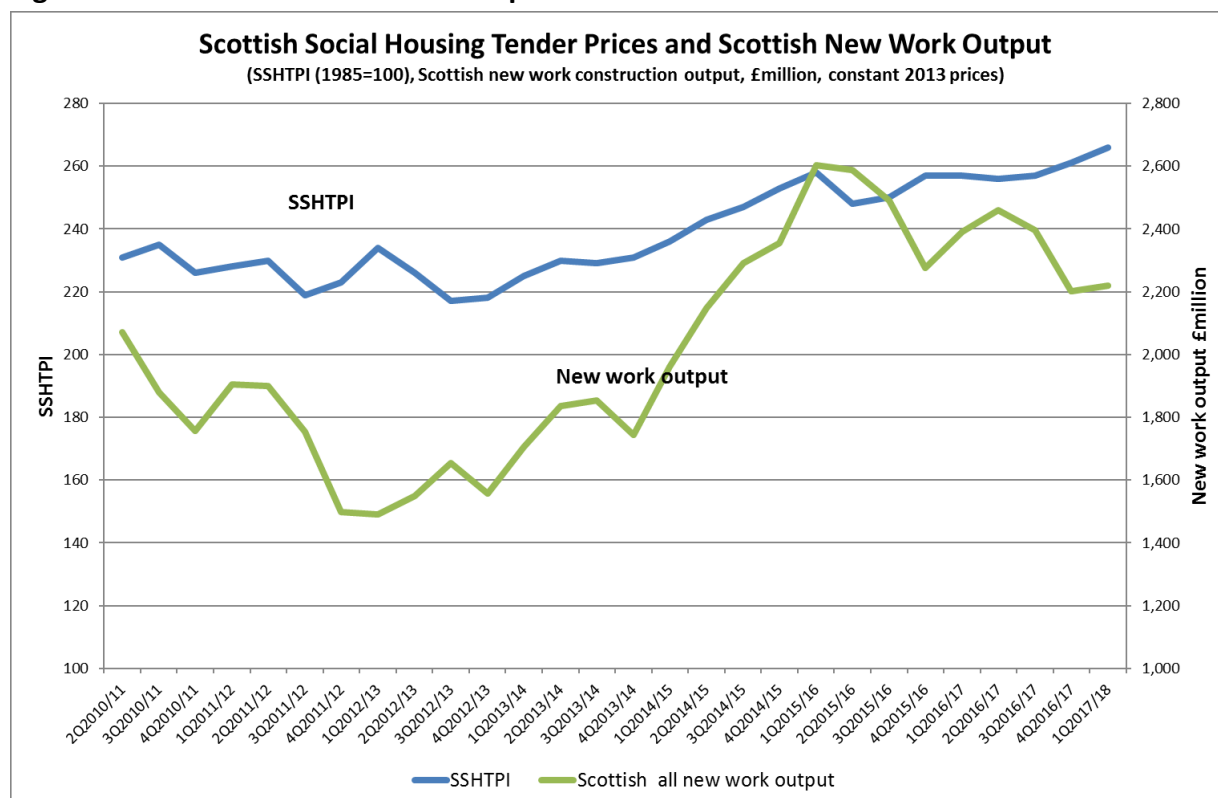


2nd Quarter 2017/18 Indexⁱ

- Tender prices for social housing in Scotland remained unchanged in the latest quarter. Provisional results for the SSHTPI for the 2nd quarter of 2017/18 indicate that tender prices for social housing schemes are the same as in the previous quarter but are up 4.7% the same quarter a year earlier.
- The sample for the latest quarter is very low, the index is provisional and the figure is likely to be subject to revision as more projects are added.

Figure 1: SSHTPI and construction output



Source: Scottish Government, ONSⁱⁱ

Background

- There had been little change in tender prices for social housing in the year to 3Q2016/17 but they rose over 4% over the following two quarters before steadying in 2Q17/18.
- Tender prices are driven as much by demand as by resource costs, the movement in the SSHTPI has reflected the general trend in construction work in Scotland (see Figure 1) but they have started to diverge in the past few quarters with prices rising while output has fallen.
- However, output in the Scottish housing sector has been growing steadily, in 2Q2017/18 it was up 3.5% on the same quarter a year earlier and is at its highest

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level for some time up over 70% from the low point in 4Q2012/13. This reflects the growth in housing starts.

- A total of 19,598 Dwellings were started in the year to 1Q2017/18 (the latest figures available), of which 6234 (32%) were for the social sector. The total is 12.5% up on the previous 12 months, while the social sector starts are up 5%ⁱⁱ. 935 social sector dwellings were started in 2Q2017/18 down 30% on the same quarter a year earlier.
- Underlying construction costs of labour, materials and plant, as measured by the BCIS general building cost index, rose 1.5% in 2Q2017/18 and by 4% compared with the same quarter a year earlierⁱⁱⁱ.
- Over the year to 2Q2017/18 underlying inflation as measured by the Consumer Prices Index (CPI) rose 2.8%.

Table 1: SSHTPI

SSHTPI Quarterly Index				
Published index base			1985 = 100	
Calendar quarter	Financial quarter	Index value	Sample size	Status
1Q2013	4Q2012/13	218	21	Firm
2Q2013	1Q2013/14	225	12	Firm
3Q2013	2Q2013/14	230	12	Firm
4Q2013	3Q2013/14	229	6	Firm
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	268	7	Provisional
3Q2017	2Q2017/18	268	10	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 3Q2017				
Financial quarter 2Q2017/18				
Publication quarter 4Q2017				
Location Code	Location	Index Value	Sample Size	Status
M	Mainland	99	316	Provisional
MA	Scottish Borders	103	14	Provisional
MB	Clackmannanshire, Stirling, Falkirk	93	17	Provisional
MC	Dumfries and Galloway	91	5	Provisional
MD	Fife	87	40	Provisional
ME	Aberdeenshire and Moray	96	5	Provisional
MF	Aberdeen City	N/A		
MG	Highland	104	26	Provisional
MH	West Coast	122	21	Provisional
MJ	City of Edinburgh	118	11	Provisional
MK	Lothian	92	30	Provisional
ML	City of Glasgow	102	36	Provisional
MM	Ayrshire	93	13	Provisional
MN	Glasgow Environs	91	36	Provisional
MP	South Lanarkshire	99	15	Provisional
MQ	Dundee City	97	12	Provisional
MR	Angus, Perth and Kinross	98	33	Provisional
Z	Island	120	23	Provisional
ZA	Orkney Islands	113	8	Provisional
ZB	Shetland Islands	122	5	Provisional
ZC	North Ayrshire (island)	N/A		
ZD	Highland West (island)	N/A		
ZE	Argyll and Bute (islands)	N/A		
ZF	Western Isles	121	6	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.

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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ⁱ The quarters relate to the financial year, i.e. 1Q: April, May, June; 2Q: July, August, September; 3Q: October, November, December; 4Q: January, February, March.

ⁱⁱ Official statistics in Scotland - housing starts. Note: Housing association figures in this time series are based on date of approval rather than the date construction started.

ⁱⁱⁱ BCIS General Building Cost Index