

improving living in scotland



The Economic and Social Benefits of Home Building in Scotland



Nathaniel Lichfield
& Partners
Planning. Design. Economics.

January 2016

improving living in scotland



Homes for Scotland

Homes for Scotland is THE voice of the home building industry in Scotland, representing some 200 companies and organisations which together deliver 95% of new homes built for sale each year and a significant proportion of affordable housing. We are committed to improving the quality of living in Scotland by providing this and future generations of Scots with warm, energy-efficient, sustainable homes in places people WANT to live.



Nathaniel Lichfield
& Partners

Planning. Design. Economics.

Nathaniel Lichfield & Partners

Nathaniel Lichfield & Partners is an independent planning, design and economics consultancy. NLP has been the Royal Town Planning Institute's Planning Consultancy of the Year for the last three years. NLP has clients in both the public and private sectors and is a retained economic advisor to a number of house building companies and property sector corporates.

Contents

1.0 Introduction	06
Measuring the contribution	07
Analytical framework	08
2.0 Home Building in Scotland	10
Industry profile	10
Housing delivery	11
Future housing requirements	13
3.0 The Economic Benefits of Home Building in Scotland	14
Supporting economic growth	14
Supporting and creating more jobs	16
Resident expenditure	19
Public finances	19
Section 75 contributions	20
4.0 The Social Benefits of Home Building in Scotland	22
Housing and health	22
Educational attainment and skills	23
Young people in learning, training or work	24
Housing for varying needs	30
Regeneration and sustainable communities	34
Green design	36
5.0 The Benefits of Increasing Supply	38
6.0 Summary and Conclusions	40
Appendix 1: Scottish Government Strategy and Policy Documents	42
Appendix 2: Glossary	43
7.0 References	46

Executive Summary

THE SCOTTISH HOME BUILDING INDUSTRY GENERATES SIGNIFICANT SOCIAL AND ECONOMIC BENEFITS

In 2014, a total of 15,562 new homes were built in Scotland, the benefits of which are outlined below:

Supporting Economic Growth



£730m
invested in land and buildings for homes



£614m
spent on suppliers



£3.2bn
Direct, indirect + induced GVA (2013)*

Supporting and Creating More Jobs

The home building industry supports 63,260 jobs, comprising of:



31,630
Direct jobs



22,140
Indirect jobs



9,490
Induced jobs



4.1
Total jobs for every home built



380
Apprentices



200
Graduates



1,015
16-24 year olds

Resident Expenditure



£334m
On-going gross resident expenditure per annum



£78m
one-off first occupation expenditure

Public Finances



£139.3m
of Tax Paid

Including Land + Building Transaction Tax, Corporation Tax, NI and PAYE contributions



£15.4m
Council tax receipts



£83.7m
Section 75 contributions

Including investment in affordable housing, education, leisure / community facilities & infrastructure

*Economic output figures are based on 2013 data (latest available) in absence of 2014 figures.

Social Benefits



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



Supporting a reduction in overcrowding



Supporting sustainable communities & regeneration



Supporting improved health & education outcomes through delivery of high quality homes



50%

Just over half of new homes developed on brownfield sites



135,000

trees and shrubs planted or retained



77%

of construction waste recycled

INCREASING SUPPLY TO PRE-RECESSION LEVELS OF 25,000 HOMES PER ANNUM WOULD GENERATE A FURTHER:



1.0 Introduction

The home building industry in Scotland plays a central role in the physical, economic and social fabric of Scotland. As the Scottish Government's Housing Strategy notes:

“Housing is about more than simply bricks and mortar. From children needing space to play and learn, to those seeking to buy or rent, to those requiring adaptations to continue living in their homes, housing touches everyone’s lives, and in different ways.”¹

Home building has become increasingly recognised by the Scottish Government as a driver of economic growth. The important contribution that home building can make to wider outcomes (such as improved health, educational attainment and the development of sustainable communities) is also gaining stronger recognition. As the Scottish Government's Programme for Scotland 2015-16 states:

“Communities flourish when people have good quality, warm, comfortable homes to live in.”²

To better understand and articulate this value, Homes for Scotland commissioned Nathaniel Lichfield & Partners ('NLP') to assess the socio-economic footprint of the Scottish home building industry and to quantify the additional benefits that could be generated if delivery was increased to pre-recession levels.



1.0 Introduction

Measuring the contribution

This report provides an in-depth quantitative and qualitative analysis of the economic and social contribution of the Scottish home building industry to creating a stronger Scotland. This includes an assessment of the direct, indirect and induced contribution of the industry to the Scottish economy as well as some of the softer impacts generated by home building that are typically harder to quantify, such as those on skills and education, health, communities and carbon emissions.

This study uses a combination of approaches to measure the contribution of the Scottish home building industry, broadly following a three stage assessment as set out below:

- a High Level Literature Review** of recent work undertaken by the Scottish Government, Homes for Scotland and other organisations, exploring the socio-economic contribution of the Scottish home building industry and the construction sector more generally.
- b 'Top-down' Assessment** of the industry's economic footprint, drawing upon published Government accounts data.
- c 'Bottom-up' Assessment** by collecting a series of primary company data from a sample of twelve home builders, who together built almost 40% of all Scotland's new homes in 2014/15 and aggregating this up to cover the industry in its entirety.

To fully understand the wider contribution of the Scottish home building industry to the objectives of the current Scottish Government, a detailed review of key strategy and policy documents was also undertaken (a full list of which is included in Appendix 1).

This identified a range of objectives towards which home building makes a positive contribution. These are listed below and considered in more detail in this report:

- Supporting economic growth through increased employment opportunities and Gross Value Added (GVA) generation;
- Improving levels of educational attainment and skills profile;
- Increasing the proportion of young people in learning, training or work;
- Tackling ill health;
- Meeting the needs of an ageing population;
- Increasing physical activity;
- Improving access to suitable housing options for those in need;
- Reducing Scotland's carbon footprint; and
- Reducing waste generated.

1.0 Introduction

Analytical framework

The analytical framework for the study is summarised in Figure 1.1 below. (A glossary for the various terms and definitions is set out at Appendix 2).

It should be noted that, as with any research report 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 industry’s estimated socio-economic contribution rather than a definitive assessment. This report incorporates the latest data and other evidence available at the time of preparation.

