

DELIVERING MORE

**HOMES FOR
SCOTLAND**

The Social and Economic Benefits of **Home Building in Scotland**

LICHFIELDS

March 2022



Homes for Scotland

Homes for Scotland represents a wide range of organisations which together provide the vast majority of all new homes built across the country. This enables us to speak with a strong, relevant and unified voice in support of our common purpose: to deliver more homes for the people of Scotland (www.homesforscotland.com)



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Contents

Executive Summary	1
1. Introduction	3
2. Home Building in Scotland	5
3. The Social and Economic Benefits of Home Building in Scotland	12
4. The Benefits of Increasing Supply	36
5. Regional Benefits of Home Building	40
6. Conclusions	42
Appendix 1	43
Appendix 2	45

Executive Summary

HOME BUILDING IN SCOTLAND GENERATES SIGNIFICANT SOCIAL AND ECONOMIC BENEFITS

In 2019, a total of 22,673 new homes were built in Scotland, the benefits of which are outlined below:

Supporting Sustainable Communities and Local Services



Supporting regeneration and place-making objectives



£28m

Council Tax receipts



£605m

Ongoing resident expenditure per annum



£511m

Developer contributions (equivalent to **£30,500** per private home built), including:

- **£332m** affordable housing contributions
- **£179m** other infrastructure contributions (to support schools, healthcare, public open space, transport and sport, leisure and community facilities)



£125m

One-off first occupation expenditure



£521m

Of tax paid (including LBTT, Corporation Tax, NI and PAYE contributions)

Other Social Benefits



Supporting improved health and education outcomes through delivery of high-quality homes



Meeting the challenge of demographic change by providing accessible and adaptable homes



Enhancing quality of life for residents inside and outside of their homes



Improving access to fit-for-purpose and energy-efficient homes

Environmental Benefits



4,110

homes built on brownfield land



160,000

trees and shrubs retained or planted



88%

construction waste recycled



75%

homes incorporating sustainable urban drainage systems (SUDS)

Supporting Economic Growth



79,200 jobs

The home building sector supports 79,200 jobs, equivalent to 3.5 jobs for every home built.

This is made up of:

- **45,000** direct jobs,
- **24,750** indirect jobs
- **9,450** induced jobs



£387m

invested in land and buildings for homes



£807m

spent on goods, services and materials



£3.4bn

direct, indirect and induced GVA

Benefits of Increasing Supply



25,000 homes per annum

Increasing supply to pre-2008 levels of 25,000 homes per annum would generate a further:

- **8,100** extra jobs (direct, indirect and induced)
- **£62m** increase in annual resident expenditure
- **£53m** more tax paid nationally
- **£3m** more Council Tax paid locally
- **£52m** extra investment in local infrastructure
- **£123m** increase in capital expenditure (on land and suppliers)
- **£0.3bn** increase in economic output

1.0 Introduction

This report has been commissioned by Homes for Scotland in order to:

- Update the previous socio-economic footprint report published in 2016;
- Set the socio-economic contribution of the sector within the context of Scotland's current policy environment;
- Demonstrate the positive role that the home building sector has to play in meeting the housing needs of all those that live (and want to live) in Scotland and in reducing social inequality;
- Illustrate the contribution the sector has to make in supporting the post Covid-19 economic recovery;
- Quantify the economic impact of systemic under-delivery of housing relative to a need for at least 25,000 homes per annum (identified by recent Homes for Scotland research¹).

It uses data for the latest available full calendar year (2019) prior to the Covid-19 pandemic. It should be noted that 2020 calendar year figures have also been published, however, the data shows a significant variance resulting from the impact of Covid-19. Therefore, we have chosen to use 2019 figures as being reflective of a more normalised operating context.

Access to a safe and comfortable home is a fundamental human need which has been brought into sharp focus as people 'stayed at home' to help prevent the spread of Covid-19.

The role of housing in supporting everyone's right to an adequate standard of living is enshrined within the United Nations Universal Declaration of Human Rights (UDHR). Under Article 25 of the UDHR, housing is listed as one of the key determinants of living standards. This is also reflected in the United Nations Charter on Children's Rights to which Scotland has recently signed up.

Within this context, the home building sector forms a central part of the physical, social and economic fabric of Scottish society. Its social impact – in supporting good place-making, in developing sustainable communities and in improving people's life chances – is clear. In addition, the delivery of both market homes and affordable housing makes a significant economic contribution by generating high levels of employment, boosting economic growth and delivering essential infrastructure.

1. Retties analysis of Housing forecasts, for HFS, July 2019

1.0 Introduction

The provision of both public and privately built new homes of all tenures is so interconnected that housing needs to be seen and valued in terms of its overall social and economic contribution.

This study looks at a wide and comprehensive range of social and economic benefits that the sector generates. It uses primary and secondary data sources to measure the sector's footprint and draws on a representative survey of Scotland's home builders of varying sizes and geographies.



The remainder of the report is structured as follows:

- **Section 2.0** provides an overview of the home building sector in Scotland and the policy environment in which it operates;
- **Section 3.0** summarises the social and economic benefits of the Scottish home building sector, with a focus on the four themes of: inclusivity; quality of life; environmental sustainability; and economic growth;
- **Section 4.0** assesses the benefits that could be realised if the delivery of new homes was to increase to meet the minimum level of need identified by Homes for Scotland (25,000 homes per annum);
- **Section 5.0** provides a breakdown of the home building sector's national footprint across Homes for Scotland's five regional home builder committee areas;
- **Section 6.0** presents overall conclusions; and
- **Appendix 1** summarises the methodology and approach.

2.0 Home Building in Scotland

Policy Environment

The important role that housing plays in generating positive social and economic outcomes in Scotland is recognised in a number of key policy/strategy documents created or commissioned by the Scottish Government, including:

- Housing to 2040 Vision (2021);
- National Performance Framework (NPF);
- Scotland’s Economic Strategy (2015);
- Advisory Group Report on Economic Recovery (2020); and
- Just Transition Commission Report (2021).

The policy areas are broadly organised around the four key themes of:

- Inclusivity;
- Quality of life;
- Environmental sustainability; and
- Economic growth.

Figure 2.1 demonstrates the various ways in which housing delivery contributes to social and economic policy priorities. To explore these policy linkages further, Table 2.1 (pages 7 & 8) sets out how the home building sector contributes to each key driver and the relevant national strategies. This thematic analysis of the sector provides a broad analytical framework for assessing its contribution to Scotland’s society and economy.

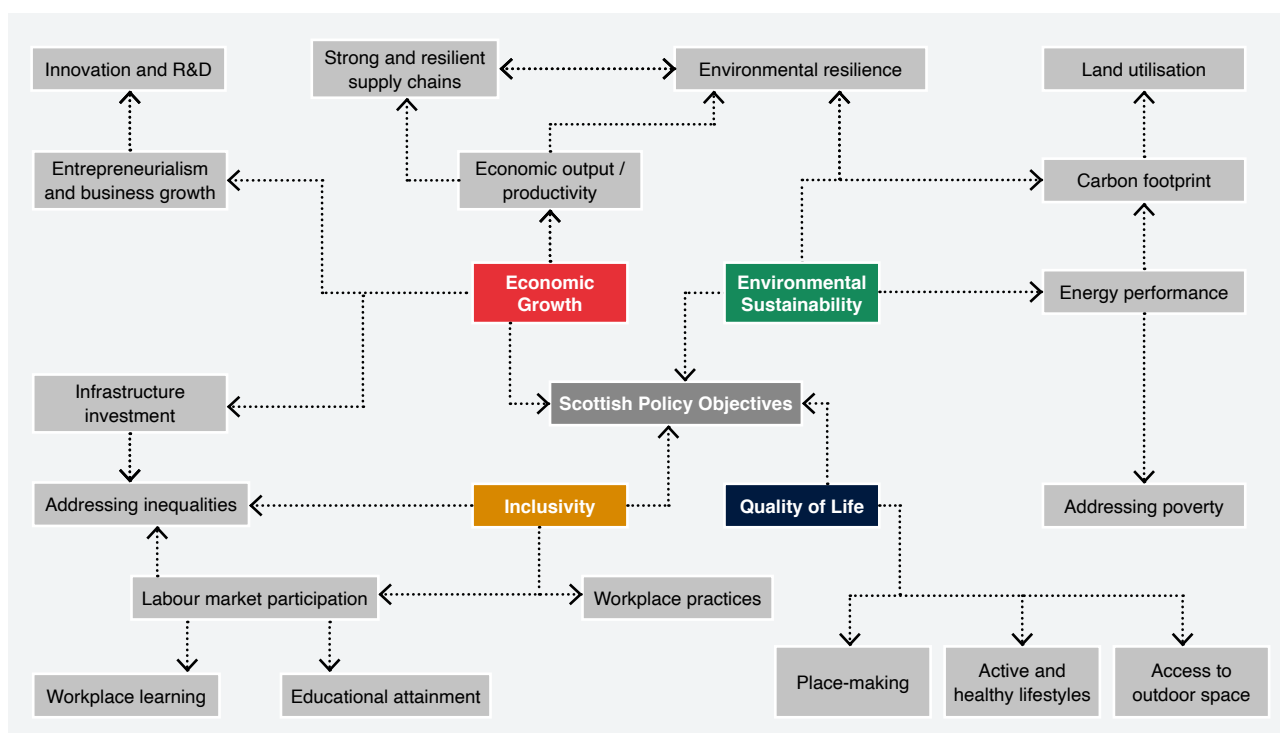


Figure 2.1 The thematic linkages between housing and key policy objectives



2.0 Home Building in Scotland

Drivers	Contribution of the home building sector	Scotland's Economic Strategy	National Performance Framework	Advisory Group Report on Economic Recovery	Just Transition Commission Report	Housing to 2040
Workplace practices	<ul style="list-style-type: none"> Adopting inclusive workplace practices and providing job security 98% - direct employees paid above the Living Wage (from our sample of Member Survey firms) 	●	●			
Labour market participation	<ul style="list-style-type: none"> £332m - total value of contributions towards affordable housing (equivalent to c.£20,000 per private home built). Low-cost housing helps to lower overall housing costs, thus to reducing an important barrier to labour mobility Supporting digital connectivity and tackling digital exclusion Providing access to employment opportunities across a broad skills spectrum 	●	●		●	●
Educational attainment	<ul style="list-style-type: none"> £108m - total value of contributions towards schools and pupil places Creating comfortable living and working environments through the provision of energy efficient and spacious housing 		●			●
Workplace learning	<ul style="list-style-type: none"> 4,800 - modern apprenticeships supported by the building sector Promoting 'lifelong learning' and supporting employees with skills to adapt to the evolving nature of the economy 	●	●	●	●	
Addressing inequalities	<ul style="list-style-type: none"> Investment in physical and digital infrastructure secured via developer contributions Improving access to affordable housing and tackling cross-generational inequality £332m - total value of contributions towards affordable housing (equivalent to c.£20,000 per private home built) 	●				●
Place-making	<ul style="list-style-type: none"> Design of homes and surrounding community spaces and facilities that encourages social cohesion £179m - total value of developer contributions towards infrastructure (e.g. schools, healthcare, transport, public open space etc.) - Equivalent to c.£10,700 per private home built. Ensuring that people's daily needs can be met locally but with sustainable transport options 		●			●
Access to outdoor space	<ul style="list-style-type: none"> £28.4m - combined value of developer contributions towards public open space and sport and leisure facilities - equivalent to c.£1,690 per private home built 		●	●	●	●
Addressing poverty	<ul style="list-style-type: none"> 89% - new homes built by our members to EPC rating B and higher, helping to reduce fuel bills Improving access to affordable housing to reduce rental costs and help reduce number of children living in poverty 		●	●	●	●
Active and healthy lifestyles	<ul style="list-style-type: none"> Investment in active travel, sport and leisure facilities (£28.4m - combined value of developer contributions towards public open space and sport and leisure facilities) Designing developments that foster healthy, low carbon lifestyles and promote mental and physical wellbeing 		●		●	●

