements with developers are vital. The council's SHIP 2019/20–2024/25 identified that around 70 per cent of RSLs' planned developments are on land held by private developers.

93. Using Section 75 agreements to deliver affordable housing carries risks. For example:

- the timing of the development is determined by the developer
- negotiations with developers around their contributions can delay projects
- the location of sites is determined by the developer and this might not always align with the council's prioritised areas for new affordable housing.

94. Councils can work to mitigate these risks. For example, Aberdeenshire Council's delivery team includes council officers and RSL partners who decide which RSL will work with a developer on a particular site. The council has developed a policy and process that includes pre-planning engagement with private developers. It reports that this results in less negotiation with developers and reduces delays.



Section 75

Councils can require private developers to provide affordable housing through the planning system, by attaching a condition to planning permission or through a planning obligation. These approaches are considered on a case by case basis, taking account of the policies set out in the development plan.

Where appropriate, a development plan will specify any expected developer contributions towards the delivery of affordable housing.

Where a contribution is required, this should generally be for a specified proportion of the serviced land within a development site to be made available for affordable housing.

The Scottish Planning Policy advises that developer contribution should be set at a level which is deliverable in the current economic climate, as part of a viable housing development. The level of affordable housing required as a contribution within a market site should generally be no more than 25 per cent of the total number of houses.

95. In the longer term, the Scottish Government is developing approaches to address land availability and infrastructure problems. For example, its planning review proposed a range of approaches to help increase land supply. This included a greater focus on councils working regionally, allocating more sites that are ready to be developed to development plans and using an 'Infrastructure First' approach to planning. The Planning (Scotland) Act 2019 provides a framework for change, including powers to introduce an infrastructure levy, but it will be some time before any changes are implemented. These approaches may mean increased pressure on councils' planning and building control services, which are already stretched ([paragraphs 100–101](#)). The Infrastructure Commission for Scotland identifies that enabling and supporting infrastructure is essential to support successful housing development. It recommends that, to support the implementation of the new National Planning Framework, the Scottish Government should introduce a coordinated and appropriately resourced Infrastructure First approach to the planning system by 2021.³⁰

A lack of capacity in the construction industry may result in additional costs or delays

96. Councils and RSLs are reporting capacity issues within the construction sector in some areas. This could potentially be exacerbated by EU withdrawal. The skills shortages in the construction industry can affect the costs of building or the speed of development:

- Aberdeenshire Council highlights that construction workers often go offshore, where the pay is higher.
- In Argyll and Bute there is a limited number of local contractors, who can struggle to find staff to employ.

97. Rising construction costs were reported on several occasions during our fieldwork. The evidence that is available to support this, however, varies. The Scottish Government uses its Scottish social housing tender price index to measure how much social landlords pay contractors for the construction of social housing. Social housing construction costs rose by 4.3 per cent between September 2018 and September 2019.³¹ The Scottish Government reports that the recent rise is within its planning assumptions. As the index is subject to a time lag and the latest index is only based on a small sample size, it might not reflect the full costs that social landlords are currently incurring.

98. The Scottish Government established a housing and construction skills short life working group (SLWG) in April 2018, to address concerns about skill shortages. Its report, in May 2019,³² made recommendations centred on apprentices, graduate apprentices, modern methods of construction and upskilling, which should have an impact in the short term. It recognised that, in the medium term, other Scottish Government policies (such as early years expansion and climate change mitigation) will result in an increase in demand and exacerbate the skills shortage. The Scottish Government has still to respond to the working group's recommendations. Addressing the skills shortage will require a coordinated approach from several Scottish Government departments.

99. Some councils and RSLs are using modern methods of construction, including off-site construction, to build new housing. Off-site construction could help address the skills shortage and increase the speed of building new homes. There is less evidence of cost savings, but a pipeline of work could make the

investment in off-site factories cost effective. The Scottish Government will use research, which it commissioned alongside the Construction Scotland Innovation Centre and Scottish Enterprise, to inform future policy decisions on the use of off-site construction.