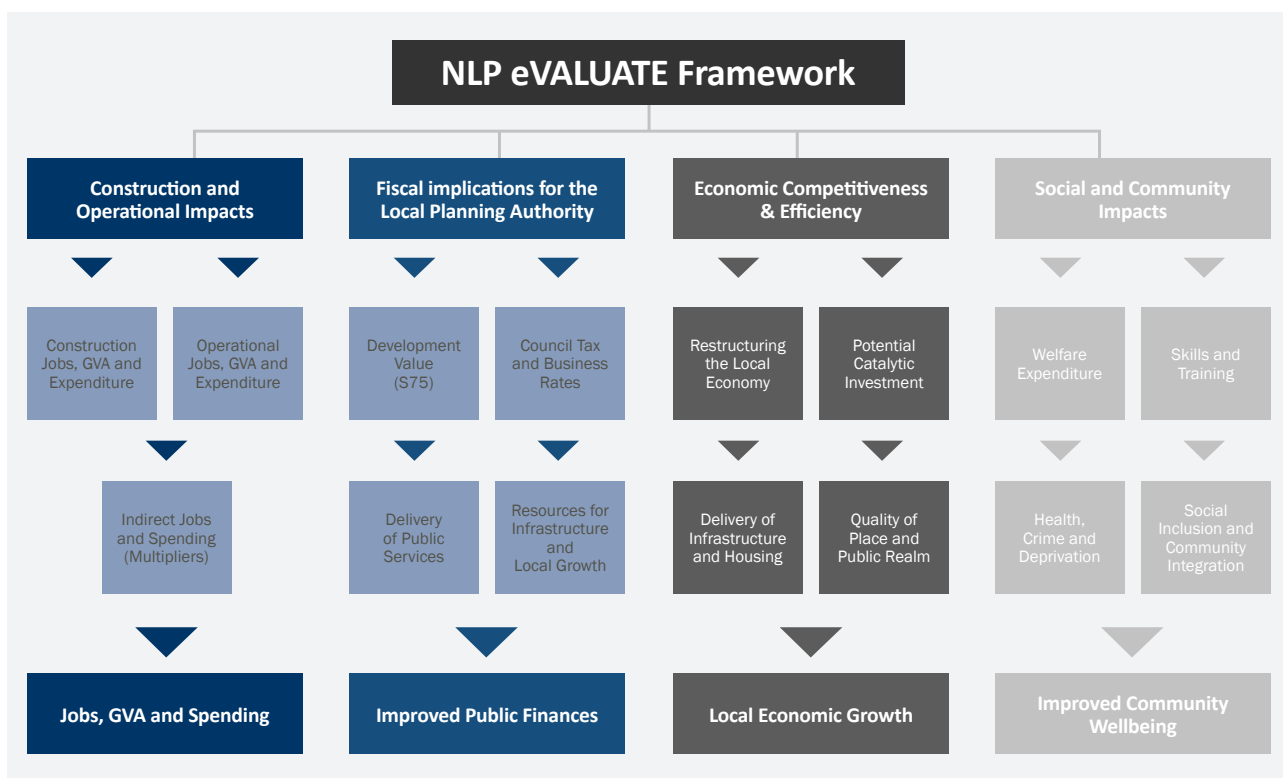


Figure 1.1 Analytical Framework
Source: NLP

1.0 Introduction

The sample survey of home builder firms covers purely private sector enterprises based in Scotland. The results from the survey have been extrapolated to represent the industry 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 industry.

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 checked or verified by NLP.

Depending upon the output in question, it has not always been possible to draw together and synthesise primary and secondary data from all three approaches or methodologies and in some cases one key source has been used as a proxy to estimate the socio-economic footprint for that metric.

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



2.0 Home Building in Scotland

Industry profile

Housing in Scotland is delivered by a large number of different organisations. Based on Office for National Statistics (ONS) Construction statistics, it is estimated that there are c.1,800 firms directly engaged in home building activity in Scotland.³

Home building firms, however, represent just one part of the home building industry and are not responsible for the entire value chain. Table 2.1 below provides a summary illustration of the range of organisations that contribute to the supply of new housing.⁴

Much commentary on the residential development industry (and, indeed, the analysis in this report) focuses on private sector home builders as it is these organisations that are generally responsible, either directly or indirectly, for the construction and sale of the majority of new homes (to private customers or to housing associations/registered providers).

Indeed, data from the Scottish Government indicates that private sector organisations in Scotland built 78% of new homes in 2014. By contrast, housing associations built 15% of all new homes and local authorities 6%.⁵

As demonstrated in Table 2.1, the wider impact of home builders (and indeed many of the factors driving their effectiveness) is shaped by other types of organisations. For example, there has been an increase in activity by land agents who invest in land and promote it through the planning system but do not themselves build homes.⁶ Many home builders also sub-contract some or all construction work and procure materials from a range of individual suppliers.

	Finance	Land	Planning and Design	Construction	Materials	Sales	Rent	Management
Financial Institutions	●	●						
Land Agents / Promoters		●	●					
Home Builders	●	●	●	●		●		
Professional Services Organisations			●	●				
Contractors				●				
Suppliers					●			
Housing Associations / Registered Providers / LAs	●	●		●		●	●	●
Management Companies							●	●

Table 2.1 Components of the supply of new homes
Source: NLP analysis

2.0 Home Building in Scotland

Housing delivery

In 2014, a total of 15,562 homes were completed in Scotland, representing a 4.5% rise on the number of completions in 2013.⁷ This figure is, however, significantly lower than the annual average pre-recession build rate, corresponding to just 60% of the 25,750 units delivered at the height of the pre-recession peak in 2007.⁸

Figure 2.1 below provides an analysis of gross housing completions across Scotland from 1946 to the present day. Completions recorded over the period 2011-2014 represent the lowest level of output since 1947. This demonstrates just how acute the impact of the downturn has been on rates of delivery across Scotland.

Figure 2.1 also illustrates the fact that from 1982 onwards, public sector and housing association delivery has typically risen and fallen in line with private sector provision, albeit remaining relatively more stable when compared to the acute fluctuations in output observed in the private sector.

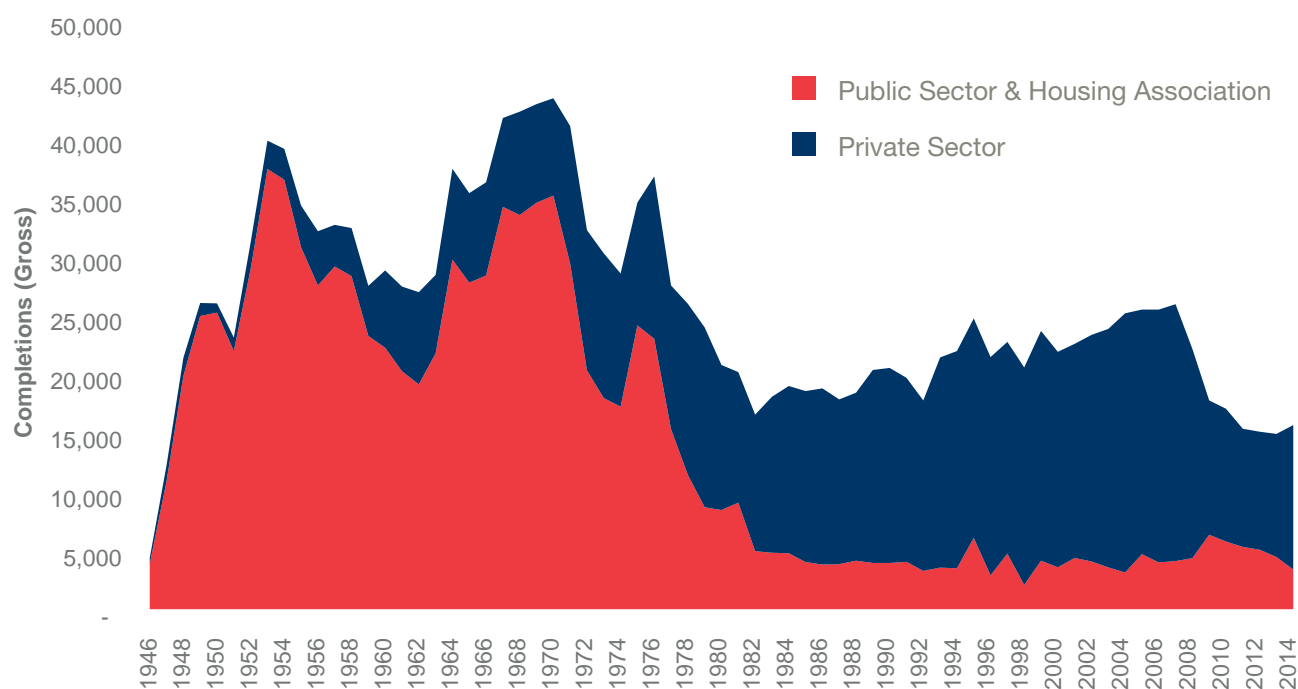


Figure 2.1 Gross Housing Completions 1946-2014

Source: Scottish Government, Communities Analytical Services (Housing Statistics) / NLP analysis

2.0 Home Building in Scotland

In macro-economic terms, there are clearly ongoing legacy impacts of the economic downturn which continue to impact on the ability of some developers to access finance for development and purchasers to secure mortgages.