2.0 Home Building in Scotland

Drivers	Contribution of the home building sector	Scotland's Economic Strategy	National Performance Framework	Advisory Group Report on Economic Recovery	Just Transition Commission Report	Housing to 2040
Energy performance	<ul style="list-style-type: none"> 89% - new homes built by our members to EPC rating B and higher Implementation of zero emission heating systems/ enhanced energy efficiency measures 	●	●	●	●	●
Carbon footprint	<ul style="list-style-type: none"> 88% - construction waste recycled by our members and associated diversion from landfill Implementation of innovative construction methods/ practices such as off-site construction and the use of building materials with lower embodied energy 	●	●	●	●	●
Environmental resilience	<ul style="list-style-type: none"> 75% - sites developed by our members incorporated Sustainable Urban Drainage Systems (SUDS) as part of new development alongside other environmental mitigation/resilience measures c.160,000 trees or shrubs planted or retained on housing developments 	●	●	●	●	
Land utilisation	<ul style="list-style-type: none"> 4,110 - homes built by our members on previously used land (brownfield sites) 	●		●	●	
Economic output/ productivity	<ul style="list-style-type: none"> £3.4bn - total value of the Scottish home building sector including home building firms, subcontractors and firms in the supply chain and related services 	●	●	●		●
Employment opportunities	<ul style="list-style-type: none"> 45,000 jobs - direct construction employment by home building firms and subcontractors Employment generated in local services and businesses through ongoing resident expenditure and through the wage spending of direct employees of home building firms and subcontractors 	●	●	●		●
Strong and resilient supply chains	<ul style="list-style-type: none"> 'Spin off' effects of direct investment by creating indirect and induced employment (34,200 jobs) and GVA impacts elsewhere in the Scottish economy (£1.5bn) 	●			●	●
Innovation and R&D	<ul style="list-style-type: none"> Development of innovative solutions to ensure that home building tackles the climate crisis through building materials, supply chain management, to the recycling of construction waste Utilisation of Modern Methods of Construction (MMC) 	●	●			●
Entrepreneurialism and business growth	<ul style="list-style-type: none"> 2,110 - total firms supported within the Scottish home building sector, 99.5% of which are SMEs firms (less than 250 employees) 45% - delivery output attributable to SMEs 	●	●			●
Infrastructure investment	<ul style="list-style-type: none"> £179m - total value of developer contributions towards infrastructure (e.g. schools, healthcare, transport, public open space etc.) - Equivalent to c.£10,700 per private home built Improving access to superfast broadband, tackling digital exclusion and supporting home working/learning 	●	●	●		

- Inclusivity
- Quality of Life
- Environmental Sustainability
- Economic Growth

Table 2.1 The Scottish home building sector's contribution towards national policy objectives
Source: Lichfields analysis

2.0 Home Building in Scotland

Sector Profile

Housing in Scotland is delivered by a large number of different organisations. Latest data (2018) indicates that there were 4,920 firms engaged in the construction of buildings generally in Scotland². It is estimated that approximately 43% of these could be engaged in home building activity – around 2,110 firms³.

Domestic home building is dominated by firms with under 250 employees (SME firms). This constitutes 99.5% of all firms in the sector which is broadly consistent with the Scottish all-sector average of

99.6%. Despite this, the sector's output is delivered primarily by a small number of larger home builders with 250 or more employees (approximately 15 firms in total)⁴. Based upon a survey of Homes for Scotland members, we estimate that large / volume home builders accounted for approximately 65% of the total homes built in 2019, with the balance built by SME home builders (approximately 35%).

Home building firms, however, represent just one part of the home building sector and are not responsible for the entire value chain. Table 2.2 below provides a summary illustration of the range of organisations that contribute to the supply of new housing.

	Finance	Land	Planning and Design	Construction	Materials	Sales	Rent	Management
Financial Institutions	•	•				•	•	•
Land Agents / Promoters		•	•					
Home Builders	•	•	•	•		•		
Professional Services Organisations			•	•			•	•
Contractors				•				
Suppliers					•			
Housing Associations/ Local Authorities	•	•		•		•	•	•
Management Companies							•	•

Table 2.2 Components of the supply of new homes
Source: Lichfields analysis

² ONS, Scottish Annual Business Survey, SIC 41 (Construction of Buildings)

³ Office for National Statistics (2020) UK Business Counts

⁴ *ibid* (UK Business Count data are rounded to ensure statistics are not disclosive)

2.0 Home Building in Scotland

Much commentary on residential development focuses on private sector home builders as it is these organisations that are generally responsible, either directly or indirectly, for the construction of the majority of new homes (to private customers for sale or to housing associations/registered providers). Indeed, data from the Scottish Government indicates that private sector organisations in Scotland built 74% of new homes in 2019. By contrast, housing associations and local authorities collectively built 26% of all new homes.

Housing Delivery

In 2019, a total of 22,673 homes were completed in Scotland, representing a 12% rise on the number of completions in 2018⁵. This figure is, however, 12% lower than the pre-recession (2007) build rate of c.25,000 homes.

Figure 2.2 provides an analysis of gross housing completions across Scotland from 1946 to the present day. Recent completions data indicates that all-sector home building activity has undergone a significant recovery since the slump in output which followed the economic downturn of 2008/09. Indeed, completions are approaching – but still below – pre-recession levels. Prior to the Covid-19 pandemic, the level of private sector home building in 2019 (16,764) was significantly below (23%) 2007 levels. The impact of mandatory site closures for 4 months is demonstrated in 2020 data whereby completions fell by over one third (35%) relative to 2019. Early indicators, including quarterly new build sales data⁶, suggest that this will rebound in 2021/22.

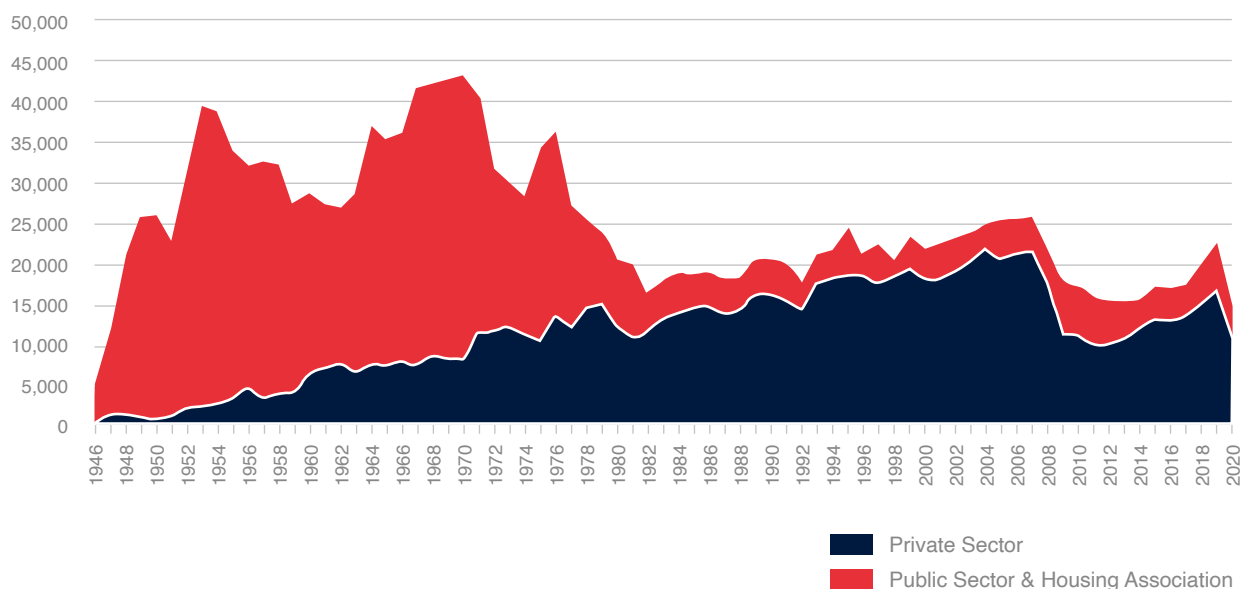


Figure 2.2 Gross housing completions 1946-2020
Source: The Scottish Government, Communities Analysis Division (Housing Statistics)

5. The Scottish Government, (2021) Communities Analysis Division (Housing Statistics)

6. The Scottish Government, (2021) Quarterly Update: New Housebuilding and Affordable House Building Supply

2.0 Home Building in Scotland

Homes for Scotland research has indicated that at least 25,000 new homes per annum need to be built in Scotland in order for supply to keep pace with demand. Figure 2.2 (Page 10) indicates that this has not been achieved since 2007 – at the peak of the last economic cycle. With this target figure in mind, the cumulative undersupply of new homes since 2008 is now approaching 90,000 homes.

The problems caused by the gap between housing need and supply in Scotland are stark. An insufficient supply of housing leads to:

- **House price inflation:** Based upon data reflecting the year to March 2021⁷, house prices in Scotland have increased at a faster rate (10.6%) than the UK as a whole (10.2%) and house prices increased in 31 out of 32 local authority areas. Whilst this is often welcomed by home owners, it makes the gaps between the housing 'haves' and 'have nots' even greater;
- **Regional disparities:** The average price of housing in Scotland's urban areas, particularly Edinburgh, is significantly higher than in other parts of the country. Edinburgh remains the most expensive area to buy in Scotland. In 2021, the average house price was £293,406, up £19,160 (+7.0%) from the previous year⁸. This cascades down to the private rental market as tenants compete for rental properties and drive up rents;
- **Housing waiting lists:** 130,000 households (5%) were on a waiting list for housing in 2019⁹;
- **Overcrowding:** 51,000 households (2%) lived in overcrowded accommodation in 2019¹⁰; and
- **Sub-standard housing:** 41% of social housing fell short of the Scottish Housing Quality Standard (SHQS) in 2019¹¹. Additionally, 613,000 households (c.25%) were in fuel poverty in 2019¹².

Notwithstanding the significant commitments that the Scottish Government has made to investment in affordable and social housing programmes, in order to fully address the challenges outlined, a more ambitious level of home building is required, with greater emphasis on the delivery of homes of all tenures.

Increased delivery of housing is essential in driving economic growth and will contribute a wide range of beneficial outcomes to Scotland and its communities, as discussed in the remainder of this report. The benefits of increasing housing delivery to at least 25,000 homes per annum are discussed in detail in Section 4.0. This should not, however, be viewed as a cap, or ceiling on future delivery rates. Indeed, the Scottish Government's own paper, 'Firm Foundations' in 2007¹³, indicated that we need 35,000 new homes per annum.



7 HM Land Registry, UK House Price Index Scotland: March 2021

8 Lloyds Banking Group / Bank of Scotland (2021) Scotland's 2021 house price winners revealed

9 The Scottish Government (2019) Scottish Household Survey 2019: Annual Report

10 & 11 *ibid*

12 The Scottish Government (2019) Scottish House Condition Survey: 2019 Key Findings

13 The Scottish Government (2009) Firm Foundations, The Future of Housing in Scotland.

3.0 The Social and Economic Benefits of Home Building in Scotland

Figure 2.1 (Page 5) articulates the complex and interconnected ways in which home building impacts positively on Scottish people and society. Drawing upon a range of quantitative and qualitative data sources, including a survey of Homes for Scotland members and published research, this section explores these benefits and uses relevant case studies to highlight areas of good practice.

It should be noted that the thematic categorisation adopted has been simplified. Indeed, most of the social and economic benefits are likely to fall under more than one of the four broad themes of: inclusivity; quality of life; environmental sustainability; and economic growth.

Inclusivity

Employment and Skills

Home building plays a significant role in creating and supporting employment opportunities across Scotland. This includes people directly employed by home building firms and their contractors, as well as employees supported in the wider supply chain (i.e. in firms that supply home builders with goods and services) and in the wider economy through the spending power of these employees.

It is important to recognise that the location and availability of new homes can help to attract new employees into an area.

Direct Employment

Official Government data collected as part of the Business Register and Employment Survey (BRES) provides an estimate of the number of people directly employed in the construction of homes in Scotland. In 2019 (latest data available), this equated to 27,000 employees.

This represents an increase of 6.7% compared with direct employment levels in 2013 (25,300). There is a broad range of direct job opportunities available within the home building sector including both professional and trade: architects, engineers, sales, site manager, joiner, plumber, electrician etc. According to data derived from the ONS Annual Population Survey¹⁴, aside from ‘agriculture, forestry and fishing’, the construction sector at the UK level has the highest level of workers who are self-employed at 40.3%. Assuming that the same proportion holds true at a Scotland level, it is therefore estimated that there are approximately 45,000 workers directly engaged in home building activity in Scotland.

