

MORE HOMES SCOTLAND BOARD*November 2020****Affordable Housing Supply Programme Update*****Purpose**

1. This paper outlines the progress made to the end of Year 4 of the current 50,000 affordable homes target period; in-year progress to end September 2020; and the estimated out-turn position at the end of Year 5.

High Level Summary

2. As at February 2020 we were on track to meet our 50,000 affordable homes target but due to the lockdown of all non-essential construction activity between March and June 2020 there has been a significant shift in that position. We are now projecting that we will have delivered approximately (Redacted) affordable homes by the end of March 2021 with approximately (Redacted) of these being for social rent. Whilst the remainder of the new build element of the programme is now mostly on site and being developed, based on current forecasts from partners we are unlikely to have delivered 50,000 affordable homes until (Redacted)

Background

3. (Redacted)

Main Body of the Report

4. During the initial lockdown period a number of challenges were faced including partners' staff either being furloughed or re-deployed to other activities, the constraints of home working and associated digital connectivity challenges for partners and the inability to progress any on-site activity. These all had a negative impact on both spend and unit approvals, starts and completions.
5. Area teams continued to maintain contact with partners, where possible, throughout the lockdown period and have continued to do so since on-site construction activity was able to resume in June. We also undertook a detailed site by site monitoring exercise to establish the status of all those projects which had started on site pre-lockdown or were due to start on site – these numbered over 680 project records (redacted). Most of these homes are now on site but a minority of projects have had to be retendered due to contractors going into liquidation or withdrawing from projects to minimise their on-site risk exposure.

Progress to End of Year 4

6. The following table summarises the position as 31 March 2020 for financial year 2019-20:

AHSP 2019-20	Est.	Actual
Spend	(Redacted)	£839.939m
Approvals	(Redacted)	12886
Site Starts	(Redacted)	12045
Completions	(Redacted)	9286

(Redacted)

7. Although it is disappointing that completions were at a lower level than in the previous year the 2019-20 out-turn shows good progress against the 50k target and the table below illustrates the cumulative position to the end of Year 4.

	2016-17	2017-18	2018-19	2019-20	Total
Spend	£505.666m	£592.306m	£745.188m	£839.939m	£2.683bn
Approvals	10,276	11,667	11,130	12,886	45,969
Site Starts	9,308	10,569	10,872	12,045	42,794
Completions	7,359	85,78	9,568	9,286	34,791

Of the 34,791 homes completed in the last four years, 23,446 were for social rent which is 67% of the homes delivered.

Final Year of Target Period 2020-21

8. We have already publicly acknowledged that the target is now unlikely to be met and have been working with stakeholders to assess how many homes may be delivered in 2020/21 and when it is likely that we will deliver 50,000 homes and within that 35,000 for social rent.

9. Area teams are engaging regularly with local stakeholders, whilst homeworking, to establish revised delivery timescales although, you will appreciate that, as we move through the Scottish Government route map this is a fluid situation and will need to be continuously monitored and reviewed.

10. We requested a full refresh of the spend and unit profile information in August 2020. The summary outcome of that exercise is shown in the table below. All of this information will, of course, be subject to change depending on the on-site pace able to be achieved and the wider position regarding the pandemic. The reduction in completions are spread across all areas of the programme but we have also continued to see a sharp decline in anticipated OMSE completions (redacted)

(Redacted)	(Redacted)	(Redacted)	Act. to end Sept	(Redacted)
Spend	(Redacted)	(Redacted)	(Redacted)	(Redacted)
Approvals	(Redacted)	(Redacted)	1,907	(Redacted)
Site Starts	(Redacted)	(Redacted)	2,803	(Redacted)
Completions	(Redacted)	(Redacted)	1,163	(Redacted)

(Redacted)

11. (Redacted)

Current Position

12. It has taken some time for construction activity to move through the restart phases but we are now in Phase 4/5 of the Construction Scotland Restart plan, depending on the specific site circumstances in line with published guidance agreed with the sector. We are continuing to engage with partners through a variety of routes and are regularly monitoring programme progress. These include:

- Resilience group meetings – social housing,
- Umbrella group stakeholder meetings – COSLA, ALACHO, SFHA, GWSF
- Construction Leadership Industry Forum – chaired by Mr Stewart
- Regular area team liaison meetings with LAs and RSLs
Monthly Programme Co-ordination Group (PCG) meetings

13. We have also developed additional guidance outlining the action that local authorities and Registered Social Landlords should be taking in order to mitigate the impact of the COVID-19 pandemic on delivering grant-funded affordable housing projects which were contractually awarded prior to lockdown (regardless of whether these were on site around that time). We have also outlined the circumstances where grant support requests towards additional funding costs will be considered.

14. (Redacted)

Recommendations

15. We ask that you:

- Note the progress made both to the end of financial year 2019-20 and to the end of September 2020.
- Note the current expected out-turn to end 2020-21
- Note the impact of the lockdown on achievement of the target
- Note the actions being taken to continue to deliver affordable homes
- Advise of any additional measures you would like us to implement

(Redacted)
November 2020