Furthermore, the problems faced with regards to the gap between housing need and supply in Scotland are stark, resulting in:

- House price inflation, with the average price for a city home in Scotland now 5.24 times gross annual average earnings⁹;
- Rental prices increasing, rising by an average of 3% between 2013 and 2014¹⁰;
- Difficulties gaining access to the private rented market in some areas, with around 22 people competing for each room for rent in Edinburgh¹¹;
- c.160,000 households on waiting lists¹²;
- 940,000 households in fuel poverty;
- 75,000 overcrowded households and 29,000 homeless people; and
- Over 40% of social housing falling short of the Scottish Housing Quality Standard in 2014.¹³

The Scottish Government has supported the delivery of homes through initiatives such as the Help to Buy (Scotland) and the Help to Buy (Scotland) Small Developers schemes. To date these schemes have helped over 6,000 households buy a new build home. The National Housing Trust initiative has also secured deals with 16 developers for the delivery of over 1,350 affordable homes across 10 council areas.¹⁴

It is recognised, however, that in order to fully address the challenges outlined above, a more ambitious level of home building will be required going forward, with a greater focus on delivery by all parties.

2.0 Home Building in Scotland

Future housing requirements

On 10th June 2015, the Commission on Housing and Wellbeing published its report 'A blueprint for Scotland's future'. The report suggests a total housing requirement of not less than 23,000 additional new homes each year in the medium term up to 2020 and encourages the Scottish Government to "adopt this as an interim home building target until national estimates can be made using the results of local Housing Need and Demand Assessments". This figure is close to the pre-recession delivery peak of 25,000 but significantly lower than the target of delivering 35,000 homes per annum as set out in the Scottish Government's Firm Foundations report in 2007.¹⁵

Delivery of c.25,000 new dwellings per annum, i.e. a return to peak pre-recession levels would support the delivery of a higher level of affordable housing and stimulate improved economic performance. This figure would accommodate the household growth requirements identified within the National Records of Scotland's high migration Household Projections¹⁶, which includes an increased level of migrants aged 30 to 44 - an age group which is particularly important to driving economic growth and higher rates of household formation.

This rate of delivery would also be appropriate in light of growth ambitions for Scotland and a number of its regions, as demonstrated through the City Deal bids for Glasgow and the Clyde Valley, as well as emerging bids for Edinburgh & South East Scotland, Inverness and Aberdeen.

Improved 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 following sections of this report. The benefits of increasing housing delivery to 25,000 homes per annum are discussed in detail in Section 5.0. It should not, however, be viewed as a cap, or ceiling on future delivery rates.



3.0 The Economic Benefits of Home Building in Scotland

Home building makes a significant contribution to Scotland’s economy and to public finances, as well as supporting a large number of jobs, as outlined in the following paragraphs.

Supporting economic growth

Industry value

The home building industry in Scotland makes a direct contribution to economic prosperity through the economic output or GVA that it produces.

In 2013, the Scottish construction sector as a whole generated £6.2 billion of economic output.¹⁷ Based on the proportionate split of employment included within the construction of buildings, it is estimated that £1.6 billion of this was generated by the construction of homes.¹⁸ This represents a 23% rise from £1.3 billion in 2009 and is also higher than a number of key sectors in Scotland, including life sciences (£1.0 billion), as shown in Table 3.1 below.

Sector	Total GVA
Energy (including renewables)	£23.9bn
Financial and Business Services	£7.4bn
Sustainable Tourism	£5.8bn
Food and Drink	£4.1bn
Creative Industries	£3.7bn
Construction of homes	£1.6bn
Life Sciences	£1.0bn

Table 3.1 Scotland Growth Sectors Total Economic Output (2013)
Source: ONS, (2014), Annual Business Survey / NLP analysis

Research from the Scottish Government indicates that, in 2013, the construction sector had the highest proportion of employment within Scottish-owned companies, where 82% of employment was Scotland-registered, accounting for 84% of GVA. This contrasts with the primary (natural resources) sector (which includes the extraction/use of raw material such as oil & gas and utilities), where just 18% of employment is Scotland-registered, contributing to 43% of the sector’s GVA.

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 to other sectors, construction is acknowledged to import a low proportion of supply materials, retaining a high proportion of supply chain activity within the UK. Research from the UK Contractors Group in 2009, for instance, demonstrates that the UK construction industry as a whole imported just 8% of its supply materials; while by comparison, the UK car manufacturing industry imported 28%.¹⁹

Investment in the construction industry, and the resultant GVA impacts, indirectly support increased economic output across a broad set of industries as the increase in demand filters through the supply chain. The following sectors are amongst those that benefit most from increases in construction activity²⁰:

3.0 The Economic Benefits of Home Building in Scotland

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

Taking the supply chain impacts into account and based upon an assessment of the inputs, purchases and demand generated by the construction industry as a whole, the Scottish Government's Input-Output multipliers estimate that for every £1 million GVA generated in construction activity, a further £1 million is generated elsewhere in the Scottish economy. This represents a multiplier impact of 2.0, taking into account "leakages" from and "imports" to the Scottish economy from elsewhere in the UK.

Applying this multiplier to the home building industry's £1.6 billion direct GVA indicates that, in 2013, the industry supported a total of £3.2 billion in direct, indirect and induced GVA. This is made up of:

- £1.6bn in direct GVA;
- £1.1bn in indirect²¹ GVA elsewhere in the supply chain; and
- £0.48bn in induced²² GVA in the wider economy.

GVA per head

GVA per head provides a key measure of worker productivity and economic performance. Table 3.2 below provides a summary of GVA per head in the construction sector, benchmarked against the performance of the Scottish Government's growth sectors.

Sector	GVA per head
Energy (including renewables)	£352,266
Food and Drink	£76,830
Life Sciences	£75,380
Construction of homes	£62,840
Creative Industries	£51,510
Financial and Business Services	£49,780
Sustainable Tourism	£18,515

Table 3.2 GVA per head for Growth Sectors in Scotland
Source: ONS, (2014), Annual Business Survey

As shown above, GVA per head generated by the construction of homes sub-sector ranks above three growth sectors: creative industries, financial & business services and sustainable tourism.

3.0 The Economic Benefits of Home Building in Scotland

Capital investment and expenditure

The value of capital investment and expenditure generated by the industry on acquiring new land for housing development is significant. Home builders are constantly investing in new land and sites in order to maintain their development pipeline and this expenditure can be reinvested into the Scottish economy.

Based on our sample survey of home builders, we can estimate that, across Scotland, annual capital investment and expenditure on new land for housing development amounts to just under £730 million. This land could yield a significant supply of new homes both in the short term and over the more strategic long term development horizon.

Based on our survey, we estimate that in 2014/15, home builders across Scotland invested in land with equivalent capacity of 21,000 homes to meet their short term development requirements over the next 5 years, alongside development on sites acquired in previous years. How quickly these homes will come forward will largely depend on the wider market context and the time it takes to secure planning permission and other consents and overcome other constraints.

Supporting and creating more jobs

Home building plays a significant role in creating and supporting employment 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.

Direct employment

Official Government data collated 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 2013, this equated to 25,302.²³ Whilst this represents an increase of 3,055 workers (or +13.7%) from 2012, it is significantly lower than the 30,531 workers recorded in 2008.

This figure, however, excludes self-employed workers within the home building industry. The 2007 Economic Value of the House Building Industry in Scotland report indicates that the home building industry is notable for a high level of self-employment, equivalent to 25%²⁴ of the total employees.

Taking this figure into account, it is estimated that 6,325 workers are self-employed within the home building industry. Adding this to the 25,302 directly employed in the construction of homes in Scotland would suggest that almost **31,630** workers are directly engaged in home building activity, equivalent to 23% of the total employment within the Scottish construction industry.

3.0 The Economic Benefits of Home Building in Scotland



The figures referenced above include employees employed by home builder firms and 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 our sample survey which indicates that for every 1 home builder employee, 5 sub-contractors/self-employed workers are employed on-site.