The figures above include employees employed by home builder organisations, as well as firms contracted to deliver new homes on behalf of home builders. It should be noted that direct employment of trade labour by home builder firms is low. This is reflected in the sample survey which indicates that for every 1 home builder direct employee, 2 sub-contractors are employed on-site.

Supply Chain (Multiplier) Impacts

In addition to direct and on-site employment, it is widely recognised that the home building sector has an extensive supply chain, supporting indirect investment and employment in companies that provide construction materials and equipment related to home building. There are a number of different careers available across the broader supply chain including for example commercial (sales, business development, procurement, legal, finance, contracts, mortgage brokers, solicitors, estate agents) or technical (architect, quantity surveyor, civil engineer, planning, surveyor).

14 ONS, Self-employment in the UK and its characteristics (2020)

3.0 The Social and Economic Benefits of Home Building in Scotland

Home building activity also supports local businesses as construction workers and those employed in the supply chain spend their wages in local shops and other facilities. As a result, further 'induced' jobs are created in the wider economy.

This was reflected in the results of the survey which identified a large number of suppliers. Annual expenditure on suppliers (i.e. those providing goods, services and materials) across the Scottish home building sector was estimated at c.£800 million in 2019 based on our sample survey of home builder firms.

To calculate the extent of the employment impacts supported by the supply chain, the Scottish Government's Input-Output multipliers can be used. The data identifies indirect and induced employment multipliers, based upon the inputs required, purchases and demand generated by the construction sector. In summary, these multipliers indicate that for every 1 direct construction job, 0.75 additional jobs are created elsewhere in the Scottish economy (representing a multiplier impact of 1.75). These additional jobs are made up of¹⁵:

- 0.55 indirect jobs elsewhere in the supply chain and local services; and
- 0.20 induced jobs created elsewhere in the wider economy.

Applying these multipliers to the estimated 45,000 direct jobs identified above indicates that home building in 2019 supported approximately 79,200 people in direct, indirect and induced jobs, or 3.0% of Scotland's total employment.

Total Employment

In overall terms, the Scottish home building sector is currently estimated to support up to 79,200 people across a range of organisations, operations and occupations. As summarised in Table 3.1, 57% of these employees are employed by home building firms and their subcontractors. One third of employees (31%) are indirect employees (i.e. those working within the home building supply chain) and 12% are induced employees working across the wider economy, for example providing goods and services to home builder, subcontractor and supplier employees. Dividing the estimated 79,200 jobs supported by the home building sector by the 22,673 new homes completed in 2019 suggests the scale of employment supported by home building in Scotland is equivalent to supporting 3.5 direct, indirect and induced jobs for every dwelling built.

Employment type	Total Employment	Percentage of Total Employment
Direct employment supported (i.e. by home builders and their sub-contractors)	45,000	57%
Indirect employment supported (i.e. in the home building supply chain)	24,750	31%
Induced employment supported (i.e. in the wider economy)	9,450	12%
Total	79,200	100%

Table 3.1 Summary of home building employment
Source: Lichfields analysis (based on the range of sources and employment multipliers outlined above)

¹⁵ The Scottish Government Supply use, input-output tables and multipliers (2017) - published 9 Sept 2020

3.0 The Social and Economic Benefits of Home Building in Scotland

Our survey of home builders indicated that the sector also demonstrates good employment practices. On average, 98% of employees directly employed by the survey firms were paid above the living wage.

Training and Skills Development

The home building sector in Scotland is committed to the training and development of employees, in particular young people. This can be demonstrated across a range of relevant initiatives:

Apprenticeships - Apprenticeships play a vital role in attracting more young people into a career in the home building sector, providing pay to the individuals whilst they acquire training, developing highly credible and transferable skills. Based on our sample survey, it is estimated that home builder firms in Scotland employed 520 apprentices in 2019. This figure excludes apprentices employed by sub-contractors and suppliers. Figures from Skills Development Scotland indicate that as at 31 March 2021, there were 4,800 modern apprentices

in the buildings sector¹⁶. Whilst this figure captures apprenticeships within both domestic and commercial building sectors, it accounts for more than 60% of the modern apprentices across the construction sector as a whole and 13% of the total number of modern apprentices across Scotland.

Graduate Recruitment - The recruitment of graduates is another key mechanism through which skills and capacity are developed across the home building sector. Based on our sample survey, it is estimated that home builders on aggregate across Scotland employed over 70 people in graduate positions in 2019.

Engagement with Young People - In addition to investing in schooling infrastructure and providing wider training and development opportunities, home building companies are proactive in promoting the sector and engaging with schools. Such activity helps to raise awareness of careers in the sector and raise levels of aspiration amongst school children.

Case Study

Apprenticeships and Training and Development: Persimmon Homes

Persimmon has made a strong commitment to developing its apprenticeship programme in Scotland, recognising that apprentices are “the life-blood of Persimmon and the future of the sector.” Persimmon is investing heavily into its apprenticeship programme with the recruitment of a dedicated apprenticeship manager for Scotland. This aligns with its aims to employ at least 9 new apprentices each year, sustaining a rolling total of 36 apprentices across Scotland. With this additional support, and by working in partnership with sector bodies such as CITB (Construction Industry Training Board); SQA (Scottish Qualifications Authority); and Skills Development Scotland, its apprentices receive a comprehensive training programme tailored to their individual needs.

The scheme provides great benefits to its participants, helping them gain the skills they need to thrive and progress in the sector. In this way, Persimmon’s apprenticeship scheme performs an important function as part of the sector’s wider skills ecosystem as well as being a driver for social mobility and inclusivity.

¹⁶ Skills Development Scotland, Modern Apprenticeship Supplementary Tables, Quarter 4, 2020-21

3.0 The Social and Economic Benefits of Home Building in Scotland

Education

There are significant interdependencies between housing, health and educational attainment. As the Housing to 2040 Vision points out:

“Warm, healthy, safe and non-overcrowded homes in positive neighbourhoods can contribute to children’s wellbeing and happiness, providing a healthy start and contributing to their social and physical development. Good homes with room for children to play, learn and study can contribute to educational attainment...”

Housing standards can hugely affect children’s life chances in terms of education. Whilst the inter-relationship between different factors makes it hard to isolate individual effects, the quality of housing has a direct link to educational attainment and a child’s likelihood of experiencing future unemployment and poverty.

Overcrowding impacts educational outcomes at all stages of childhood; children who live in a crowded house are less likely to graduate from college and tend to have lower overall educational attainment¹⁷. Overcrowded homes also have an impact on a child’s ability to study from home, due to a lack of appropriate dedicated space – an effect that became most apparent with home-learning during the pandemic. In Scotland, recent data¹⁸ shows that 51,000 households live in overcrowded conditions (2% of all Scottish households).

Delivery of new homes is therefore central to achieving improvements in childhood educational outcomes. Modern building standards and an increasing focus on design and place-making mean the delivery of new homes continues to play a significant role in addressing these challenges and consequently improving children’s life chances, whilst simultaneously tackling issues with overcrowding.

Case Study

Maidenhill: Taylor Wimpey West Scotland

Maidenhill in Newton Mearns is a new neighbourhood of 834 homes by Taylor Wimpey and Cala Homes. A key part of the framework outlining the additional requirements of the development has been the provision of land and funding to facilitate the construction of Maidenhill Primary School – a new non-denominational school offering 444 primary school places and 120 nursery places. The £12.5 million, purpose-built facility provides the local community with modern education infrastructure that provides a high quality learning experience. It is estimated that the direct financial contribution towards the provision of Maidenhill Primary (including the transfer of land to East Renfrewshire Council) was equivalent to a minimum of £5,400 per home built.

The new school serves the needs of the new community at Maidenhill and the wider locality by helping to alleviate pressure on two existing local primary schools which were running at near full capacity prior to the development. Through delivering nursery places on site, Maidenhill Primary responds to the demands of the ‘Curriculum for Excellence’, which places strong emphasis on smooth transitions between the nursery-primary-secondary sectors. Maidenhill’s outdoor facilities are also available for use by the wider community.



¹⁷ Lanús (2009): Do poor housing conditions affect educational attainment? An analysis of the impact of poor housing on educational achievement.

¹⁸ The Scottish Government (2019) Scottish House Condition Survey: 2019 Key Findings

3.0 The Social and Economic Benefits of Home Building in Scotland

Delivery of Education Infrastructure

Additionally, the home building sector across Scotland contributes significant investment to education infrastructure. In 2019, the value of this contribution was estimated to be £108 million. Investment into a local education network can assist in raising pupil outcomes by: improving pupil-teacher ratios; helping schools to utilise their resources efficiently; and improving parental choice and fairness. Delivering purpose-built

schools provides the opportunity to create learning environments which are inclusive, leading to better outcomes for all children. New schools are built giving consideration to energy-efficiency, reducing running costs, and provide the ability to be adapted in the future. The substantial contributions of the home building sector to Scotland's educational infrastructure helps to enhance school facilities and improve the quality of the learning environment.

Case Study

Calderwood Primary School

Calderwood Primary School sits at the heart of the emerging 20-minute neighbourhood of the Calderwood development, located adjacent to the new village square which will consist of retail, housing and mixed-use development. The Primary School, which opened in September 2021, was fully funded by the consortium of developers building homes at Calderwood. Stirling Developments led the process to deliver the £14.3 million school, which was paid for by home builders Taylor Wimpey, Stewart Milne, Robertson, Miller, David Wilson and Bellway Homes.

Sustainability and suitability were the core objectives in the design and planning of Calderwood Primary School. The school has been designed to be built in two phases, the first phase will provide a two-stream primary, accommodating 462 pupils with an early years facility accommodating 128 children. As the Calderwood community develops, there will be a requirement for a second phase to be added to the school. This will provide a third stream, increasing the capacity by an additional 231 pupils. The school will be a significant public face of the newly emerging square and Calderwood settlement and will symbolise a high level of investment in education, providing a twenty first century contemporary building for the emerging and growing Calderwood population.

Classroom accommodation is semi-open plan providing connection with adjacent flexible breakout zones whilst offering views over the landscaped playground. The incorporation of a natural ventilation strategy and maximisation of natural daylighting throughout the building was a key consideration from the outset, which is central to the theme of 'wellbeing' for the pupils, staff and visitors. The overall building envelope is thermally efficient and PV panels located on the roof contribute towards the energy credentials for the school. The building received an EPC rating of A and a 'Bronze Active' sustainability rating.



3.0 The Social and Economic Benefits of Home Building in Scotland

Labour Market Participation

Beyond its effects on education and educational attainment, housing also has a profound impact on those in work. As is highlighted within Housing to 2040, having sufficient space at home to work effectively is important for economic resilience as it allows people to work flexibly.

The creation of additional housing in an area is also recognised as playing an important role in supporting the retention of young people and skilled workers by providing greater access to the market, particularly where there is high housing demand. This helps to support inclusivity by alleviating the barriers to entry in the labour market such as the high cost of housing in areas where job opportunities are more prevalent.

Affordable housing forms a key element of this, providing access to housing for eligible households whose needs are not met by the wider market.

Based on our sample survey of home builder firms, it is estimated that 3,790 new affordable homes were built directly by private sector home builders during 2019. In addition to this, as is described later in this section (Developer Contributions), the sector made a significant financial contribution towards the delivery of further affordable homes by public authorities and housing associations, estimated at £332 million (equivalent to c.£20,000 per private home built)¹⁹.

It is not possible to confirm how many new affordable homes are delivered through these contributions each year since other funding sources are available and contributions are not necessarily spent in the year they are collected. It is therefore expected that a significant proportion of the total 5,909 affordable homes delivered by the public sector in 2019 were indirectly funded by private sector developer contributions made in previous years.



¹⁹ The Scottish Government (2021) Planning - the value, incidence and impact of developer contributions: research

3.0 The Social and Economic Benefits of Home Building in Scotland

Case Study

The Hewitt Family: Cathkin View, Glasgow

NHS employee Louise Hewitt, her husband William and son Ben had rented a 2-bed housing association flat in Castlemilk for many years but needed a larger home and more space.

Born and bred in Castlemilk, Willie and Louise wanted to stay in the area close to family and friends. In 2016, Louise's brother bought his first home in the East End of Glasgow with the support of the Help To Buy Scheme. When Louise saw an ad for the new homes being built at Cathkin View in Castlemilk, she decided to visit and find out what assistance might be available for First Time Buyers like herself.

The affordability qualification process deemed them eligible for support from the First Home Fund and they were absolutely delighted to discover they could buy their first home after so many years believing they would never be able to do so.