A lack of council capacity may affect the delivery of new homes

100. As we reported in our 2019 report *Local government in Scotland: challenges and performance*, there are also capacity issues in councils as a result of prolonged funding reductions and an ageing workforce. This is especially the case in services such as planning and development services. The SLWG's report cited evidence from recent Local Authority Building Services Scotland surveys of councils which found that 81 per cent of councils stated that building standards teams had reduced in full time equivalent numbers. The surveys also found that potentially 25 per cent of the existing workforce could retire within the next five years.³³

101. This decreasing workforce means a loss of both skills and experience in key roles, which could increase delays in councils providing planning permission and issuing building completion certificates. Recognising these risks, the SLWG recommended investing in graduate apprentices for building standards and planning officers.

The Scottish Government is supporting further affordable housing development in rural areas

102. Affordable housing is important to the local economies of remote and rural areas, as the development of even a small number of homes can help sustain local schools and businesses ([Case study 4, page 39](#)). However, there are challenges in providing affordable housing in these areas. Councils report that it can be difficult to establish housing needs in rural areas using datasets within the HNDA modelling tool ([Exhibit 3, page 14](#)), due to the small, dispersed nature of the population. Additional sources of information on housing needs can be used to help overcome this. For example, Argyll and Bute Council carries out community surveys to help assess housing needs.

103. Social landlords also report higher development costs and difficulties in attracting developers to build in remote and rural areas. RSLs are entitled to a higher grant subsidy to provide affordable housing in rural areas to help offset the higher costs of building. Within the grant funding arrangements there is also flexibility to support more expensive council or RSL developments to proceed.

104. In the first three years of the programme, 1,619 homes were completed in accessible rural areas (eight per cent of all delivery) and 922 (five per cent) in remote rural areas through the local programme. In addition to the local programme grant funding, the Scottish Government introduced a five-year £25 million Rural Housing Fund and a £5 million Islands Housing Fund in 2016. These aim to increase the long-term supply of affordable housing of all tenures in rural Scotland and the criteria for the funds were agreed with rural stakeholders. Each fund offers capital support for the delivery of affordable housing and the refurbishment of empty properties, as well as a smaller element that contributes to feasibility studies. The funds are open to community organisations, development trusts, private landowners, private developers and traditional



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housing providers. Councils and RSLs can apply for grant funding but must demonstrate that their project will deliver housing additional to that delivered through the local programmes.

105. The uptake of the funds in the first three years was relatively low.

At October 2019, 56 homes had been completed through the funds, with a further 60 approvals and 35 projects on-site. Some stakeholders commented that community groups may lack the time and skills to apply to the funds.

Some stakeholders also report that the rural housing fund is contributing to the fragmentation of funding that supports housing delivery in rural areas. Orkney Islands Council has welcomed the funds and is working with Highlands and Islands Enterprise to support development trusts to make use of the Islands Housing Fund. It reports that the fund can help meet housing need in some areas where mainstream affordable housing development may not be appropriate or delivered at affordable levels by the council or Orkney Housing Association.

Councils need to make sure that they can offer support to community groups and others to make use of such funding streams. The Scottish Government should review the effectiveness, and report publicly on the impact, of these smaller funding streams.

