

# Scottish Social Housing Tender Price Index

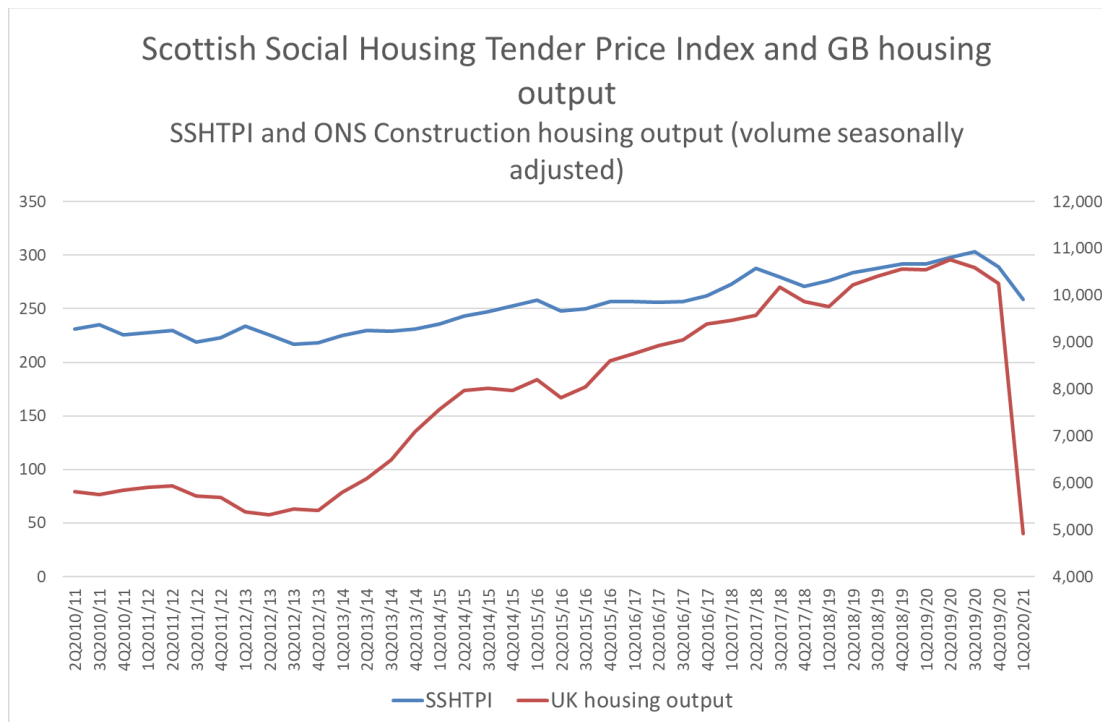
## QUARTERLY BRIEFING

### September 2020

#### 1st Quarter 2020/21 Index<sup>i</sup>

- Prices for social housing in Scotland have fallen since the Covid-19 pandemic hit. There have been a reduced number of projects being let but analysis of those that are available suggest that prices are down by around 5% compared with 4Q19/20
- The index for 1Q20/21 is based on a sample of only 3 projects and although we have also indexed 4 projects for 2Q20/21 the result should be viewed with extreme caution and is likely to be subject to revision as more projects are included.

**Figure 1: SSHTPI and construction housing output**



Source: Scottish Government, Office for National Statistics

#### Background

- 31 projects have been analysed for 4Q19/20 but only three projects are available for analysis in 1Q20/21 and an additional four projects in 2Q20/21. The improved sample for 4Q19/20 shows tender prices for social housing falling 2% in the quarter and the projects in 1Q20/21 and 2Q20/21 suggest that prices have fallen a further 5%. Given the sample sizes the latest results should be treated with caution.
- Tender prices are driven as much by demand as by resource costs. No figures are available for Scotland<sup>ii</sup> but new work construction output in Great Britain fell over 35% between 4Q19/20 and 1Q20/21. Furthermore, construction sites in Scotland were shut down at the end of March and did not reopen until June 2020.
- The SSHTPI has reflected the trend in demand from the Scottish housing sector, output was up 3% in 3Q2019/20 and was at an historically high level. Later figures are not

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available, however latest ONS figures show that construction output in the GB housing sector fell over 50% between 4Q19/20 and 1Q20/21 (see graph).

- A total of 24,873 dwellings were started in the year to 2Q2019/20 (the latest figures available), of which 7017 (28%) were for the social sector.
- Underlying construction costs of labour, materials and plant, as measured by the BCIS General Building Cost Index, rose slightly (0.3%) quarter-on-quarter in 1Q2020/21 and by 0.8% compared with the same quarter a year earlier.
- Over the year to 1Q2020/21 underlying inflation, as measured by the Consumer Prices Index (CPI), rose by 0.6%.