The family moved home, just before the full impact of lockdown hit during the pandemic so were fortunate to gain the space and garden they had always dreamed of, whilst their 2 bed housing association flat was freed up for another family.

Louise said:

"We wanted to plan for the future, have more security and most importantly own our own home after years of working hard and paying rent with nothing to show for it."

"This was always a dream but now we own a beautiful new home with our own outdoor space with a garden and a driveway."

"Even though Cathkin View is a new development, there is a real sense of community and it has a great family-friendly feel."

"My family are so proud and delighted for us and think our new home is stunning. So much so, my sister-in-law and her family are now looking to relocate from Southampton to Glasgow and they have already reserved their new home at one of our builder's other developments."

Following a promotion at work and months of saving during lockdown, the family have now upsized and bought a 3 bedroom house, just a few doors down, without any financial support. There is no doubt that without the support of First Home Fund, the Hewitts would not have been able to get onto the property ladder nor indeed fund their next house move on their own.

(courtesy of Cruden Homes)



3.0 The Social and Economic Benefits of Home Building in Scotland

Digital Connectivity

Digital connectivity is crucial in supporting the labour market. A secure and reliable internet connection is a basic utility. It helps tackle digital exclusion and plays an important social and economic role by allowing people to work from home effectively, access vital information and services, support children with their learning and to stay connected to friends and family. By ensuring that residents have access to fast broadband connections from the day that they move in, the home building sector is an important facilitator of the Scottish Government's ambition to equip every home and business across Scotland with access to superfast broadband²⁰.

Quality of Life

"The quality of a home and how affordable it is are both important in creating a sense of home and having a safe and warm place to live has clear health benefits for everyone, and particularly for young children, elderly people and people with physical and mental health conditions." (Housing to 2040)

The links between poor housing and poor health are becoming increasingly understood, with comprehensive research undertaken by the Building Research Establishment estimating that poor housing costs the NHS £2.5 billion per annum at the UK level²¹. In addition, economic appraisal methodologies applied by the UK Government assume that the delivery of additional affordable rented housing can translate to a quantifiable health benefit equating to £125 per home per year²².

The development of new homes is therefore important in delivering positive health outcomes by improving access to high-quality, fit-for-purpose accommodation.

According to the World Health Organisation, health can be separated into three interrelated aspects: physical; mental; and wellbeing. These are influenced not only by factors within the home, but also by factors around the home and within surrounding neighbourhoods.

There are myriad direct and indirect impacts that housing quality can have on health. These include, but are not limited to:

- **Affordable housing** – a lack of affordable housing may negatively impact lower income families by reducing the amount of time and finances available to address other health and wellbeing needs. Conversely, provision of affordable housing as part of a mix of tenures helps to create mixed and balanced communities;
- **Thermally and energy-efficient homes** – cold, damp homes can cause and exacerbate many health conditions but particularly respiratory illnesses. It is estimated that excess winter deaths are almost three times higher in the coldest 25%²³ of houses compared to the warmest 25%, with older people particularly vulnerable. Homes with poor insulation or inefficient heating can also result in fuel poverty²⁴, causing stress for lower income families who may be unable to afford both fuel and food. This is particularly prevalent among those on lower incomes for whom heating costs account for a disproportionately high share of income. In 2019, an estimated 613,000 households in Scotland (c.25%) were in fuel poverty²⁵. Findings from the 2019 Scottish House Conditions Survey indicate that around 9% of homes have damp or condensation in at least one room²⁶;

20 The Scottish Government (2020) Reaching 100%: superfast broadband for all

21 The Building Research Establishment (2015) The cost of poor housing to the NHS

22 Department for Communities and Local Government (2016) The DCLG Appraisal Guide

23 The Academic Practitioner Partnership (2016) Good Housing, Better Health

24 National Institute for Health and Care Excellence (2015) Excess Winter Deaths and Illness and the Health Risks Associated with Cold Homes.

25 *ibid*

26 The Scottish Government (2019) Scottish House Condition Survey: 2019 Key Findings

3.0 The Social and Economic Benefits of Home Building in Scotland

- Overcrowding** – the extent of overcrowding is often hidden but severe. In Scotland, 51,000 households (2%) lived in overcrowded accommodation in 2019²⁷. Overcrowding has particularly negative impacts on children and is associated with increased risks of meningitis, tuberculosis, anxiety and depression, and delayed cognitive development. Overcrowded housing also impacts children’s ability to learn at school and study at home, with research from the US showing that children living in crowded homes, particularly during secondary school, have lower educational attainment, contributing to the transmission of cross-generational inequality²⁸; and
- Open Space** - the provision of sport/leisure facilities and public open space supported as part of new housing developments generates opportunities for local residents to undertake recreational activities, contributing to improved physical health, fitness, mental health and wellbeing. Neighbourhoods that are well connected to walk and cycle routes, with adequate bicycle storage space, enable individuals to participate in a more active daily lifestyle, as well as delivering environmental benefits. A high-quality environment also provides opportunities for social interaction between people of different communities, fostering social inclusion and a sense of community.

It is clear that the delivery of new high-quality, warm and energy-efficient homes has an important role in improving health outcomes. Modern building standards mean that new homes are able to address these challenges and, in turn, deliver savings in health expenditure. It is also likely to be beneficial in reducing inequality and poverty which will have further direct effects on reducing health issues.

Developer contributions secured via S75 invested directly into recreational and healthcare infrastructure support a variety of indirect health benefits.

Data for 2018/19 is demonstrated in Table 3.2²⁹.

Infrastructure Investment	Total Contributions	Contribution per private home
Sport and leisure facilities	£21.5 million	£1,280
Public open space facilities	£6.9 million	£410
Healthcare facilities	£4.0 million	£240
Youth/community facilities	£2.4 million	£140
Total	£34.8 million	£2,070

Table 3.2 Investment into recreational and healthcare infrastructure
Source: The Scottish Government Planning (2021) / Lichfields analysis

²⁷ ibid

²⁸ Lopoo and London (2016) Household Crowding During Childhood and Long-Term Education Outcomes.

²⁹ The Scottish Government (2021) Planning - the value, incidence and impact of developer contributions: research

3.0 The Social and Economic Benefits of Home Building in Scotland

Case Study

Bertha Park: Kingdom Housing Association

The Malachowska family – Bertha Park, Perth

“My home has given me the confidence to be independent again.”

Mum of two Malgorzata Malachowska lives at Bertha Park with her boys Michal (9) and Alexander (2).

In September 2020, after an already challenging time because of the COVID pandemic, Malgorzata and her partner of 9 years parted ways, leaving her to find a new home for her and her sons.

“2020 was a very difficult year for me. As a beautician, I was unable to work for about 9 months given lockdown restrictions. I couldn’t visit my family in Poland, who hadn’t had the chance to meet my youngest, Alex. And, like many parents, I was overwhelmed with home learning. This all mounted up and really impacted my mental wellbeing. An unexpected break up, which left me to find a new home for me and the boys at short notice, made matters worse.

“We’d been living in a 2-bedroom flat in the city centre. It was on the second floor which was never ideal for a buggy and meant there was no garden for the boys to enjoy. Before my partner and I split, we’d been looking at moving as we needed more space. We’d often talk about the homes at Bertha Park and had been for a drive around the village on a number of occasions. I loved the style of the houses, the play park and the fact that it’s only a short drive to work. So, when considering my options, I knew that’s where I wanted us to live but I was worried that it would only be a dream.

“As a single parent, buying a home wasn’t an option as I didn’t have the time to build up a deposit. I’d looked at a rental place in my budget elsewhere in Perth, but it was not a suitable home to raise a family. The walls had damp and there was mould throughout. It shocked me that this awful home was even being offered to anyone, let alone someone with two young children. Instead, I reached out to Kingdom Housing Association.

“Facing homelessness, time was a huge factor but in the space of 5 weeks from splitting from my ex, Kingdom offered us a new home at Bertha Park and our family of three moved into a brand new energy-efficient 2-bedroom home, with a garden.

Through my housing association, I have the peace of mind that if something goes wrong, the repairs are covered and I don’t need to worry about a landlord deciding to sell, leaving me in a situation where I again need to find a new place for my family to live.

“The home is great and very energy-efficient, so I’ve rarely needed to put the heating on, and when I do I only have to have it on around 19 degrees for it to be nice and cosy.

“This house is exactly what I wanted. We have everything we need and can also recycle now, something we couldn’t do at the old flat. That matters to me so we can do our bit to help the environment.

“The boys loved the summer in the garden and Michal is often playing at the play park around the corner with his new friends, Alex loves spotting the swans in the pond when we go out for our walks and everyone in the community is so friendly.

“We’ve space to grow now and I’ve got lots of ideas about what I want to do in the future like putting the tv on the wall and buying a new unit to sit underneath it. This house has become our home. It’s given me so much security and I feel so much more confident and happier. I can depend on myself now for the boys, my name is on everything, and it isn’t going to be taken away from us.”

3.0 The Social and Economic Benefits of Home Building in Scotland

Demographic Change

New home building is firmly at the centre of the country's response to the challenge of demographic change. As Scotland's population ages, the provision of accessible and adaptable housing will become increasingly important. It is projected that by 2040, there will be more than 730,000 people in Scotland aged 75 and over³⁰, causing additional demand on health and social care services to support independent living.

Research identifies a preference amongst older people to remain in their own homes as they age³¹. The availability of accessible and adaptable homes makes it easier for the specific needs of older people and those with disabilities to be met throughout their lifetime. Housing adaptations can range from:

- Low to medium dependency adaptations such as the provision of community alarms and the installation of assisting features to meet the specific needs of elderly and disabled residents; to
- Homes that are fully accessible including features such as handrails, specialised bathroom facilities and non-slip flooring surfaces and heating systems that maintain temperature at 21°C in 1°C outside conditions.

The proposed National Planning Framework 4 (NPF4) places a greater focus on the delivery of high quality, sustainable homes that meet the needs of people throughout their lives. It suggests that proposals for new homes that provide affordability and choice should be supported. Gaps in provision will be identified by an equalities-led approach, which will be informed by the Evidence Report or Local Housing Strategy. This could include accessible, adaptable and wheelchair accessible homes, affordable homes, homes for larger families, homes for older people and other specialist groups.

New homes built in accordance with the NPF4 proposals can be adapted more easily and at a lower cost relative to older housing. In this way, the delivery of new homes can help to ensure that Scotland's housing stock is more resilient to the challenge of demographic change and able to meet the needs of people throughout their lives.

The Scottish Government's first population strategy 'A Scotland for the Future: opportunities and challenges of Scotland's changing population' identifies a link between lack of adequate housing, and inability to live close to extended family for support, and reduced birth rates. New homes in the right places can help to reverse this trend, thereby supporting Scottish population growth.

³⁰ The Scottish Government, Housing to 2040 (2021)

³¹ Mulliner, Riley and Maliene (2020) Older People's Preference for Housing and Environment Characteristics. Sustainability, 12, 5723.

3.0 The Social and Economic Benefits of Home Building in Scotland

Place-making and Sustainable Communities

“Housing’s unique place at the heart of thriving communities means that investment in housing, and all the indirect effects that flow from that, can contribute to community wealth and social renewal.”

[Housing to 2040]

The delivery of new housing is recognised as generating a number of wider place-based benefits, including:

- Improving the appearance of the public realm through good design, creating a positive appearance and providing opportunities for residents to develop social contacts with neighbours, minimising crime and anti-social behaviour;
- Improving access to high-quality, low-cost housing thereby increasing disposable incomes and reducing material deprivation;
- Supporting a reduction in overcrowding, increasing opportunities for independent living and supporting the retention of key workers and young people; and
- Reducing pressures on the traditional private rental market, helping to reduce rising rental values³¹.

The Housing and Regeneration outcome framework measures regeneration on 26 indicators disaggregated into 4 key outcomes.

- A well-functioning housing system;
- High-quality, sustainable homes;
- Homes that meet people’s needs; and
- People living in sustainable communities.

In addition to the delivery of housing that people can afford, the provision of new, high-quality housing plays a key role in supporting the development of sustainable communities. The creation of well-planned new housing developments improves access to places of employment and to shops, schools and other local facilities - as well as increasing the number of users of those important facilities. A focus on sustainable travel and transport reduces the need to travel unsustainably and promote active travel choices. This helps to support the development of communities that are economically, physically and socially sustainable, as well as helping to support the success of 20-minute neighbourhoods.