Case study 4

Argyll and Bute Council – delivering affordable housing in rural areas



- The Argyll and Bute Community Planning Partnership's overall objective is that 'Argyll and Bute's economic success is built on a growing population', as it sets out in the Argyll and Bute Outcome Improvement Plan 2013-23. In support of this, the council's LHS aims 'to deliver a housing system that makes a strong contribution to thriving and sustainable communities and economic growth'.
- In addition to challenges identifying housing needs ([paragraph 102](#)), a challenge for councils in rural areas is to be able to provide affordable homes for workers to live in to help sustain growing businesses. This is a particular priority for the growing food and drink, marine and tourism sectors.
- The island of Islay has recently experienced an increase in demand for housing because of economic growth on the island. RSLs in the area have invested in new housing on the island, using a combination of their own finance, Scottish Government funding and contributions from the council. Between 2017/18 and 2018/19, 38 affordable homes were completed on the island. Another eight affordable homes are due for completion by March 2020.
- In 2018/19, the council agreed to incorporate more explicit actions into its LHS action plan to ensure housing's contribution to economic and population growth. The council held a stakeholder event for housing partners and the local business sector with a focus on housing needs of local employers and their staff. It has also commissioned independent strategic overviews of Islay and Mull from Community Housing Scotland and Rural Housing Scotland respectively. The council intends to use the outcome of this work to inform its next LHS.

Source: Argyll and Bute Council

The Scottish Government is developing its 2040 housing vision and funding post-2020/21 is uncertain

106. The Scottish Government is developing a vision for Scotland's homes and communities to 2040 alongside the options and choices required to achieve it. The Scottish Government began consultation in 2018 and published a high-level vision in the summer of 2019.^{34, 35} It expects to publish the vision and route map in summer 2020.

The new vision needs to be clear about what outcomes it aims to achieve and how it will contribute to other policy commitments

107. In developing its vision and route map there are opportunities for the Scottish Government to learn lessons from the existing programme and apply that learning to its future housing investment programmes. For example, by being clearer about the outcomes it intends to achieve from future investment, and how these will contribute to the NPF and key policy objectives, including climate change, child poverty, inclusive growth, and improved health and wellbeing, the Scottish Government will be better able to demonstrate value for money. Establishing clear milestones and monitoring frameworks will also help to improve reporting and reduce the risk of outcomes not being achieved. Our *Planning for outcomes* briefing paper sets out some ways the Scottish Government could plan and monitor against outcomes.



The Scottish Government and COSLA will need to ensure that future funding arrangements are fit for purpose

108. In its consultation documents, the Scottish Government indicates that the current level of spend on affordable housing will be difficult to sustain.³⁶ During our fieldwork, councils and RSLs reported concerns about any future cuts to grants.

109. Grant funding for local programmes for 30 councils is distributed using the Strategic Housing Investment Framework (SHIF). This was agreed by COSLA and the Scottish Government in 2012 and implemented on a phased basis, with full effect from 2017/18. The framework uses indicators (including market pressure, deprivation, population dispersion and homelessness) to determine how funding should be distributed. These indicators are subject to weightings, with the deprivation indicator having the greatest influence on funding distributions. The funding arrangements for Glasgow City Council and The City of Edinburgh Council are separately distributed through the local government settlement as part of the Transfer of Management of Development Funding arrangements. As such, around 24 per cent of the funding for local programmes, is not based on the same indicators that are used to reflect housing need within the SHIF.

110. One of the main drivers of future housing needs is the projected changes in household numbers. The National Records of Scotland projections show that in the period 2016 to 2041, there is predicted to be a 13 per cent growth in households across Scotland.³⁷ There is, however, substantial variation across Scotland, with four councils showing a predicted decline in the number of households and five councils predicted to have more than a 20 per cent increase in the number of households. There is no specific indicator that reflects the projected household changes within the SHIF, so the current funding allocations also do not fully take account of these.³⁸

111. The Scottish Government needs to be clearer about the purpose of its investment and make sure that the funding arrangements best support that purpose. For example, if the Scottish Government decides to prioritise increasing affordable housing supply in areas with the greatest affordability pressures, it could consider whether it would be appropriate to give the market pressure share indicator a greater weighting. This would give it a greater influence in the distribution mechanism. Similarly, it could more clearly set out how its investment in affordable housing seeks to respond to the nature of household changes in Scotland and consider how funding arrangements reflect those decisions.