**Table 1: SSHTPI**

### SSHTPI Quarterly Index

Published index base				1985 = 100
Calendar quarter	Financial quarter	Index value	Sample size	Status
1Q2014	4Q2013/14	231	27	Firm
2Q2014	1Q2014/15	236	9	Firm
3Q2014	2Q2014/15	243	15	Firm
4Q2014	3Q2014/15	247	15	Firm
1Q2015	4Q2014/15	253	10	Firm
2Q2015	1Q2015/16	258	9	Firm
3Q2015	2Q2015/16	248	15	Firm
4Q2015	3Q2015/16	250	28	Firm
1Q2016	4Q2015/16	257	35	Firm
2Q2016	1Q2016/17	257	18	Firm
3Q2016	2Q2016/17	256	35	Firm
4Q2016	3Q2016/17	257	22	Firm
1Q2017	4Q2016/17	262	53	Firm
2Q2017	1Q2017/18	273	7	Firm
3Q2017	2Q2017/18	288	20	Firm
4Q2017	3Q2017/18	280	36	Firm
1Q2018	4Q2017/18	271	45	Firm
2Q2018	1Q2018/19	276	22	Firm
3Q2018	2Q2018/19	284	22	Firm
4Q2018	3Q2018/19	288	38	Firm
1Q2019	4Q2018/19	292	48	Firm
2Q2019	1Q2019/20	292	22	Firm
3Q2019	2Q2019/20	298	31	Firm
4Q2019	3Q2019/20	303	42	Firm
1Q2020	4Q2019/20	297	31	Provisional
2Q2020	1Q2020/21	281	3	Provisional

Source: Scottish Government. Note: The quarterly index is a smoothed, trimmed geometric mean of the normalised project index (see note on calculation)

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**Table 2 SSHTPI Location Indices**

Calendar quarter 2Q2020				
Financial quarter 1Q2020/21				
Publication quarter 3Q2020				
Location Code	Location	Index Value	Sample Size	Status
<b>M</b>	<b>Mainland</b>	<b>99</b>	<b>431</b>	<b>Provisional</b>
MA	Scottish Borders	91	13	Provisional
MB	Clackmannanshire, Stirling, Falkirk	94	21	Provisional
MC	Dumfries and Galloway	107	12	Provisional
MD	Fife	96	42	Provisional
ME	Aberdeenshire and Moray	103	16	Provisional
MF	Aberdeen City	103	5	Provisional
MG	Highland	103	56	Provisional
MH	West Coast	112	21	Provisional
MJ	City of Edinburgh	120	5	Provisional
MK	Lothian	97	18	Provisional
ML	City of Glasgow	102	43	Provisional
MM	Ayrshire	100	24	Provisional
MN	Glasgow Environs	97	79	Provisional
MP	South Lanarkshire	95	21	Provisional
MQ	Dundee City	91	12	Provisional
MR	Angus, Perth and Kinross	102	43	Provisional
<b>Z</b>	<b>Island</b>	<b>122</b>	<b>33</b>	<b>Provisional</b>
ZA	Orkney Islands	108	4	Provisional
ZB	Shetland Islands	130	6	Provisional
ZC	North Ayrshire (island)	N/A		
ZD	Highland West (island)	N/A		
ZE	Argyll and Bute (islands)	126	4	Provisional
ZF	Western Isles	128	15	Provisional

N/A denotes insufficient sample size

Note: the location indices are calculated over 15 quarters and are based on the Scottish mean = 100 (See note on calculation).

## **SSHTPI calculation**

The Scottish Social Housing Tender Price index is based on comparing the prices for the construction of houses in current schemes with cost models of dwellings of different type (terraced, semi-detached and detached houses and flats in different block configurations); occupancy (numbers of bedrooms and occupants), and size (floor area). These are adjusted for specification and design differences to provide a project tender price index. The project indices are adjusted for location and size of project. The quarterly index is calculated by averaging the adjusted project indices in each quarter. The index is smoothed to take account of the variation in the sample sizes. [A full description of the index is available.](#)

The index offers a guide to the movement in prices in social housing schemes in Scotland and is used by the Scottish Government More Homes Division to update the Housing Tender Return, indicative cost calculation.

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<sup>i</sup> The quarters relate to the financial year, i.e. 1Q: April to June; 2Q: July to September; 3Q: October to December; 4Q: January to March.

<sup>ii</sup> Due to the Covid-19 pandemic the Office for National Statistics have suspended the production output statistics for Scotland and Scottish Government housing starts statistics are delayed.