As outlined previously, our sample survey indicates that home builders in Scotland contributed significantly to local infrastructure improvements. Excluding education, home builders are estimated to have contributed £70 million towards public open space, youth and community facilities, sport and leisure facilities, healthcare and transport projects. In turn, these contributions support access to employment and services, greater levels of community cohesion and wider regeneration initiatives.

New housing developments also generate a range of indirect benefits linked to spending by residents of new homes. As new residents drawn into an area

3.0 The Social and Economic Benefits of Home Building in Scotland

spend money on goods and services locally, this can have a positive impact on other sectors of the economy, such as retail and leisure, which depend upon consumer spending to survive and grow³³ and generate further local employment opportunities. It is estimated that the residents of the additional homes built across Scotland in 2019 generated £605 million³⁴ of gross spending over the course of the year³⁵ and a further £125 million of one-off spending on furnishing and decorating a property to make their new house ‘feel like home’³⁶.

This additional expenditure in turn supports a range of retail and leisure jobs in local service sectors, helping to maintain the vitality of local economies. Acknowledging that spending patterns are likely to vary between regions, on average, this level of spending has the potential to support in the order of 5,200 jobs in retail, leisure and hospitality sectors³⁷.

Case Study

Bertha Park: Springfield Properties

Bertha Park is a new village on the outskirts of Perth, developed by Springfield Properties. Once complete, the village will include 3,000 homes across different housing tenures. Providing a wide range of amenities, facilities and recreational spaces for the community to enjoy on their doorstep, Bertha Park has been carefully designed in collaboration with Perth and Kinross Council and is an excellent example of holistic place-making and in creating sustainable communities.

As the first development in Scotland to offer a mix of quality, purpose-built homes for sale, for sale and for social and private rent, the village is accessible to a variety of people of all ages and backgrounds. Bertha Park has been designed as a place where people can grow, from their first home to bringing up their family to settling into their retirement. Furthering the development’s environmental credentials, each home meets the ‘Silver’ standard for energy-efficiency which benefits the environment as well as occupants who will save money from reduced energy usage.

To achieve this, creating a 20-minute neighbourhood was a priority at the design stages. Bertha Park is already home to a school, convenience store, destination playpark and an award-winning SUDS pond and, as it grows, will include restaurants, health facilities, play parks, community areas, allotments, orchards, football pitches and more open spaces for the community to enjoy. This, paired with a mix of homes on offer, helps to create diversity within the village and gives the development the desired community feel.

In addition to amenities included within the village, Bertha Park provides excellent public transport links into Perth. Residents can catch a bus from the development into the heart of Perth and there are strong cycle links along the River Almond to the wider area which encourages residents to opt for more sustainable modes of transport and reduces the dependence on car usage.



³² Joseph Rowntree Foundation, (2015), Housing and Poverty; Commission on Housing & Wellbeing, (2015), A Blueprint for Scotland’s Future

³³ IPPR North, (2014), Home Economics: The Role of Housing in Rebalancing the Economy

³⁴ Based on data from the ONS Family Spending Survey which showed that Scottish households spent on average £512.90 per week in 2020

³⁵ Not all of this will be net additional expenditure

³⁶ Research carried out by OnePoll on behalf of Barratt Homes (August 2014; <https://www.barratthomes.co.uk/the-buying-process/home-buying-advice/>)

³⁷ Based upon an analysis of ONS Family Spending Survey data (2019)

3.0 The Social and Economic Benefits of Home Building in Scotland

Case Study

Craigmillar: CCG Homes

Historic economic challenges led to issues of population decline and low economic activity in Craigmillar. In regenerating the area, it was therefore important to adopt a community-based approach, re-positioning Craigmillar as an attractive place to live.

Craigmillar Town Centre, consisting of one and two bedroom apartments as well as two and three bedroom terraced homes, was completed in January 2021. Available for social and mid-market rent, the housing mix was chosen as a means of responding to the identified needs of the local area.

All properties built exceed minimum building regulation requirements, with vastly improved thermal efficiency. Sector-leading standards of energy performance thus tackle issues of fuel poverty. The use of enhanced construction detailing and renewable services helped the development achieve Silver Compliance for 'Section 7 – Sustainability' of the Scottish Building standards with the exception of 6 'pilot' plots that were delivered to 'Gold' Aspect 1. The pilot homes, supported by Carbon Futures and the Glasgow School of Art Mackintosh Environmental Architecture Research Unit, have been used as a testbed for the Council in understanding the future requirements to reach enhanced environmental performance, with the dwellings achieving a 27% reduction in CO2 emissions over the current Silver Level standard.



Re-use of Brownfield Land

Brownfield land (i.e. land that has been previously developed) suitable for housing has a vital role to play in meeting the need for new homes. This is particularly important in areas that face the challenge of a constrained supply of land for development. The Vacant & Derelict Land Survey 2019 identified that the most common use of reclaimed land is for residential purposes. Policy 30 (Vacant and derelict land and empty buildings) of the proposed NPF4 proactively encourages re-use or re-development of brownfield land before new development takes place on greenfield sites.

Based on the sample survey of home builder firms, it is estimated that 4,110 homes were built on brownfield sites during 2019, equivalent to approximately one-fifth of all homes built.

Developer Contributions

Home builders across Scotland make significant contributions beyond the construction of the homes themselves that help to support new and existing residents by providing essential community infrastructure. Developer contributions are often secured via legal agreements such as Section 75 (S75) agreements. Payments made under these agreements represent contributions towards facilities related to the proposed development - for example, payments towards new school classrooms, local highways improvements, public open space and other community facilities. Home builders can, in certain circumstances also make direct financial contributions to support affordable housing provision.

3.0 The Social and Economic Benefits of Home Building in Scotland

Two strands of evidence have been used to assess the level and categorisation of developer contributions made by home builders. Principally, the results of an Environmental Information Request (EIR) – submitted to all Scottish local authorities – were used. These have been supplemented, where appropriate, by results from our member survey. Based upon the results of the EIR request, it is estimated that Scottish home builders contributed a total of £179 million through S75 agreements in 2019. Based on the total housing completions in the same year, across Scotland this equates to an average contribution of c.£10,700 per private sector home built.

Direct financial contributions do not, however, account for the full extent to which the home building sector adds value for the public benefit. Home builders also contribute sizeable sums indirectly through the transfer of serviced land to local authorities and affordable housing providers.

In addition, there is also a value attributable to the discount to market value associated with the delivery of affordable housing and discounted market housing products.

Recent research published by the Scottish Government³⁸ provides a comprehensive analysis of both the direct contributions as well as the value of indirect ‘in kind’ developer contributions. The report’s conclusion was that the overall contribution from developers was worth £30,500 for each private sector home built in Scotland in 2018/19. Additionally, it concluded that the majority (65%) of overall contributions is attributable to the value captured through affordable housing. The remaining 35% is attributable to other community infrastructure, although this is not broken down further to consider the respective contributions towards schools, roads, healthcare, public open space etc.

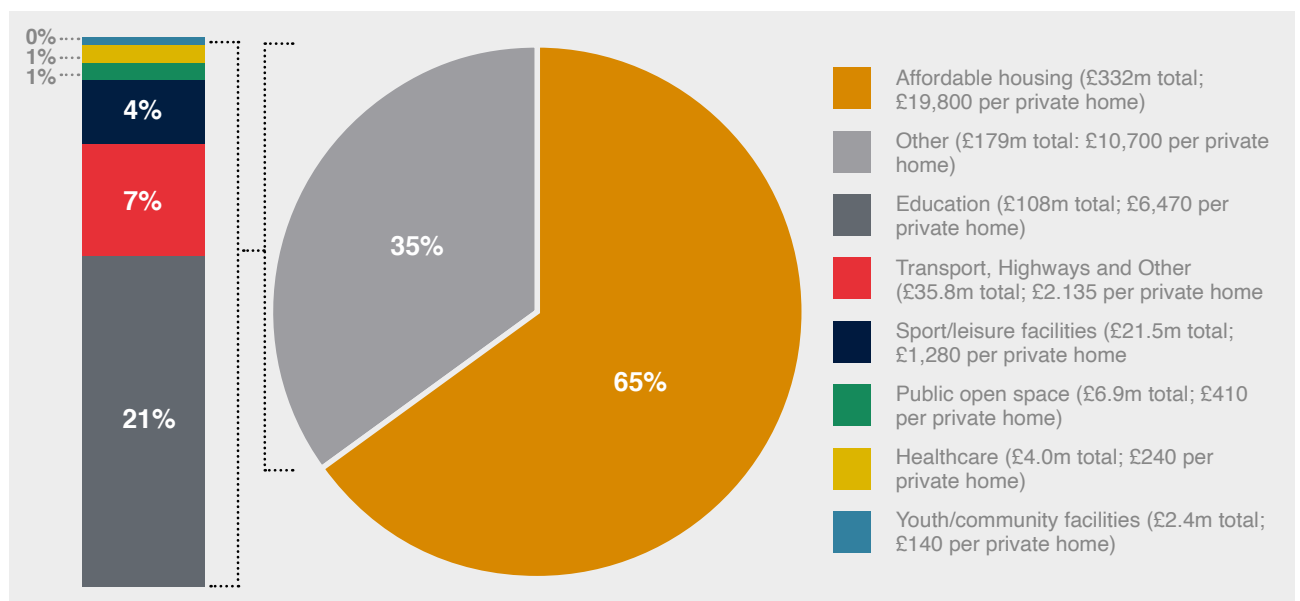


Figure 3.1 Split of direct financial contributions by type
Source: Lichfields analysis

38 The Scottish Government (2021) Planning - the value, incidence and impact of developer contributions: research

3.0 The Social and Economic Benefits of Home Building in Scotland

Based on our earlier analysis, Figure 3.1 (Page 26) shows the proportionate split of 'other infrastructure' contributions by type. Aside from affordable housing, this shows that education (21%) was the principal recipient by value. To estimate the share of contributions towards other infrastructure, the proportionate breakdown of contributions derived through analysis of our EIR request of Scottish local authorities (excluding affordable housing whose contribution has already been accounted for) has been applied to the preceding analysis.

Applying the results of the Scottish Government's research to total housing completions in Scotland in 2019, it is estimated that the value of the home building sector's contribution was in the order of £511 million. On the basis of the same research, affordable housing contributions are estimated to have been worth £332 million, equivalent to c.£20,000 per private home built. The contribution towards other infrastructure was therefore worth £179 million, equivalent to £10,700 per private home built.

Environmental Sustainability

According to research cited in Housing to 2040, 15% of Scotland's emissions are attributable to the residential sector, primarily from water and space heating. The home building sector therefore has a key role to play in tackling the climate crisis through the design of homes and neighbourhoods which promote carbon reduction. Not only do these derive obvious environmental benefits, they also present an opportunity to deliver financial savings due to improved efficiency, and social benefits such as improved health.

Reducing Scotland's Carbon Footprint

The Climate Change Act 2019 commits Scotland to net-zero emissions of all greenhouse gases by 2045. New homes are measured against building standards which outline a number of criteria which all developments must meet in order to gain a building warrant. With respect to environmental sustainability, home builders must comply with reducing carbon emissions through minimising both the waste of energy and the use of carbon-based energy systems. Home builders can also gain recognition for exceeding these minimum requirements.

3.0 The Social and Economic Benefits of Home Building in Scotland

Our survey demonstrated that, on average, 89% of all new homes built by members met at least an EPC grade 'B' standard, including 3% meeting an 'A' standard. In terms of carbon reduction, our survey shows that, increasingly, home builders are embedding zero emissions heating systems and enhanced energy-efficiency measures into their developments.

The proposed NPF4 directs all development proposals to take account of the need to address the climate emergency. This will apply to minimising emissions in the short term while ensuring buildings, infrastructure and spaces are designed to be adaptable to the future impacts of climate change.

Emerging policies will include requirements for home builders to help foster more sustainable communities and encourage healthier lifestyles, supporting the principle of 20-minute neighbourhoods, thereby reducing car dependency. Larger-scale developments can have a greater impact on reducing carbon emissions as the design can incorporate new public and green transport links, encouraging more active travel.

Collectively, these measures demonstrate the commitment that home builders are showing to tackling the climate change crisis.