112. The Scottish Government has recognised that there are opportunities to increase the value from its grant funding. It has funded Scotland Excel (the Centre of Procurement Expertise for councils) to deliver a programme of procurement support for RSLs (councils already need to have their procurement capability assessed by Scotland Excel). The Scottish Government reports this programme has resulted in benefits including financial savings and sharing best practice around procurement strategies. The Scottish Government has considered how this service can be mainstreamed, and is consulting with the sector on proposals for future RSL participation in a programme of procurement support.

113. The Scottish Government's current alternative funding approaches have focused on the supply of MMR homes financed through below market rate loan funding. These funding arrangements are not straightforward. For example, loan agreements need to be carefully drafted and managed over a long time period, to avoid risks to repayments and to ensure that arrangements are state aid compliant. The Scottish Government has also invested in charitable bonds that provide grants for RSLs. The interest on the loans enables the Scottish Government to provide grants for social housing. This is a useful additional source of funding, but it is not clear how much this approach could compensate for any reduction in grant funding.

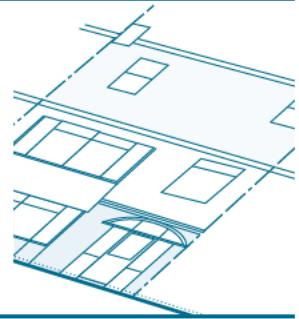
Uncertainty is affecting councils' and RSLs' abilities to plan and this may affect future affordable housing supply

114. It is not clear how much Scottish Government funding for affordable housing will be available after March 2021. The Scottish Government had advised councils to plan for future years on their RPAs for 2020/21. So far, the Scottish Government has announced that £300 million will be available in 2021/22, less than half of current RPAs. As funding will be difficult to sustain ([paragraph 108](#)), some councils and RSLs are reluctant to plan at current levels beyond 2021.

115. This uncertainty creates the risk that there is a slowdown in planning, resulting in consequent delays in, and limited future development of, affordable housing. This could potentially mean that some housing needs cannot be met. A longer-term approach to housing would avoid some of the issues associated with the boom and bust of short-term targets linked to parliamentary terms. It would allow:

- councils and RSLs to plan for long-term housing needs
- efficiencies to be made through framework contracts or partnership arrangements
- the construction industry to invest in alternative construction methods such as off-site construction and skills.