Supply chain (multiplier) impacts

In addition to direct and on-site employment, it is widely recognised that the home building industry has a large supply chain, supporting indirect investment and employment in companies that provide construction materials and equipment related to home building. 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. Hence, 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 - albeit many of whom will supply more than one home builder.

3.0 The Economic Benefits of Home Building in Scotland

Annual expenditure on suppliers (i.e. providing goods, services and materials) across the Scottish home building industry is estimated to total £614 million based on our sample survey of home builder firms.

In order 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 industry. In summary, these multipliers indicate that for every 1 direct construction job, 1 additional job is created elsewhere in the Scottish economy - representing a multiplier impact of 2.0. This is made up of:

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

Applying these multipliers to the estimated 31,630 direct jobs identified above indicates that home building in 2013 supported a total of 63,260 people in direct, indirect and induced jobs, or 2.6% of Scotland’s total employment.

Total employment

In overall terms, the Scottish home building industry is currently estimated to support up to 63,260 people across a range of organisations, operations and occupations. As summarised in Table 3.4, 50% of these employees are employed by home building firms and their subcontractors. One third of the remaining employees (35%) are indirect employees (i.e. those working within the home building supply chain) and 15% are induced employees working

across the wider economy, for example providing goods and services to home builder, subcontractor and supplier employees. Dividing the estimated 63,260 jobs supported by the home building industry by the 15,562 new homes completed in 2014 suggests the scale of employment supported by home building in Scotland is equivalent to supporting 4.1 direct, indirect and induced jobs per dwelling built.

Employment type	Total Employment
Direct employment supported (i.e. by home builders and their sub-contractors)	31,630
Indirect employment supported (i.e. in the home building supply chain)	22,140
Induced employment supported (i.e. in the wider economy)	9,490
Total	63,260

Table 3.4 Summary of Home Building Employment
Source: NLP analysis (based on the range of sources and employment multipliers outlined above)

Our survey of home builders indicated that the industry is also demonstrating good employment practice. Positive indicators include:

- Living wage: On average, 96.7% of employees directly employed by the survey firms were paid above the living wage;
- Zero hours contracts: 0% of the employees directly employed by the survey firms were on zero hours contracts; and
- Commitment to young people and training: 302 16-24 year olds were employed by the surveyed firms - rising to 1,015 if extrapolated across the whole home building sector.

3.0 The Economic Benefits of Home Building in Scotland

Resident expenditure

New housing development also offers an opportunity to increase local expenditure as residents spend their money on goods and services in the local area. It is estimated that the residents of the 15,562 additional homes built across Scotland in 2014 generated £334 million²⁵ of gross spending over the course of the year²⁶ and a further £78 million of one-off spending on furnishing and decorating a property to make their new house 'feel like home'. This latter figure (based on a notional figure of £5,000 per dwelling²⁷) could be an under-estimate: for instance a recent survey of residents living in a new development by Barratt in Middlesbrough found average 'first occupation' spending was around £10,000 per dwelling. 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 across the country.

Public finances

National tax revenues

The home building industry makes a significant contribution to tax revenues. Land and Building Transaction Tax (LBTT) (formerly Stamp Duty Land Tax) paid on site acquisition is applied to (and is now being collected from) residential and commercial land and buildings transactions in Scotland, including commercial purchases and commercial leases over a certain price. In 2013-14, Stamp Duty Land Tax generated over £390 million in Scotland, with residential property transactions accounting for £215 million, or 55% of the total.²⁸ Home builders in Scotland alone are estimated through our survey sample to generate almost

£22 million per year through sales of new build homes and the acquisition of land. However, this figure seems likely to be an underestimate given the sector's share of the market.

Corporation Tax is levied on profit generated by home builders and provides a direct revenue stream for UK plc. Based on our sample survey, it is estimated that home builders in Scotland pay over £53 million of corporation tax each year. Home builder firms also make a significant contribution to HMRC revenues through employee related National Insurance and Pay As You Earn (PAYE) contributions, which are estimated to total over £64.3 million per year. This figure excludes tax paid by employees in contracted firms and the wider supply chain.

The industry 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 employment.²⁹

3.0 The Economic Benefits of Home Building in Scotland

Local authority fiscal benefits

At local level, the home building industry also delivers economic benefits through financial receipts generated in the form of ongoing Council Tax. At a time when finances are constrained through UK Government austerity measures, 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 £2.1 billion³⁰ each year for local councils across Scotland. Based upon the average Council Tax payment of £989, it is estimated that residents of the 15,562 additional homes built across Scotland during 2014 alone contributed just over £15.4 million of Council Tax receipts.

Section 75 contributions

In addition to direct investment, home builders across Scotland also contribute to the wider costs of a development, often through legal agreements called Section 75 (S75) agreements. Payments made under S75 agreements represent contributions towards facilities related to the proposed development - for example, a payment towards new school classrooms that will be required for the children who will live in the new homes.

Our sample survey of Scottish home builders indicates that they provided a total of c.£83.7 million investment through S75 agreements in 2014/15 alone. This included:

- £46.8 million contribution towards affordable housing delivered by local authorities and housing associations, equivalent to £3,020 per market home built. In addition to the 970 affordable homes built directly by home builders during 2014/15, 3,353 new affordable homes were delivered by public authorities and housing associations using developer contributions from previous years, alongside other sources of funding;
- £13.3 million investment in school places, equivalent to £855 per home built (this may be an underestimate as education contributions are rising significantly in some local authority areas);
- £2m into sport and leisure facilities, equivalent to £128 per home built;
- £2m into public open space facilities per annum (excluding private gardens and landscaping), equivalent to £128 per home built;
- £330,000 towards youth/community facilities, equivalent to £21 per home built; and
- £19.3 million towards other community facilities including infrastructure improvements, public transport and public art, equivalent to £1,242 per home built.

In addition to supporting the creation of new and improved facilities, this investment also supports a range of wider benefits for communities, as explored in the following section.



4.0 The Social Benefits of Home Building in Scotland

In addition to economic benefits, the home building industry generates a number of social benefits, including supporting positive health and educational outcomes, employment and training opportunities for young people, independent living and regeneration, as outlined below.

Housing and health

A wealth of studies have found strong associations between poor housing conditions and poor health. The development of new homes is therefore considered important in delivering positive health outcomes by improving access to high quality, fit-for-purpose accommodation.

The greatest risks to health in poor housing are related to cold and damp (including moulds and fungus), which affect and exacerbate respiratory conditions. Findings from the 2013 Scottish House Conditions Survey indicate that around 10% of existing homes in Scotland have condensation in at least one room and 4% suffer from some degree of damp.³¹ Poor housing standards in existing homes are also believed to hugely affect children's health and the wellbeing of older people.

According to Shelter, poor quality housing has a direct link on both mental and physical health problems, such as:

- Up to 25 per cent higher risk of severe ill-health and disability during childhood and early adulthood;
- A greater chance of suffering mental health problems and problems with behaviour;
- Children in overcrowded housing are up to 10 times more likely to contract meningitis than children in general;

- There is a direct link between childhood tuberculosis (TB) and overcrowding;
- Almost half of all childhood accidents are associated with physical conditions in the home;
- Children living in overcrowded and unfit conditions are more likely to experience respiratory problems such as coughing and asthmatic wheezing. For many children this means losing sleep, restricted physical activity, and missing school³²; and
- Cramped conditions can lead to poor hygiene and limited cooking facilities can result in a poor diet³³; presenting long term health risks.

In light of these issues, increasing the delivery of new high quality, warm and energy-efficient homes to fully meet need and demand will have an important role in improving health outcomes. Modern building standards including protection against damp, cold conditions mean that the delivery of new homes can play a significant role in addressing these challenges and consequently improve health outcomes, and in turn, deliver savings in health expenditure. For example, research from the Department of Health suggests that it costs the NHS across the UK £859 million a year to treat illnesses caused by cold private housing.³⁴

In addition to design, wider environmental quality is also recognised as being central to health and wellbeing and in influencing the ability of individuals and communities to live in healthy, sustainable ways. Green infrastructure, improved access and education are identified as having a key role to play in building stronger communities.