3.0 The Social and Economic Benefits of Home Building in Scotland

Environmental Resilience

The inclusion of areas of green space and the retention and planting of trees and shrubs in housing developments is recognised as having important biodiversity and health and wellbeing benefits. Additionally, these also play a role in carbon capture and water attenuation and improving environmental resilience.

Based on our member survey, it is estimated that c.160,000 trees or shrubs were planted or retained on housing developments during 2019.

Furthermore, 75% of sites built by those surveyed incorporated sustainable urban drainage systems (SUDS) as part of the site design and environmental mitigation measures.

Case Study

The Mews, Edinburgh: Headon Developments

The Mews is a development of eleven terraced townhouses constructed by SME home builder Headon Developments. Located in Edinburgh's New Town conservation area, the form reinforces the characteristic pattern and spatial identity of historic mews lanes, balancing the use of traditional materials with contemporary details. Filling a gap within the Edinburgh World Heritage Site, The Mews provides an exemplar of brownfield development in a sensitive urban setting.

Environmental sustainability was a key consideration for this development. Energy-efficiency measures such as air source heat pumps for space and water heating, mobile app-controlled heating systems and extractor fan humidistats were all incorporated in the design. Alongside these, surface water mitigation measures were installed to ensure the controlled discharge rate of water into public sewers and avoid overflowing during storm conditions. Extensive landscaping was undertaken with semi-matured trees to mitigate the impact of construction to the neighbouring buildings. Bird boxes were provided to sustain and enhance the existing bird life. Additionally, Headon Developments made a financial contribution of c.£30,000 to Edinburgh City Council to support sustainable transport infrastructure.



3.0 The Social and Economic Benefits of Home Building in Scotland

Case Study

Kay Hildersley, Heritage Grange, Edinburgh

Kay works for the NHS and moved into a 3 bed mid-terraced home in June 2021.

She loves her new home, especially the layout and kitchen, and says that it provides her with a feeling of security and warmth:

“Because of the double-glazing and insulation, it’s really quiet. I don’t hear any noise, either from outside or my neighbours.

“And I can see the difference it is making to my heating costs compared to what I used to pay. When I come home in the evening, there is a background warmth already circulating in the house. It’s never freezing cold and I’ve only ever had to put the heating on for a short while.”

Built to high technical standards, which include the fitting of solar photo voltaic panels, this is reflected in the “B” energy efficiency rating of Kay’s home.

Location-wise, Kay has the best of both worlds, living in a semi-rural setting with easy access to the countryside as well as the surrounding area. As a dog owner, Kay also appreciates the walkways and recreational green space in the development which provide a great way to meet other residents.

“I really enjoy living here. My house is really well thought out, it’s a fantastic environment with a strong sense of community and my neighbours are great.”

(Courtesy of Barratt / David Wilson Homes)



3.0 The Social and Economic Benefits of Home Building in Scotland

Reducing Waste Generated

Home builders recognise the role that the sector must play in minimising waste and recycling materials where possible. Given the climate emergency and Scotland's commitment to achieving net-zero by 2040, it is important that firms negate the impact of developments on the environment and surrounding communities.

Whilst policy and legislation represent key drivers behind construction waste recycling and re-use in Scotland, the financial benefits of recycling can also be significant. Responses to our member survey indicate that at least 88% of construction waste is recycled.

The survey findings also indicate that 77% of this recycled waste could have gone to landfill but was diverted to more sustainable, alternative methods of treatment.

Economic Growth

Whilst there is a strong 'economic' component to several of the benefits described above (such as employment, resident expenditure and developer contributions), there are several additional ways in which home building supports economic growth in Scotland. The sector provides a significant direct and indirect contribution to Scotland's economy through delivering an uplift in economic output, investing in local areas and supporting public finances.

Sector Value

The home building sector in Scotland makes a direct contribution to economic prosperity through the economic output (as measured by Gross Value Added) that it produces. In 2018, the Scottish construction sector as a whole generated £7.8 billion of economic output, representing 7.9% of Scotland's output³⁹.

Based on the proportionate split of employment included within the construction of buildings⁴⁰, it is estimated that £1.8 billion of this was generated by the construction of homes, equating to 1.8% of Scotland's output. This represents a 12.5% rise compared to the value of the sector in 2013 (£1.6 billion and 1.7% of Scotland's output). The level of economic output supported by the sector is benchmarked against those identified by the Scottish Government as Growth Sectors in Table 3.3.

Sector	Total GVA (£bn) (2018)
Energy (including renewables)	20.8
Financial and Business Services	8.3
Food and Drink (excluding Agriculture)	4.4
Sustainable Tourism	4.1
Construction of homes	1.8
Life Sciences	1.5

Table 3.3 Economic output of Scottish growth sectors
Source: Scottish Annual Business Survey

³⁹ Scottish Annual Business Survey (SABS) (2018 is latest data available)

⁴⁰ Business Register and Employment Survey (BRES)



3.0 The Social and Economic Benefits of Home Building in Scotland

Research indicates that, in 2018, 97% of companies in the construction sector were Scottish-owned. This was higher than the all-sector average of 88% and indeed the highest proportion of all broad industrial groups in Scotland. Additionally, Scottish-owned companies in the construction sector account for a high percentage (83%) of total sector economic output (GVA) compared to the all-sector average of 53%. This increases the likelihood that the value generated by the construction sector in Scotland is retained in the Scottish economy rather than accruing to companies owned elsewhere.

Supply Chain Impacts

Home building in Scotland stimulates further economic value through its extensive supply chains and networks, which generate additional output, employment and spending. Compared with other sectors, construction is recognised to be a part of the UK economy where there is a particularly high domestic benefit in the supply chain. Much of this supplier spending is retained within the UK; for example, it is estimated that for every £1 spent in construction at least 90% stays in the UK⁴¹.

Investment in the construction sector, and the resultant GVA impacts, indirectly supports increased economic output across a broad set of industries as demand filters through the supply chain. The following sectors are amongst those that benefit most from increases in construction activity⁴²:

- Hiring of machinery;
- Estate agency and management;
- Architectural and technical consultancy;
- Plastic, wood and metal products;
- Mining and quarrying; and
- Transport and logistics.

Based upon an assessment of the inputs, purchases and demand generated by the construction sector as a whole, the Scottish Government's Input-Output multipliers estimate that for every £1 million GVA generated in construction activity, a further c.£0.88 million is generated elsewhere in the Scottish economy⁴³. This represents a multiplier impact of 1.88, taking into account "leakages" from and "imports" to the Scottish economy from elsewhere in the UK.

Applying this multiplier to the home building sector's £1.8 billion direct GVA indicates that, in 2018, the sector supported a total of c.£3.4 billion in direct, indirect and induced GVA, split by:

- £1.8 billion in direct GVA;
- £1.0 billion in indirect GVA elsewhere in the supply chain; and
- £0.5 billion in induced GVA in the wider economy⁴⁴.

41 CBI (June 2012) Construction bridging the gap; BIS, (July 2013), UK Construction: An economic analysis of the sector; HBF Facts & Messages Bulletin: Q1 2015.

42 L.E.K. for the UK Contractors Group, (2009), Construction in the UK Economy: The Benefits of Investment

43 The Scottish Government Supply use, input-output tables and multipliers (2017) - published 9 Sept 2020

44 Figures may not sum due to rounding

3.0 The Social and Economic Benefits of Home Building in Scotland

GVA per Head

GVA per head provides a key measure of worker productivity and economic performance. Figure 3.2 shows the home building sector benchmarked against other broad industrial groups in Scotland. It demonstrates that GVA per head in the home building sector was greater (c.£61,600) than the all-sector average (c.£52,500) in 2018 and higher than the construction sector generally.

Capital Investment and Expenditure

Home builders collectively invest significant sums in maintaining and expanding their development pipeline through acquiring new land to build on. They also spend significant sums on their suppliers and sub-contractors. This expenditure can be reinvested into the Scottish economy.

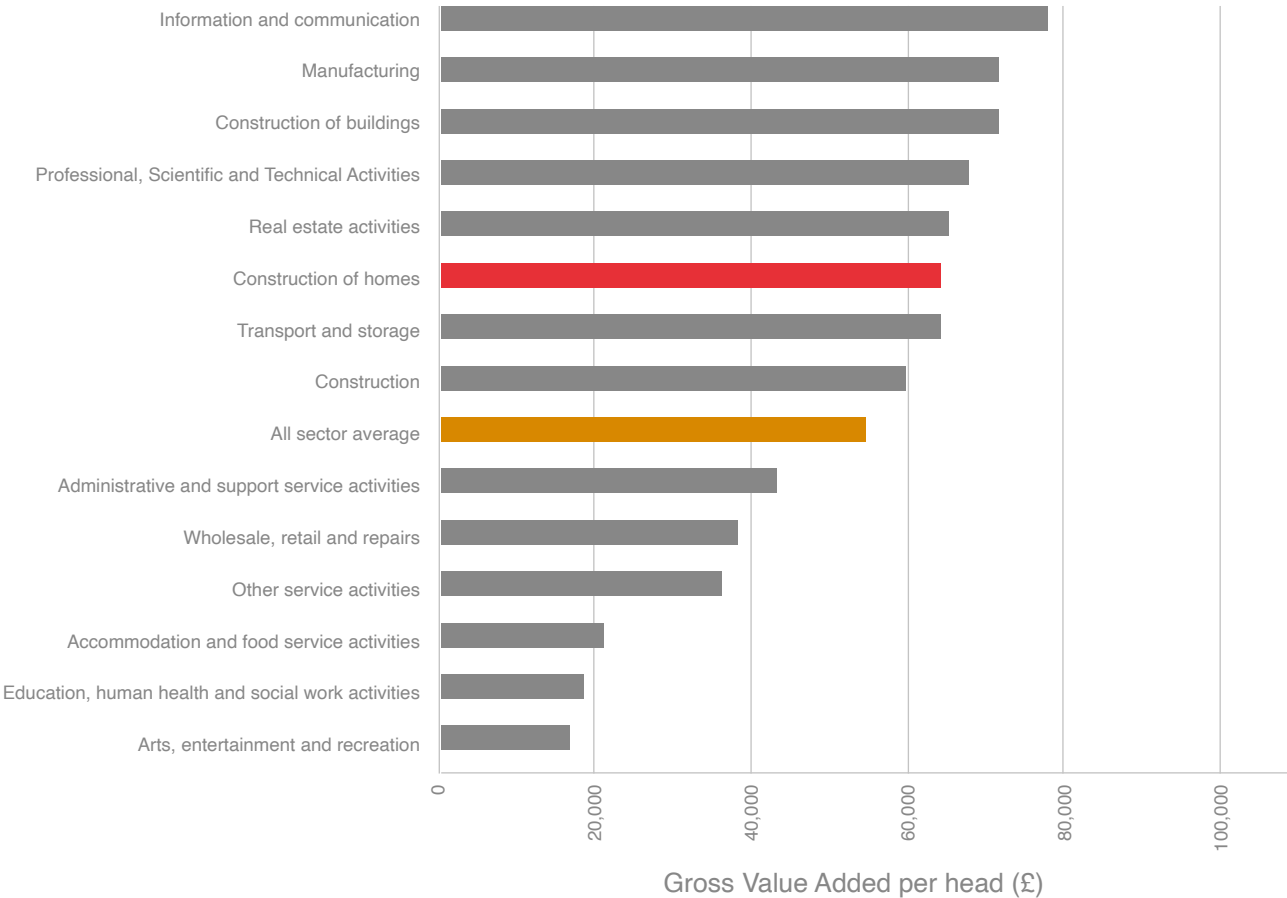


Figure 3.2 Economic output (GVA) per head by sector (excluding primary industries)
Source: Scottish Annual Business Survey

3.0 The Social and Economic Benefits of Home Building in Scotland

Based on our sample survey of home builders, we estimate that, across Scotland, the capital investment and expenditure on new land amounted to over £387 million in 2019. This land could yield a significant supply of new homes in both the short and long term. In the same year, we also estimate that close to £807 million was spent on suppliers, including goods, services and materials.

We estimate that, in 2019, home builders across Scotland invested in land with equivalent capacity of 22,300 homes to meet their short-term pipeline targets over the next 5 years, rising to 26,200 in the longer-term. The speed with which homes will be delivered on this land will depend on a range of factors such as the wider market context, obtaining statutory consents and other constraints.