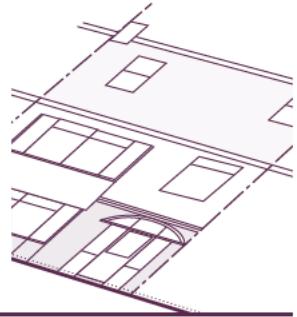
Endnotes



- 1** *Rent affordability in the affordable housing rented sector: literature review*, Scottish Government, 2019.
- 2** *More Homes Division Guidance Note MHDGN 2019/03, Affordable Housing Supply Programme: Process and procedures*, Scottish Government, 2019.
- 3** *HNDA practitioners guide 2018*, Scottish Government, 2018.
- 4** For example, the guidance includes some affordability assumptions and suggests the following parameters. (1) if households are spending less than 25 per cent of their income on rent, they can afford private rent. (2) if households are spending between 25–35 per cent of their income on rent, they may benefit from some form of subsidised rent. (3) if households are spending more than 35 per cent of their income on rent (that is rents at the 30th percentile of market rents), (including housing benefit/the housing element of Universal Credit), they may benefit from social rent. It also assumed that a house is affordable to purchase if its price does not exceed 3.6 times a household's income.
- 5** *Affordable housing need in Scotland*, Shelter Scotland, CIH Scotland and SFHA, 2015.
- 6** *Phase 1: key findings report: a blueprint for Scotland: part c: cross cutting recommendations*, Infrastructure Commission for Scotland, 2020.
- 7** This is based on the number of approvals since 2015/16, as reported in the Scottish Government quarterly Affordable Housing Supply Programme statistics.
- 8** At the start of each financial year, the Scottish Government confirms annual RPA figures.
- 9** Note that Glasgow City Council and the City of Edinburgh Council are responsible for approving above benchmark subsidies in their areas under the Transfer of Management of Development Funding (TMDF arrangements).
- 10** This funding is known as financial transaction funding. This funding results from UK Treasury investment decisions and is used to support equity/loan schemes beyond the public sector. The funding will be repaid to Her Majesty's Treasury over a period of about 30 years.
- 11** *The evaluation of low cost initiative for first time buyers (LIFT)*, Scottish Government, 2011.
- 12** *Health and social care integration: Update on progress* , Audit Scotland, 2018.
- 13** *Foundations for well-being: reconnecting public health and housing. a practical guide to improving health and reducing inequalities*, Scottish Public Health Network, 2017.
- 14** *Local housing strategy: guidance*, Scottish Government, 2019.
- 15** *Principles for community empowerment* , Audit Scotland, 2019.
- 16** In addition, in 2018, Scottish Government and COSLA agreed to adopt the place principle. This aims to create a more joined up approach between councils, communities and other partners regarding a place's services and assets, including housing. It is intended to improve outcomes for communities and create more successful and sustainable places that support the wellbeing of communities.
- 17** This figure is based on lettable self-contained units.
- 18** This figure is estimated using data on the number of social rent completions over the first three years of the programme and estimating how many more need to be completed to meet the 35,000 social rent target. We added this figure to the net increase in stock over the first three years of the programme identified in paragraph 55. We then used an average of Scottish Government data on council demolitions over the three years 2016/17 to 2018/19 to estimate demolitions over the remaining two years of the programme. Statistics for demolitions were sourced from *Housing statistics: conversions and demolitions*, Scottish Government, September 2019.
- 19** *Review of strategic housing investment plans for affordable housing*, Shelter Scotland, SFHA and Equality and Human Rights Commission Scotland, 2018.
- 20** Ibid.
- 21** *Local housing strategy: guidance*, Scottish Government, 2019.
- 22** *Glasgow and the Clyde Valley housing need and demand assessment*, Glasgow and the Clyde Valley Housing Market Partnership, 2015.
- 23** Scotland's Housing Network is a membership organisation of council landlords and RSLs working together to improve performance and deliver quality services through benchmarking, self-assessment and sharing good practice.

- 24** *Protecting Scotland's future: the government's programme for Scotland 2019–20*, Scottish Government, 2019.
- 25** Housing Revenue Account (HRA) statistics: Scottish local authority housing income and expenditure 2018–2019 (actuals) and 2019–2020 (estimates), Scottish Government, October 2019.
- 26** Ibid.
- 27** *Charter indicators and data by outcomes and standards*, Scottish Housing Regulator 2019. Note that the maximum average weekly rent excludes landlords that provide housing to supported clients to provide a more representative value for general or mixed provision housing.
- 28** *Poverty in Scotland*, Joseph Rowntree Foundation, 2019.
- 29** As part of the Act, new bodies were created – Integration Joint Boards (IJBs).
The IJB is a separate legal entity, responsible for the strategic planning and commissioning of the wide range of health and social care services across a partnership area. Of the 31 IAs in Scotland, 30 are IJBs and one area, Highland, operates a Lead Agency model. In Highland, the NHS board and council each lead integrated services. Clackmannanshire and Stirling councils have created a single IA with NHS Forth Valley.
- 30** *Phase 1: key findings report: a blueprint for Scotland*, Infrastructure Commission for Scotland, 2020.
- 31** *Scottish social housing tender price index: quarterly briefing, September 2019*, Scottish Government, 2019.
- 32** *New housing and future construction skills*, Scottish Government short life working group, May 2019.
- 33** Ibid.
- 34** *Housing beyond 2021 discussion paper*, Scottish Government, November 2018.
- 35** *Housing to 2040: a vision for our future homes and communities*, Scottish Government, 2019.
- 36** Ibid.
- 37** *Household projections for Scotland (2016-based)*, National Records of Scotland, 2018.
- 38** The indicators have an underlying weighting by household base data, which has resulted in a small change in distribution.