4.0 The Social Benefits of Home Building in Scotland

The provision of sport/leisure facilities and public open space supported as part of new housing developments can generate opportunities for local residents to undertake recreational activities, contributing to improved physical health, fitness, mental health and wellbeing. A high quality environment also provides opportunities for social interaction between people of different communities, fostering social inclusion and a sense of community.

In recognition of the above, Homes for Scotland and its members have made an active contribution to the development of a Place Standard for Scotland. The Place Standard will form a resource that will be used to assess the quality of places, including existing and new developments. It will consider a range of key themes that can impact on the health and quality of life of the people who live in a place, to develop a neighbourhood quality framework.

As outlined in the previous section, our sample survey suggests home builders in Scotland invest £2m into sport and leisure facilities and a further £2m into public open space facilities per annum through S75 agreement contributions. This investment helps to fund a range of community facilities which support a variety of indirect health benefits can be attributed. Such investment includes the creation of, or improvements to, sports pitches, playgrounds, leisure centres, parks etc.

Educational attainment and skills

Housing standards also hugely affect children's life chances in terms of education.³⁵ Whilst the inter-relationship between different factors is complicated, researchers have demonstrated that the quality of a child's housing – in isolation of other factors – has a direct link to educational attainment, likelihood of unemployment and poverty.³⁶

Improving access to high-quality housing through the delivery of new homes is therefore considered important in addressing these challenges.

Overcrowding and poor housing conditions in old or temporary housing stock have a damaging impact on children's learning ability. Overcrowded homes, for instance, often make it harder to study at home, due to a lack of appropriate dedicated space.³⁷ A 2001 study into impacts of overcrowding also found that children who lived in crowded conditions (on average) completed almost a quarter year less schooling than those who lived in more spacious conditions.³⁸

Recent data has shown that currently in Scotland:

- 75,000 households live in overcrowded conditions, representing 3% of all households in Scotland³⁹;
- 51% of existing housing fails the Scottish Housing Quality Standard and 14% is classed as not healthy, safe or secure⁴⁰; and
- 10,666 households are living in temporary homelessness accommodation as at 30 June 2015, including 626 children.⁴¹

4.0 The Social Benefits of Home Building in Scotland

The delivery of enough new homes to meet need and demand is therefore central to achieving improvements in childhood health and educational attainment. Modern building standards and a growing focus on design and place-making mean the delivery of new homes can play a significant role in addressing these challenges and consequently improving children's life chances.

In addition to delivering a greater number of high quality homes, the home building industry across Scotland also makes a significant contribution to education through S75 agreements, secured through the delivery of new homes. As demonstrated in the previous section, home builders across Scotland contributed at least £13.3 million in S75 agreements in 2014/15 alone.

These agreements have been used to fund investment in education which includes the delivery of additional schools and school places across Scotland. This has helped to address overcrowding in schools, enhance facilities and improve the quality of the learning environment.

Young people in learning, training or work

The home building industry in Scotland is committed to the training and development of employees, in particular young people. This can be demonstrated across a range of training and development initiatives, as outlined opposite.



4.0 The Social Benefits of Home Building in Scotland

Apprenticeships

Based on our sample survey, it is estimated that home builder firms in Scotland employed over 380 apprentices in 2014/15. As home builder firms are estimated to employ approximately 7,500 workers in the home building industry (with the remainder employed by sub-contractors/self-employed), this indicates that 5% of their employees are in apprentice positions. This figure excludes apprentices employed by sub-contractors and suppliers, and represents 1.5% of the Scottish Government's annual target of 25,000 apprenticeships per year. Given that home builder firms directly account for 0.3% (7,500) of total employment in Scotland, the industry is making a disproportionately large contribution to this target.

Building capacity and skills through training schemes such as apprenticeships is vital if the industry is to increase the supply of much needed housing in Scotland. With support from Homes for Scotland, the industry has given its commitment to skills development, a vital component required to help the industry return to pre-recession levels of new home delivery.

A key example of this can be seen in the Homes for Scotland Get into Home Building scheme, originally developed in partnership with the Prince's Trust, the Construction Industry Training Board (CITB) and Edinburgh College, as outlined overleaf.



4.0 The Social Benefits of Home Building in Scotland

CASE STUDY: Get into Home Building

Homes for Scotland encourages more home builders to support apprenticeship training and promote programmes to attract future talent to the industry, create new pathways for individuals to enter the sector and support the modernisation of apprenticeship models.

“Get into Home Building” was developed not only as a way to help promote and attract candidates to careers within the home building industry, but also to help tackle greater social and economic issues such as youth unemployment.

In partnership with The Prince’s Trust, CITB and Edinburgh College “Get into Home Building” was piloted in 2014. 14 unemployed young people participated in a five week course, developing skills across a variety of trade disciplines (including carpentry, plastering, brickwork, and painting & decorating), as well as obtaining accredited site safety cards and gaining hands-on work experience with participating Homes for Scotland member companies.

Following the successful pilot and positive feedback from participating home builders, “Get into Home Building” programmes were rolled out in Glasgow and Edinburgh in 2015, providing the industry with additional avenues to recruit apprentices and offer unemployed young people an opportunity for a career in home building.

In total, 30 participants took part in the Glasgow and Edinburgh projects. Key outcomes from this scheme to date include:

- 15 young people have secured apprenticeships;
- 5 have secured full time employment; and
- 4 are receiving follow up assistance to support further training/ apprenticeship/ employment opportunities.



4.0 The Social Benefits of Home Building in Scotland

Graduate recruitment

The recruitment of graduates is another key mechanism through which skills and capacity are developed across the home building industry. Based on our sample survey, it is estimated that home builders on aggregate across Scotland employed over 200 people in graduate positions in 2014/15, equivalent to 2.6% of the total direct employment reported by home builders. In addition, survey respondents had also recruited c.60 new staff into graduate positions for the year ahead.

Engagement with young people

Alongside wider training and development opportunities, the home building industry is also keen to engage with schools to promote the industry and, in particular, work with schools located close to new residential developments.

One key example of this can be seen in the work by Taylor Wimpey. The organisation undertakes a number of activities with schools as outlined below:

CASE STUDY: Taylor Wimpey school engagement

Taylor Wimpey education packs are actively promoted to all schools within a two mile radius of all developments. Schools can also request a copy directly from Taylor Wimpey. Since late 2014 the packs have been issued to 17 schools in Scotland. The education pack enables teachers and pupils to learn more about the industry, and it complements existing curriculum work. Alongside a variety of worksheets and project ideas, Taylor Wimpey works with schools to undertake a range of activities. In 2014/2015 this included:

- Health and safety talks given in 3 schools;
- Site visits by 7 schools, involving over 200 children (average class size is 25-30);
- 3 schools have 'adopted a plot' – this new initiative enables a school class/group to follow the life of an individual development plot through development to completion; and
- Supporting Walk to School Month: in 2014 around 1,000 pupils received high-visibility wristbands to support a safe walk to school.

In addition, Taylor Wimpey works with Mindvision to deliver their 'Business Awareness Programme' in secondary schools across the West of Scotland. This is aimed at S5/S6 pupils and each course can benefit up to 35 pupils.

The course includes practical sessions, run by construction skills professionals, and challenges for the pupils to take part in (such as 'Morrison City' and 'Taylor Woodrow tower'). These challenges encourage pupils to work in teams to find the most efficient way to build their project. An additional section on customer care considers the role of this function within the industry.



4.0 The Social Benefits of Home Building in Scotland

Housing for varying needs

Housing design and adaptability play an important role in enabling people to stay in their own homes as long as possible, delivering independence for people as they age and for people with disabilities/health conditions requiring specialist housing adaptations.