Public Finances

National Tax Revenues

The home building sector makes a significant contribution to tax revenues through Land and Buildings Transaction Tax (LBTT). Notwithstanding the tax reliefs that were in operation throughout the majority of 2020, residential property transactions generated an overall LBTT liability of £338 million, accounting for 63% of the total for all transactions. The acquisition of land for housing and sale of new build homes is estimated to account for circa £21m in LBTT annually.

Corporation Tax is levied on profit generated by home builders and provides a direct revenue stream for UK plc. Based on our survey, it is estimated that home builders in Scotland paid just over £400 million of Corporation Tax in 2019. Home builder firms also make a significant contribution to HMRC revenues through employee-related National Insurance and Pay As You Earn (PAYE) contributions, which were estimated to total £99 million in 2019.

This figure excludes tax paid by employees in contracted firms and the wider supply chain.

The sector also contributes to the Exchequer through a range of other taxes such as landfill tax, business rates and non-recoverable Value Added Tax (VAT) paid for non-construction related goods/services (as labour or building materials for new build homes are exempt from VAT charges). More broadly, analysis for the UK Contractor's Group estimates that for every £1 spent on housing construction in the UK, 56p returns to the Exchequer. This includes the increase in wage levels, corporation tax and income tax receipts associated with the direct, indirect and induced effects resulting from the increase in construction activities, as well as the estimated reduction in government benefits (job seekers' allowance, housing benefits, tax credits) associated with increased construction employment⁴⁵.

Local Authority Fiscal Benefits

At the local level, the home building sector also delivers economic benefits through financial receipts generated in the form of ongoing Council Tax on top of the locally paid developer contributions already discussed. This additional revenue represents a significant source of income for councils across Scotland, assisting with the costs of providing services to the occupants of new homes.

Ongoing Council Tax generates almost £2.6 billion each year for local councils across Scotland⁴⁶. Based upon the average Council Tax payment of £1,251⁴⁷, it is estimated that residents of the additional homes built across Scotland during 2019 contributed just over £28 million in Council Tax receipts.

⁴⁵ UK Contractors group, (2011), Construction in the UK Economy: The Benefits of Investment

⁴⁶ Council Tax Collection Statistics, 2019-20

⁴⁷ Council Tax Datasets (Average council tax per dwelling) 2019-20

4.0 The Benefits of Increasing Supply

The analysis presented in the previous sections shows that the national home building sector already generates significant social and economic benefits to the Scottish economy. The headline benefits for the nation as a whole are presented in Table 4.1 (Page 38) on the basis of the number of new homes built in 2019 (22,673).

Based upon our analysis, it is clear that the benefits and value that can be accrued in Scotland will increase if the delivery of new homes, of all tenures, increases to a level that meets the demand for housing. As Figure 4.1 demonstrates, this is currently being constrained by under-delivery. The scale of cumulative housing undersupply relative to a pre-recession peak of 25,000 homes per annum is now approaching 90,000 homes.

Taking 2019 housing completions data, delivery fell short of a 25,000 homes per annum target by 2,327 homes.

Based upon the analysis presented in the earlier sections of this report, Table 4.1 (Page 38) outlines the opportunity cost associated with under-delivering by 2,327 homes in a single year. With delivery rates yet to fully recover to the levels observed prior to the last economic downturn, the cumulative ‘opportunity cost’ of under-delivery will be substantially higher. Based upon the sector’s current economic footprint, we estimate that the cumulative undersupply since 2008 could account for nearly £13 billion in economic output (GVA) (2018 prices)⁴⁸.

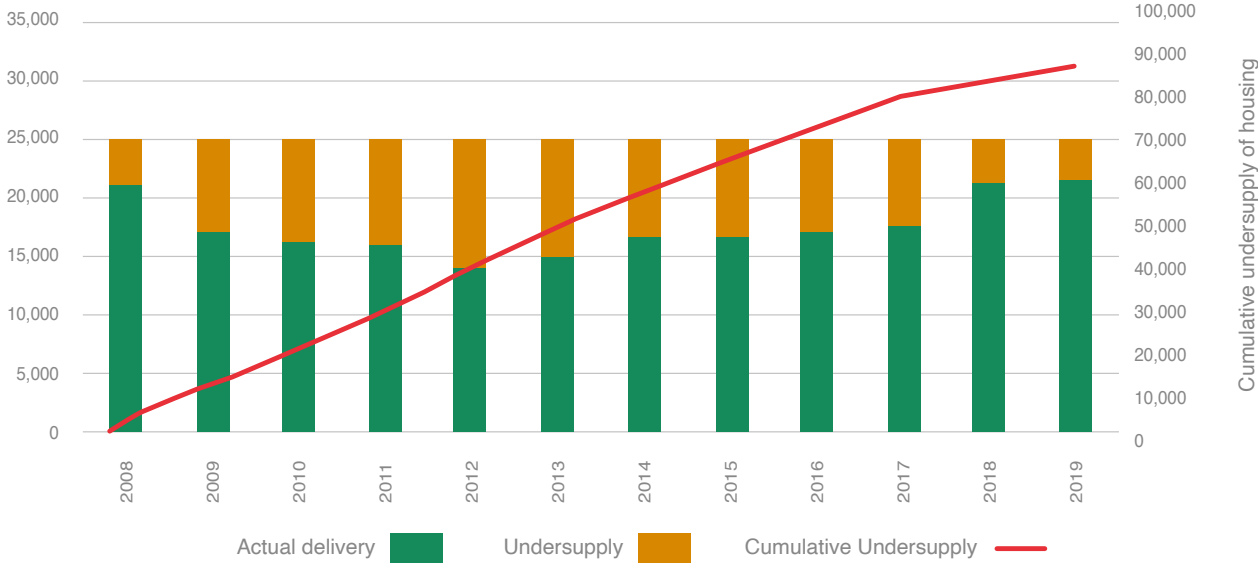


Figure 4.1 Scale of undersupply relative to a 25,000 homes p.a. target
Source: The Scottish Government, Communities Analysis Division (Housing Statistics) / Lichfields analysis

48 All figures are based on current estimates/base prices which are likely to increase in scale/value in future years as a result of inflation. Commensurate to a strategic high-level study, assessments have been based on conservative assumptions of economic benefit per new dwelling, taxes levied and employment profiles based on current averages.

4.0 The Benefits of Increasing Supply

Public Finances, Local Authority funding and developers contributions are clearly not all guaranteed and are subject to changing legislative arrangements or shifts in future policy. On this basis, the additional economic benefits that could be achieved in the future if home building was to increase in scale and volume are calculated on a cautious basis and are therefore likely to be even greater than illustrated here.

On top of the additional economic benefits highlighted in Table 4.1 (Page 38), the delivery of a higher number of new homes would provide increased social benefits. Increasing the scale of well-designed, energy-efficient homes plays a key

role in delivering improvements to health, education, regeneration and carbon reduction outcomes as well as housing access for all. Modern building standards and the delivery of high-quality neighbourhoods also support this ambition: ensuring new homes will continue to be adaptable and sustainable for future generations.

Achieving this increase in housing delivery will require supportive conditions including positive planning at the national, strategic and local level to enable the whole of the sector (from the smallest to the largest home builders) to increase the scale of activity and allow new organisations to enter the market.



4.0 The Benefits of Increasing Supply

Type of Benefit		Current delivery (22,673 in 2019)	2019 'opportunity cost' (+2,327)	Total potential footprint (25,000 homes per annum)
Employment	Direct	45,000	4,620	49,620
	Indirect	24,750	2,540	27,290
	Induced	9,450	970	10,420
	Total	79,200	8,130	87,330
Education and skills benefits	S75 investment in school places/facilities	£108m	£11m	£119m
	Apprenticeships (no. positions)	520	55	575
Health benefits	S75 investment in healthcare facilities	£4.0m	£0.4m	£4.4m
	S75 investment in sport/ leisure facilities	£21.5m	£2.2m	£23.7m
	S75 investment in public open space	£6.9m	£0.7m	£7.6m
Resident expenditure	On-going resident expenditure per annum	£605m	£62m	£667m
	One-off first occupation expenditure	£125m	£13m	£138m
Community benefits	Affordable housing delivery	5,909	606	6,515
	Affordable housing contributions (via S75 and other means of value capture)	£332m	£34m	£366m
	S75 investment in youth/ community facilities	£2.4m	£0.2m	£2.6m
	S75 investment in transport and other infrastructure improvements	£35.8m	£3.7m	£39.5m

Type of Benefit		Current delivery (22,673 in 2019)	2019 'opportunity cost' (+2,327)	Total potential footprint (25,000 homes per annum)
Environmental benefits	Number of homes developed on brownfield land	4,110	420	4,530
	Proportion of construction waste recycled	88%	n/a	n/a
	Proportion of construction waste diverted from landfill	77%	n/a	n/a
	Trees and shrubs planted or retained	160,000	16,420	176,420
Capital expenditure	Land acquisition	£387m	£40m	£427m
	Supplier expenditure	£807m	£83m	£890m
Economic output	Direct	£1.8bn	£0.2bn	£2.0bn
	Indirect	£1.0bn	£0.1bn	£1.1bn
	Induced	£0.5bn	£0.1bn	£0.6bn
	Total	£3.4bn	£0.3bn	£3.7bn
Public Finance Revenue	Land and Building Transaction Tax Receipts	£21m	£2m	£23m
	Corporation Tax Paid	£401m	£41m	£442m
	NI and PAYE Contributions	£99m	£10m	£109m
Local Authority Revenues	Council Tax Receipts	£28m	£3m	£31m

Table 4.1 Economic benefits of increasing housing supply to 25,000 homes per year
Source: Lichfields analysis presented in previous sections



5.0 Regional Benefits of Home Building

The headline benefits for Scotland are presented in Table 5.1 (Page 41) based on the number of new homes built in 2019 (22,673). To understand, in broad terms, how these could translate to the regional level, benefits have been disaggregated according to the percentage share of housing delivery in each region. This provides figures for Homes for Scotland’s five regional committee areas: East Central Scotland, Grampian, Highland and Moray, South East Scotland and Strathclyde (see Figure 5.1).

Collectively, these committee areas accounted for 99.6% of home building in 2019⁴⁹.

Table 5.1 (Page 41) summarises the social and economic contribution of home building across these regional committee areas in 2019. The figures assigned to regions are based upon a simplified pro-rata breakdown of the national footprint and are unlikely to fully reflect the intricacies of regional home building investment, supply chains, employment and other benefits. As such, these figures should be treated as indicative only.