Appendix 1

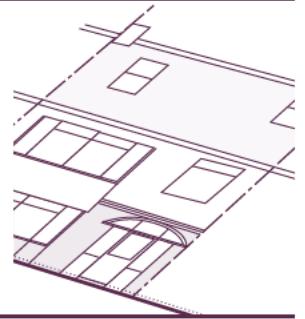


Audit Scotland would like to thank members of the advisory group for their input and advice throughout the audit.

Member	Organisation
Lesley Baird	Tenant Participation Advisory Service (TPAS)
Tony Cain	Association of Local Authority Chief Housing Officers (ALACHO)
Kathy Cameron	Convention of Scottish Local Authorities (COSLA)
Michael Cameron	Scottish Housing Regulator (SHR)
Callum Chomczuk	Chartered Institute of Housing (Scotland)
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Keith Winter	Society of Local Authority Chief Executives (SOLACE) Scotland Fife Council

Members sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

Appendix 2



Resource planning assumption and expenditure by council area, 2016/17 – 2018/19

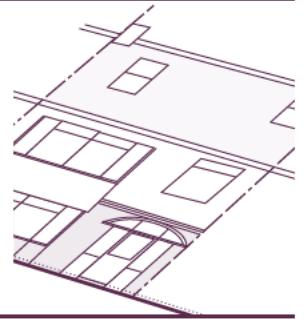
Council	Total RPA 2016/17 to 2018/19, £m	Total RPA Expenditure 2016/17 to 2018/19, £m	Difference between RPA and expenditure, £m	% difference
Aberdeen (City of)	41.0	60.3	19.3	47%
Aberdeenshire	64.6	49.3	-15.3	-24%
Angus	19.5	22.0	2.6	13%
Argyll and Bute	39.5	35.5	-4.0	-10%
Clackmannanshire	13.2	15.9	2.8	21%
Dumfries and Galloway	46.6	34.1	-12.5	-27%
Dundee (City of)	38.7	40.9	2.2	6%
East Ayrshire	27.3	23.3	-4.0	-15%
East Dunbartonshire	17.7	19.8	2.0	12%
East Lothian	25.8	30.4	4.6	18%
East Renfrewshire	13.8	5.5	-8.2	-60%
Edinburgh (City of)	109.8	138.3	28.5	26%
Eilean Siar (Western Isles)	18.9	10.6	-8.3	-44%
Falkirk	25.7	19.4	-6.3	-24%
Fife	73.3	81.7	8.5	12%
Glasgow (City of)	238.1	252.4	14.4	6%
Glasgow Housing Association (GHA)	68.8	71.4	2.6	4%
Highland	97.8	101.7	3.9	4%
Inverclyde	24.9	28.2	3.2	13%
Midlothian	19.8	27.7	7.8	40%
Moray	22.2	20.5	-1.7	-8%

Council	Total RPA 2016/17 to 2018/19, £m	Total RPA Expenditure 2016/17 to 2018/19, £m	Difference between RPA and expenditure, £m	% difference
North Ayrshire	34.0	44.1	10.1	30%
North Lanarkshire	81.4	77.3	-4.0	-5%
Orkney Islands	10.2	6.1	-4.1	-40%
Perth and Kinross	39.3	43.5	4.2	11%
Renfrewshire	38.5	37.6	-0.9	-2%
Shetland	11.2	9.6	-1.6	-14%
South Ayrshire	27.0	21.3	-5.8	-21%
South Lanarkshire	61.2	71.5	10.3	17%
Stirling	20.6	15.5	-5.1	-25%
The Scottish Borders	33.3	32.7	-0.6	-2%
West Dunbartonshire	30.8	33.1	2.4	8%
West Lothian	33.8	35.0	1.3	4%
Local Programmes	1468.2	1516.3	48.2	3%

Note: The RPA for City of Glasgow Council for 17/18 and 18/19 includes resources for Govanhill. If the resources for Govanhill £5.72m (real terms prices with 18/19 as the base year) were included in the 16/17 RPA for consistency this would mean there would be a 4 per cent difference between the RPA and expenditure.

Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme out-turn reports 2016/17 – 2018/19

Appendix 3



**Number of completions through the affordable housing supply programme by council area,
2016/17 – 2018/19**

Council area	Total social rent	Total MMR	Total affordable home ownership	Total homes completed 2016/17 – 2018/19
Aberdeen City	359	333	412	1,104
Aberdeenshire	461	91	237	789
Angus	244	18	40	302
Argyll and Bute	318	2	8	328
City of Edinburgh	995	1,238	872	3,105
Clackmannanshire	189	30	33	252
Dumfries and Galloway	146	25	140	311
Dundee	302	6	101	409
East Ayrshire	168	0	2	170
East Dunbartonshire	142	0	57	199
East Lothian	493	94	208	795
East Renfrewshire	117	0	13	130
Eilean Siar	51	2	10	63
Falkirk	438	17	146	601
Fife	1,533	194	393	2,120
Glasgow	2,747	427	522	3,696
Glasgow Housing Association (GHA)	733	173	0	906
Highland	836	150	574	1,560
Inverclyde	160	0	2	162
Midlothian	368	59	302	729

Council area	Total social rent	Total MMR	Total affordable home ownership	Total homes completed 2016/17 – 2018/19
Moray	275	12	56	343
North Ayrshire	460	0	9	469
North Lanarkshire	816	28	147	991
Orkney	119	0	27	146
Perth and Kinross	478	24	659	1,161
Renfrewshire	287	0	91	378
Scottish Borders	387	31	80	498
Shetland	82	0	0	82
South Ayrshire	335	0	4	339
South Lanarkshire	986	36	54	1,076
Stirling	231	0	56	287
West Dunbartonshire	264	0	18	282
West Lothian	939	0	751	1,690
TOTAL	16,459	2,990	6,024	25,473

Composition of social rent completions by council area 2016/17 – 2018/19

Council area	Total social rent	Total MMR	Total affordable home ownership	Total homes completed 2016/17 – 2018/19
Aberdeen City	99	257	3	359
Aberdeenshire	167	294	0	461
Angus	70	172	2	244
Argyll and Bute	0	318	0	318
City of Edinburgh	246	747	2	995
Clackmannanshire	57	132	0	189
Dumfries and Galloway	0	142	4	146
Dundee	33	269	0	302
East Ayrshire	45	122	1	168
East Dunbartonshire	34	105	3	142

Council area	Total social rent	Total MMR	Total affordable home ownership	Total homes completed 2016/17 – 2018/19
East Lothian	250	240	3	493
East Renfrewshire	23	90	4	117
Eilean Siar	0	51	0	51
Falkirk	305	122	11	438
Fife	1,005	528	0	1,533
Glasgow	0	2,736	11	2,747
Glasgow Housing Association (GHA)	0	733	0	733
Highland	399	433	4	836
Inverclyde	0	160	0	160
Midlothian	187	176	5	368
Moray	144	131	0	275
North Ayrshire	212	247	1	460
North Lanarkshire	475	324	17	816
Orkney	27	92	0	119
Perth and Kinross	184	292	2	478
Renfrewshire	0	273	14	287
Scottish Borders	3	383	1	387
Shetland	2	80	0	82
South Ayrshire	99	232	4	335
South Lanarkshire	356	616	14	986
Stirling	103	118	10	231
West Dunbartonshire	47	211	6	264
West Lothian	783	142	14	939
TOTAL	5,355	10,968	136	16,459

Notes:

1. Completions data reported by individual councils may vary because of different recording practices
2. The Scottish Government provided the audit team with updated statistics on AHSP completions during the course of the audit. Therefore, some of the data we have used in our analysis does not match that which is reported in the out-turn reports.

Source: Audit Scotland using Scottish Government Affordable Housing Supply Programme out-turn reports

Affordable housing

The Scottish Government's affordable housing supply target

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