The Strategy for Reshaping Care for Older People (2011 to 2021) recognises the challenges of Scotland's ageing population and the role of housing in addressing future needs. Its ambition is to help people live in their own homes for as long as possible and to improve choices for older people who want to plan ahead and downsize. The strategy acknowledges that building new homes forms an important part of the solution to meeting the housing needs of older people through the development of a higher number of suitable homes.

In recognition of the need to develop additional housing to support the changing needs of individuals and families at different stages of life, Scottish Building Standards are based around and developed from the issues identified in the Housing for Varying Needs design guide⁴² as well as the Lifetime Homes concept⁴³ developed by the Joseph Rowntree Foundation. Since the corresponding 2007 updates to Building Standards, designers have been required to consider the future provision of accessible adaptations, enabling home owners to temporarily or permanently adapt new homes to meet individual user needs.

Public authorities and housing associations currently provide 65,910 housing spaces for older people and 41,177 for people with physical disabilities.⁴⁴ In the private sector, specialist home builders also make a key contribution to this provision.



4.0 The Social Benefits of Home Building in Scotland

CASE STUDY: McCarthy & Stone

McCarthy & Stone is a retirement and assisted-living home builder with over 110 developments across Scotland providing more than 4,500 homes to date. McCarthy & Stone's apartments allow people to retain home ownership and independence, offering varying levels of assistance and support through a range of housing types.

A 2014 case study assessment of McCarthy & Stone's Retirement Living and Assisted Living Extra Care developments across England, Wales and Scotland estimated that:

- Retirement living developments delivered an annual saving in health and social care costs of £1,419 per development;
- Assisted Living developments delivered an annual saving in health and social care costs of £1.04 million per development;
- 80% of owners of Retirement Living and Assisted Living apartments felt more secure in their current home compared with their previous one and 71% felt warmer;
- 65% of owners considered they had a better quality of life and felt less socially isolated;
- Visits to the GP and hospital in-patient admissions were lower for owners in the last 12 months compared with the previous 12 months in their old homes, with a slight increase in district nurse visits;
- For a typical scheme of 50 residents, the lower number of GP visits results in a reduction in costs to the NHS of £1,419 per annum;
- 63% of residents of a typical 55-bed Assisted Living Extra Care scheme would otherwise have needed residential or nursing care, costing just over £1 million per annum in residential care costs, assuming annual costs of residential care are £30,000 per annum;
- Design-related benefits of Retirement Living and Assisted Living Extra Care schemes have enabled people to live without additional help in their own homes, even when they require a mobility aid for moving around outside the scheme.



4.0 The Social Benefits of Home Building in Scotland

Regeneration and sustainable communities

The delivery of new housing is recognised as generating a number of wider regeneration 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 decent, low-cost housing and so increasing disposable incomes, preventing material deprivation and improving work incentives;
- 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 values.⁴⁵

The Scottish Government's Housing and Regeneration Outcomes Framework aims to capitalise on these benefits, to improve quality of life for the people of Scotland.⁴⁶ A key element in meeting these requirements is the creation of a well-functioning housing market.

The creation of additional housing is recognised as playing an important role in supporting the retention of young people and skilled workers and providing greater access to the housing market, particularly in areas of high housing demand. Affordable housing forms a key element of this provision, 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 970 new affordable homes were built directly by private sector home builders during 2014/15. In addition to this, the industry made a significant financial contribution (through S75 agreements) towards the delivery of further affordable homes by public authorities and housing associations. In 2014/15, this contribution amounted to £46.8 million. It is not possible to confirm how many new affordable homes are delivered through these contributions each year (as other funding sources are available and contributions are not necessarily spent in the year they are collected). However, it is expected that a significant number of the 3,353 homes built by the public sector were funded by private sector developer contributions made in previous years.

In addition to affordable homes, the delivery of new, high quality housing is also recognised as playing a key role in supporting the development of sustainable communities. The creation of well-planned new housing developments can improve 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. This helps to support the development of communities that are economically, physically and socially sustainable, as well as helping sustain existing communities.

4.0 The Social Benefits of Home Building in Scotland

As outlined in the previous section, our sample survey indicates that home builders in Scotland contributed a total of £19.3 million in 2014/15 towards community facilities including infrastructure improvements, public transport and public art which, in turn, will support access to employment and services and support wider regeneration. A further £330,000 was also contributed towards youth/community facilities, supporting a greater level of community cohesion.

New housing developments can also generate a range of indirect benefits generated by the value of consumption and spending by residents of new homes. As new residents spend money on goods and services in the local economy, 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 grow⁴⁷ and generate local employment opportunities.



4.0 The Social Benefits of Home Building in Scotland

Green design

The home building industry plays a key role in promoting green design and carbon reduction as outlined below.

Reducing Scotland's carbon footprint

New homes in Scotland are built to some of the highest technical standards in Europe, with the introduction of new Scottish Government Building Standards in October 2015 resulting in a 75% reduction in carbon emissions compared to 1990 levels.

Highly energy efficient, new homes have an important role to play in the fight against fuel poverty. Indeed, research has found that those who live in new build homes could save more than £1,400 per annum on energy bills compared to those in older homes.⁴⁸

Recent improvements in energy efficiency are underpinned by a range of measures promoting increased fabric performance and sustainable technologies. Planning conditions for new developments also increasingly include a requirement for proposals to help foster more sustainable communities and encourage healthier lifestyles.

A number of home builders have also taken further steps to move towards low and zero carbon developments, an example of which can be seen at the Athletes' Village for the Commonwealth Games in Glasgow. In an industry first, all new homes developed on the site were constructed to the then emerging 2013 building standards⁴⁹ creating warm, energy efficient and cost effective homes with a minimum of 60% reduction in carbon emissions

over 2007 levels. The development was taken forward by the City Legacy consortium comprising Cruden Homes, CCG, Malcolm Group, Mactaggart & Mickel and Glasgow City Council.

Re-use of brownfield land

Scottish Planning Policy recognises that 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 whilst protecting the countryside.⁵⁰ This is particularly important in areas that face the challenge of a constrained supply of land for development, and for this reason the Planning Policy promotes the 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, across the sector as a whole, over 8,000 homes were developed on brownfield sites during 2014/15, equivalent to just over 50% of all homes built.

Planting

The retention and planting of trees and shrubs is widely recognised as an important factor in improving carbon capture. Based on our sample survey of home builder firms, it is estimated that c.135,000 trees and shrubs were planted or retained on housing developments during 2014/15, thereby making a significant contribution to environmental amenity within local communities.

4.0 The Social Benefits of Home Building in Scotland

Reducing waste generated

Given the scale of development associated with home building across the country each year, it is crucial that steps are taken to minimise any negative impact of development upon 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. All of the home builder firms responding to our survey cited that at least 77% of their construction waste generated by residential development is recycled. The survey findings also indicate that 50% of this recycled waste could have gone to landfill but was diverted to more sustainable, alternative methods of treatment.



5.0 The Benefits of Increasing Supply

This report has outlined a wealth of economic and social benefits associated with home building. It follows that those benefits will only increase if the delivery of new homes of all tenures rises to fully meet need and demand and support ambitions for economic growth and sustainable communities.

The analysis presented in the previous sections shows that the national home building industry already generates significant economic benefits to the Scottish economy. However, the scale of benefits and value that can be achieved is being constrained by under-delivery. Table 5.1 indicates that if housing supply were to increase by +9,438 per year across Scotland (i.e. returning to the pre-recession delivery peak of building 25,000 new homes per year), the benefits would be substantial. This rate of delivery should not, however, be viewed as a cap on future delivery potential.

Table 5.1 quantifies the key economic benefits of home building delivery rates returning to the pre-recession peak.

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.

Public Finance, Local Authority revenue flows and S75 contributions from a combination of taxes and levies 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.