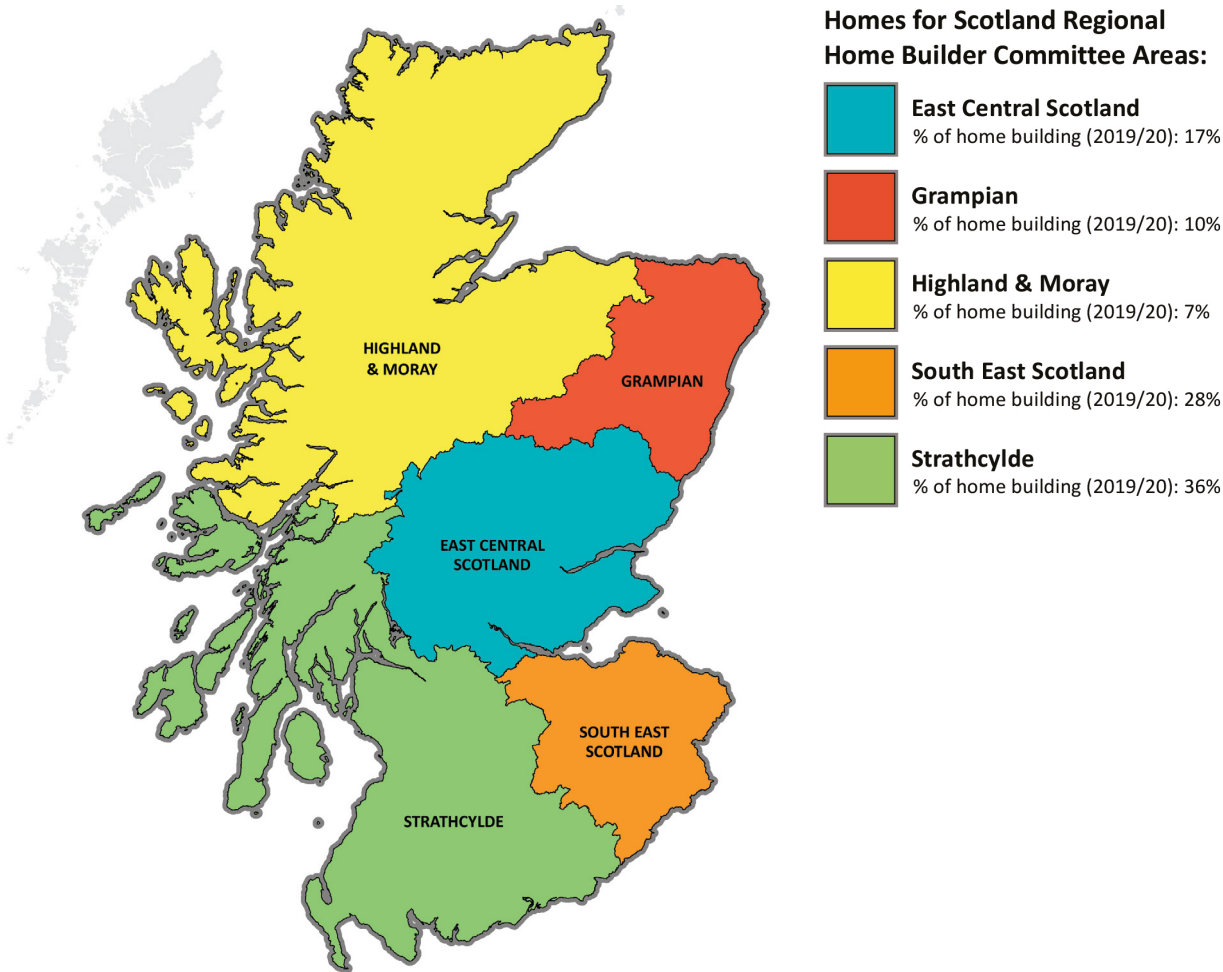


Figure 5.1 Homes for Scotland Regional Committee Areas

49 Comhairle nan Eilean Siar, Orkney and Shetland are not included

5.0 Regional Benefits of Home Building

		Scotland	East Central Scotland	Grampian	Highland and Moray	South East Scotland	Strathclyde
	% of total housing completions (2019)		17%	10%	7%	28%	36%
Employment	Direct	45,000	7,625	4,670	3,320	12,645	16,105
	Total (direct, indirect and induced)	79,200	13,415	8,220	5,845	22,255	28,340
Education and skills benefits	S75 investment in school places/ facilities	£108m	£19m	£11m	£8m	£30m	£39m
Health benefits	S75 investment in healthcare facilities	£4m	£0.7m	£0.4m	£0.3m	£1.1m	£1.4m
	S75 investment in sport/ leisure facilities	£21.5m	£3.7m	£2.2m	£1.6m	£6m	£7.8m
	S75 investment in public open space	£6.9m	£1.2m	£0.7m	£0.5m	£1.9m	£2.5m
Resident expenditure	On-going resident expenditure per annum	£605m	£104m	£61m	£45m	£169m	£219m
	One-off first occupation expenditure	£125m	£21m	£13m	£9m	£35m	£45m
Community benefits	Affordable housing contributions (via S75 and other means of value capture)	£332m	£57m	£34m	£25m	£93m	£120m
	S75 investment in youth/community facilities	£2.4m	£0.4m	£0.2m	£0.2m	£0.7m	£0.9m
	S75 investment in transport and other infrastructure improvements	£35.8m	£6.1m	£3.6m	£2.7m	£10m	£12.9m
Capital expenditure	Expenditure on land	£387m	£66m	£39m	£29m	£108m	£140m
	Supplier expenditure (goods, services and materials)	£807m	£138.4m	£82m	£60m	£225.9m	£291.5m
Economic output	Direct	£1.8bn	£305m	£187m	£133m	£506m	£644m
	Total (direct, indirect and induced)	£3.4bn	£576m	£353m	£251m	£955m	£1,217m
Public Finance Revenue	Land and Building Transaction Tax Receipts	£21.0m	£3.5m	£2.2m	£1.5m	£5.9m	£7.5m
	Corporation Tax Paid	£401m	£68m	£40m	£28m	£112m	£144m
	NI and PAYE Contributions	£99m	£17m	£10m	£7m	£28m	£35m
Local Authority Revenues	Council Tax Receipts	£28m	£4.7m	£2.9m	£2.1m	£7.9m	£10.0m

Table 5.1 Regional Breakdown of Benefits

Source: Homes for Scotland

6.0 Conclusions

Drawing upon a combination of existing literature and policy / strategy documents, published statistics and a survey of Homes for Scotland home builder members, this report:

- articulates the complex and interconnected ways in which home building has a positive impact on the people of Scotland and society at large
- demonstrates that the social and economic benefits of home building are important material considerations which should be taken into account both in a national policy-setting context and at local authority level through development management decisions and development planning
- highlights the importance of home building to delivering successful social outcomes that accord with national policy objectives

Fundamentally, it evidences the potential that will arise from ensuring the delivery of the homes required to meet the needs of all those who live here and, by so doing, also improve macroeconomic stability, support the labour market and facilitate the development of sustainable communities that are vital to social wellbeing and prosperity.

Appendix 1

This updated report provides an in-depth quantitative and qualitative analysis of the social and economic contribution of the Scottish home building sector. It quantifies the contribution of home building in terms of both direct impacts (through home builders themselves and their contractors) as well as indirect and induced impacts (from other sectors and firms that rely on home building and its supply chains and spending). It also measures the uplift in local spending as a result of new homeowners, covering when residents initially move into their new home (one-off expenditure) on top of the extra ongoing annual expenditure.

The report also summarises impacts generated by home building that are typically more difficult to quantify, such as those associated with skills and education, health, communities and carbon emissions.

Due to the scale and complexity of the home building sector, there is no single source of data that provides comprehensive information about its day-to-day activity and operations. In light of this challenge and to ensure that the outputs from the analysis are as accurate and robust as possible (whilst remaining proportionate), this update replicates the methodology applied in 2016 by using a combination of approaches to measure the social and economic contribution of the home building sector, broadly following a three stage assessment summarised below:

- **High Level Literature Review** – review of recent publications by the Scottish Government, Homes for Scotland and other organisations, exploring the socio-economic contribution of the Scottish home building sector and the construction sector more generally;
- **'Top-down' Assessment** – estimating the economic contribution of the home building

sector through a 'top down' assessment, drawing upon published the Scottish Government accounts data; and

- **'Bottom-up' Assessment** – collecting a series of primary company data from a sample of home builders, aggregating and extrapolating this up to cover the sector in its entirety.

To facilitate the 'bottom-up' assessment, a survey of Homes for Scotland members was conducted in May 2021, asking a range of questions relating to organisation size, delivery output, capital investment, taxation, amongst others. 67% of responses came from 'large' firms, with the remaining 33% from medium and small-medium sized (SME) firms. We estimate that the sample of members constituted approximately 60% of housing delivery in Scotland if compared to the total housing completions in 2019.

The outputs from each step have been brought together and synthesised in order to estimate the sector's existing social and economic footprint across four cross-cutting themes:

- **Inclusivity** – the sector's contribution towards supporting employment and skills development, education and labour market participation;
- **Quality of life** – the sector's contribution towards promoting good health, managing demographic change, and supporting place-making, regeneration and sustainable communities;
- **Environmental sustainability** – the sector's contribution towards reducing Scotland's carbon footprint, the re-use of brownfield land, promoting environmental resilience and reducing waste; and
- **Economic growth** – the total value of the sector in Scotland, its supply chain impacts, GVA impacts, levels of capital investment and expenditure that the sector supports as well as its contribution towards supporting the public finances.

Analytical Framework

The analytical framework for the study is summarised in Figure A1 below. (A glossary for the various terms and definitions is set out at Appendix 2).

It should be noted that, as with any research of this nature, there are a number of limitations associated with the methodology and therefore outputs are intended to provide a broad ‘point-in-time’ indication of the Scottish home building sector’s estimated social and economic contribution rather than a definitive assessment. This report incorporates the latest data and other evidence available at the time of preparation.

Responses to the member survey were provided by private sector enterprises only. It should, however,

be noted that Homes for Scotland members also include housing associations and registered providers. The results from the survey have been extrapolated to represent the sector as a whole – including the share of delivery accounted for by housing associations/registered providers and local authorities which have an important role to play in delivering new residential dwellings each year – although it is recognised that operational models and day-to-day activity is likely to vary across different sub-sectors of the sector. The accuracy of data derived from the ‘deep dive’ sample survey of home builder firms, as well as other data derived from third party sources, has not been validated by Lichfields.

Impacts are generally presented for Scotland as a whole. Where this is not available this is clarified as appropriate.

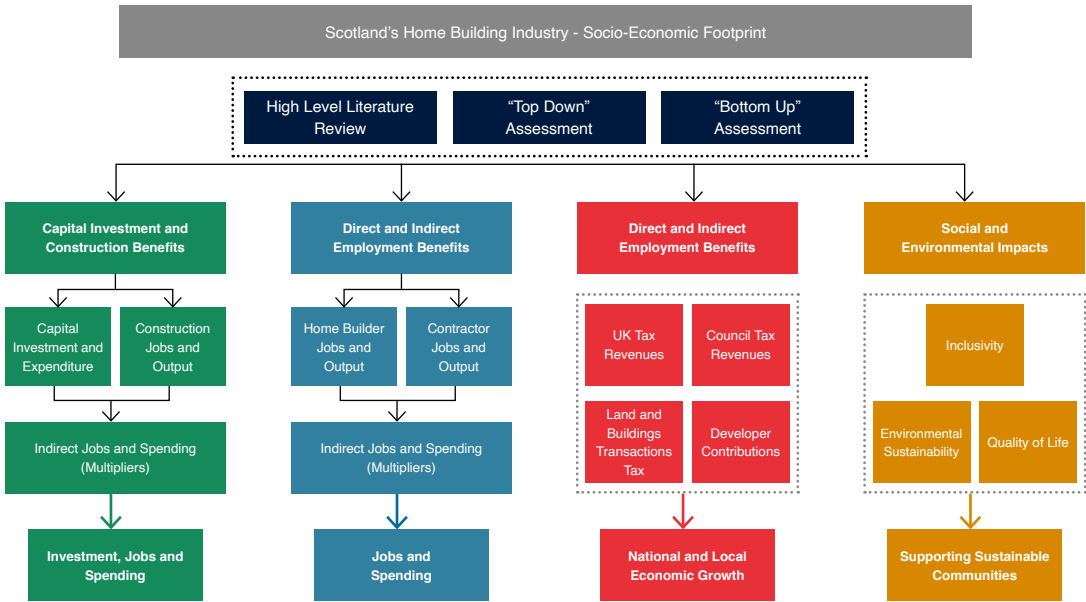


Figure A1 Lichfields’ Analytical Framework
Source: Lichfields

Appendix 2: Glossary of Terms

Affordable housing

Affordable housing is defined as social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Brownfield land

Brownfield land is an area of land or premises that has been previously used, but has subsequently become vacant, derelict or contaminated. Brownfield sites typically require preparatory regenerative work before any new development can go ahead.

Corporation tax

Corporation tax is a corporate tax levied in the United Kingdom on the profits made by companies.

Full Time Equivalent (FTE)

The number of equivalent employees working full-time. One FTE is equivalent to one employee working full-time.

Gross Value Added (GVA)

Gross Value Added is the amount of wealth created by a company, calculated as net sales less the cost of bought-in goods and services. This information can be aggregated up to provide average GVA per employee by sector.

Indirect effects

Indirect effects refer to the supply chain linkages established during the construction of the scheme, thereby supporting additional indirect effects.

Induced effects

Induced effects refer to the wider impacts generated by the direct and indirect effects. This can be driven by additional spending effects in an area as workers directly benefiting from an intervention purchase goods and services from local providers.

Pay As You Earn (PAYE)

PAYE is the system by which an employer deducts income tax from an employee's wages before paying them to the employee and sends the deduction to the Government.

Section 75 Planning Obligation

Planning obligations are legal contracts made under Section 75 of the Town and Country Planning (Scotland) Act 1997. They are used to prescribe the nature of development to comply with policy; compensate for loss or damage created by a development; and mitigate a development's impact.

Land and Buildings Transaction Tax (LBTT)

Land and Buildings Transaction Tax is charged on all purchases of houses, flats and other land and property in Scotland over a certain price. This replaced UK Stamp Duty Land Tax in Scotland in April 2015.

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