In addition to the economic benefits highlighted in Table 5.1, the creation of a higher number of new homes is anticipated to provide additional social benefits. As outlined in the previous sections, increasing the scale of well-designed, energy efficient homes can play a key role in delivering improvements to health, education, regeneration and carbon reduction outcomes and improve access to housing for all. Modern building standards and the development of a Place Standard providing a framework for 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 all sectors of the industry (from the smallest to the largest home builders) to increase their scale of activity, as well as allowing new organisations to enter the market.

5.0 The Benefits of Increasing Supply

Type of Benefit		Annual Economic Footprint		
		Current Delivery (15,562 homes in 2014)	Potential Uplift (+9,438 homes per annum)	Total Potential Footprint (25,000 homes per annum)
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£730m	+£443m	£1.17bn
Economic Output (2013*)	Direct	£1.6bn	+£964m	£2.6bn
	Indirect	£1.1bn	+£675m	£1.8bn
	Induced	£477m	+£290m	£767m
	Total	£3.2bn	+£1.9bn	£5.1bn
Employment	Direct	31,630	+19,180	50,800
	Indirect	22,140	+13,430	35,570
	Induced	9,490	+5,750	15,240
	Total	63,260	+38,370	101,630
Resident expenditure	On-going resident expenditure per annum	£334m	+£203m	£537m
	One-off first occupation expenditure	£78m	+£47.3m	£125.3m
Public Finance Revenue	Land and Building Transaction Tax Receipts	£22m	+£13.3m	£35.3m
	Corporation Tax Incurred	£53m	+£32.1m	£85.1m
	NI and PAYE Contributions	£64.3m	+£39m	£103.3m
Local Authority Revenues	Council Tax Receipts	£15.4m	+£9.3m	£24.7m
Education benefits	S75 investment in school places	£13.3m	+£8.0m	£21.4m
	Apprenticeships (no. positions)	380	+230	610
	Graduate recruitment (no. positions)	200	+120	320
Health benefits	S75 investment in sport/ leisure facilities	£2m	+£1.2m	£3.2m
	S75 investment in public open space	£2m	+£1.2m	£3.2m
Community benefits	Affordable housing delivery	970	+590	1,560
	S75 affordable housing contributions	£46.8m	+£28.4m	£75.2m
	S75 investment in youth/community facilities	£330,000	+£200,000	£530,000
	S75 investment in other community facilities	£19.3m	+£11.7m	£31.0m
Environmental benefits	Proportion of homes developed on brownfield land	50%	n/a	-
	Proportion of construction waste recycled	77%	n/a	-
	Proportion of construction waste diverted from landfill	50%	n/a	-
	Trees and shrubs planted or retained	135,000	+81,900	216,900

Table 5.1 Economic benefits of increasing housing supply (by +9,438 homes per year to 25,000 homes per year)
Source: NLP analysis presented in previous sections

*Economic output figures are based on 2013 data (latest available) in absence of 2014 figures.

6.0 Summary and Conclusions

The positive social and economic benefits of home building are important material considerations which should be taken into account in both development management decisions and development planning. This report articulates many of those benefits including the industry's contribution towards economic growth and positive social outcomes for Scotland and its communities.

Based on a mixture of literature review, analysis of published statistics and a survey of home building companies, this report has identified that in 2014 alone, the 15,562 new homes built across Scotland delivered:

1. Annual capital investment and expenditure on new land for housing development amounting to £730 million.
2. £1.6 billion of economic output last year according to official figures. Taking into account multiplier effects, this figure rises to just under £3.2 billion including indirect and induced effects across the wider supply chain and economy.
3. Annual expenditure on suppliers (i.e. providing goods, services and materials) of £614 million, of which 90% is likely to stay within the UK economy.
4. Direct employment of just over 31,630 in Scotland, equivalent to c.23% of total employment within the construction sector. Taking into account indirect and induced employment multipliers, this figure rises to 63,260, representing 2.6% of Scotland's total employment. This figure is also equivalent to 4.1 jobs per new dwelling.
5. Opportunities to c.380 apprentices, and 200 graduates each year, with many more in contractors and suppliers. A further £13.3m was also contributed to school places through S75 agreements. In addition, a number of home builders also engage with schools, developing activities and raising awareness of construction occupations as demonstrated in the case studies.
6. Significant fiscal benefits, notably £22 million of Stamp Duty Land Tax (now Land and Buildings Transaction Tax), £53 million of Corporation tax paid and National Insurance and PAYE contributions of over £64.3 million per year. Residents of the 15,562 new homes built in 2014 alone are estimated to have contributed £15.4 million of Council Tax receipts.
7. New resident expenditure in the local economy of c.£78 million in one-off spending upon occupation and a further c.£334 million in on-going annual expenditure.
8. Over £83.7 million of S75 developer contributions towards funding facilities and services, notably: affordable housing (£46.8m), education facilities (£13.3m), public open space (£2m), sport/leisure facilities (£2m) and youth/community facilities (£330,000), with the remainder (£19.3m) on important areas such as transportation, infrastructure and public art.
9. Around 28% of all new homes built in Scotland during 2014/15 were classified as affordable housing. Home building firms directly built c.970 affordable homes in that year and contributed a further £46.8m in S75 agreements towards the delivery of affordable housing by public authorities and housing associations. In 2014/15, developer contributions from previous years (and other sources of funding) supported the provision of 3,353 new affordable homes by those sectors.

6.0 Summary and Conclusions

10. Over 50% of new homes were built on brownfield land. At least 77% of residential construction waste was recycled with 50% of the potential landfill being diverted to more sustainable methods of treatment.

11. Home builders planted or retained 135,000 trees and shrubs on housing developments.

In addition, our research highlights the importance of housing in delivering wider health, educational and social benefits through increasing access to high quality, energy efficient housing.

The need to increase the supply of housing is becoming increasingly prominent on the political agenda in Scotland, as demonstrated through recent Scottish Government announcements on supportive measures including housing delivery-led planning reforms and the extension of housing support through a successor to the Help to Buy (Scotland) scheme.⁵¹



Analysis in this report shows that if home building output does increase by 9,438 units in order to match pre-recession delivery rates of 25,000 homes required per annum, there will be an additional economic as well as housing dividend equivalent to:

- An extra £443 million of capital expenditure;
- £1.9 billion extra economic output in the Scottish economy;
- Almost 38,400 extra jobs;
- £93.7 million of increased tax revenue (including Land and Building Transaction Tax, Corporation Tax, NI and PAYE contributions and Council Tax to local government);
- £47.3m in new resident one-off expenditure in the local economy upon occupation and a further £203m across the first year of occupation.
- £50.7 million⁵² of additional S75 payments, contributing to school places, community facilities, public open space and affordable housing developments; and
- Just under 82,000 additional shrubs and trees planted/retained.

These positives are on top of the structural economic benefits that will arise from Scotland having a housing market that meets the needs of its population, improves macro-economic stability, supports the labour market and facilitates the development of sustainable communities that are vital to economic prosperity.

Appendix 1

Scottish Government Strategy and Policy Documents

- A Place Standard for Scotland (Emerging)
- Scotland's National Performance Framework (2015)
- Scotland's Economic Strategy (March 2015)
- Scottish Business Pledge (2015)
- Joint Housing Delivery Plan for Scotland (May 2015)
- The Government's Programme for Scotland (2014-15)
- Scotland's Third National Planning Framework (2014)
- Scottish Planning Policy (2014)
- Housing and Regeneration Outcomes Framework (2014)
- A Place to Stay, A Place to Call Home: A Strategy for the Private Rented Sector in Scotland (2013)
- Creating Places – A Policy Statement on Architecture and Place for Scotland (2013)
- Scotland's Sustainable Housing Strategy (2013)
- Town Centres Action Plan, The Scottish Government Response (November 2013)
- Affordable Housing Supply Programme 2012-2013 to 2015-2016 (2012)
- Homes Fit for the 21st Century (February 2011)
- All our Futures: Planning for a Scotland with an Ageing Population (March 2007)

Appendix 2

Glossary

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.

Capital investment and expenditure

Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment. This includes both capital expenditure (i.e. on-going asset management, upgrade, maintenance and refurbishment work) and capital investment (i.e. in a new building or extension).

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.

Graduate position

Graduate positions typically refer to a job or career path for which a degree is the required or expected entry level qualification.

Gross Domestic Product (GDP)

Gross Domestic Product is one of the primary indicators used to gauge the health of a country's economy. It represents the total value of all goods and services produced by a country over a specific time period.

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.

Growth sectors

Industry sectors identified in Scotland's Economic Strategy as giving Scotland a distinct comparative advantage.

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.

Appendix 2

Multiplier effects

Further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases and longer term effects.

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.

Registered providers

Registered providers (often known as social landlords) are the bodies that own and manage social housing. They tend to be non-commercial organisations such as local authorities or housing associations.

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.

Lifetime homes

The Lifetime Homes standard is a set of 16 design criteria that provide a model for building accessible and adaptable homes. This includes standards for:

- Car parking width;
- Access from car parking;
- Approach gradients;
- Entrances;
- Communal stairs and lifts;
- Doorways and hallways;
- Wheelchair accessibility;
- Living room access and dimensions;
- Entrance level bed space access;
- Bathroom layout;
- Entrance level WC and shower drainage systems;
- Strengthening bathroom and WC walls to enable support rails to be added if required;
- Panels to enable stair/floor lifts to be added;
- Ceiling structures to enable support for tracking hoists;
- Window specifications;
- Controls, fixtures and fittings specifications.

Town and Country Planning Act (Scotland) 1997

The Town and Country Planning Act (Scotland) 1997 is an act of the United Kingdom Parliament regulating the development of land in Scotland. It is a central part of Scottish land law concerning town and country planning regulations.

Value chain

A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market.



References

1. Scottish Government, (2011), Housing Strategy
2. Scottish Government, (2015), A Stronger Scotland: The Government's Programme for Scotland 2015-16
3. At the UK level, home builders specifically account for 10.5% of all construction firms. Applying this ratio to the 17,174 construction enterprises in Scotland would suggest that there are c.1,800 firms engaged in home building activity in Scotland.
4. There will be exceptions and some organisations will fulfil roles different to those shown in Table 2.1.
5. Scottish Government, (2015), Communities Analytical Services (Housing Statistics)
6. Lyons, M. (2014), The Lyons Review of Housing
7. Scottish Government, (2015), Communities Analytical Services (Housing Statistics)
8. Scottish Government, (2015), Housing Statistics for Scotland
9. <http://www.lloydsbankinggroup.com/Media/Press-Releases/2015/bank-of-scotland/home-affordability-in-scottish-cities-sees-a-deterioration-on-last-year/>
10. <http://www.homelet.co.uk/news/article/scottish-rental-price-increase-in-2014>
11. <http://www.edinburghnews.scotsman.com/news/22-people-vying-for-every-rented-room-in-capital-1-3892130>
12. Scottish Government, (2015), Scotland's People Annual Report: Results from the 2014 Scottish Household Survey
13. Commission on Housing & Wellbeing, (2015), A Blueprint for Scotland's Future
14. <http://www.gov.scot/Topics/Built-Environment/Housing/supply-demand/nht>
15. Scottish Government, (2007), Firm Foundations: The Future of Housing in Scotland
16. National Records of Scotland (2014), Household Projections 2012-based
17. ONS, (2014), Annual Business Survey
18. In employment terms, the construction of homes accounted for 79.7% of the total employment recorded under the construction of domestic and commercial buildings in in 2013. Applying this ratio to the GVA figures indicates that in 2013 home building added £1.6bn to Scotland's economy.
19. L.E.K. for the UK Contractors Group, (2009), Construction in the UK Economy: The Benefits of Investment
20. ibid
21. Indirect impacts refer to the supply chain linkages established during the construction of the scheme thereby supporting additional 'spin off' effects resulting from spend on goods and services from suppliers.
22. Induced impacts refer to the wider impacts generated by the direct and indirect effects. This can be driven by workers spending their wages in local shops, bars, restaurants and other facilities, as well as supply chain businesses creating further demand from their own suppliers.
23. ONS, (2015), Business Register and Employment Survey 2013 results
24. Mackay Consultants, (2007), The Economic Value of the House Building Industry in Scotland: A report for Homes for Scotland, based upon Construction Industry Training Board (CITB) estimates
25. Based on data from the ONS Family Spending Survey which showed that Scottish households spent on average £413.90 per week in 2013
26. Not all of this will be net additional expenditure

References

27. Based on recent research which suggests that the average homeowner spends approximately £5,000 to make their house 'feel like a home' within a year and a half of moving in to a property.
28. ONS, (2014), HM Revenue and Customs Yield attributable to residential property
29. UK Contractors group, (2011), Construction in the UK Economy: The Benefits of Investment
30. Scottish Government, (2015), Council Tax Collection Statistics, 2014-15
31. Scottish Government, (2013), Scottish House Conditions Survey
32. https://england.shelter.org.uk/__data/assets/pdf_file/0016/39202/Chance_of_a_Lifetime.pdf
33. www2.essex.ac.uk/clc/hi/childright/article/191/cR191_6.doc
34. Department of Health, (2009), Annual Report of Chief Medical Officers Report
35. Fuller-Thomson E, Hulchanski JD and Hwang S, (2000), The housing/health relationship: what do we know? Reviews on Environmental Health.
36. https://england.shelter.org.uk/__data/assets/pdf_file/0016/39202/Chance_of_a_Lifetime.pdf
37. Essen J, Fogelman K and Head J, Children's housing and their health and physical development, Child: care, health and development, 4, 357-369, 1978
38. Conley, Dalton (2001) A Room with a View or a Room of One's Own? Housing and Social Stratification. Sociological Forum 16(2)
39. Scottish Government, (2013), Scottish House Conditions Survey
40. www.gov.scot/resource/doc/1125/0104564.doc
41. <http://www.careappointments.co.uk/care-news/scotland/item/38273-scots-homeless-applications-fall-but-more-children-in-temporary-housing>
42. Scottish Homes, (1998), Housing for Varying Needs: A design guide
43. <http://www.lifetimehomes.org.uk/pages/lifetime-homes.html>
44. Scottish Government, (2013), Annual S1B return - Supported Housing
45. Joseph Rowntree Foundation, (2015), Housing and Poverty; Commission on Housing & Wellbeing, (2015), A Blueprint for Scotland's Future
46. Scottish Government, (2014), Housing and Regeneration Outcomes Framework
47. IPPR North, (2014), Home Economics: The Role of Housing in Rebalancing the Economy
48. NHBC Foundation, (2013), November Press Release: <http://www.nhbcfoundation.org/News-Media/Press-releases/New-homes-could-save-families-over-1-400-per-year-in-energy-bills>
49. <http://c-c-g.co.uk/commonwealth-games-athletes-village/>
50. Scottish Government, (2014), Planning Policy
51. Scottish Government, (2015), A Stronger Scotland - The Government's Programme for Scotland 2015-2016: <http://www.gov.scot/Publications/2015/09/7685>
52. Including £28.4m in affordable housing contributions, £8m in education, £1.2m in sport/leisure facilities, £1.2m in public open space, £200,000 in youth/community facilities and £11.7m in other community facilities.

improving living in scotland



Homes For Scotland

5 New Mart Place
Edinburgh
EH14 1RW

T: 0131 455 8350

E: info@homesforscotland.com

homesforscotland.com

@H_F_S



Nathaniel Lichfield
& Partners
Planning, Design, Economics.

Nathaniel Lichfield and Partners

101 George Street
Edinburgh
EH2 3ES

T: 0131 285 0670

E: edinburgh@nlppanning.com

nlppanning.com