

James Dornan MSP  
Convenor, Education and Skills Committee  
Room T3.40  
The Scottish Parliament  
Edinburgh  
EH99 1SP

30 November 2017

Dear Mr Dornan

### **Draft Budget 2018/19**

As the voice of the home building industry in Scotland with a membership of some 200 organisations together providing 95% of all new homes built for sale across the country as well as a significant proportion of affordable housing, Homes for Scotland (HFS) is acutely aware of the scale of housing challenge currently facing Scotland. Consequently, HFS and its member companies are committed to working closely with the Scottish Government to tackle the country's under-supply of housing and help it to achieve its ambition of improving opportunity for all. However, a "joined up" approach to housing is clearly required if the many positives new housing delivers are to be fully maximised.

I write in response to an email from Roz Thomson, Clerk to the Education & Skills Committee dated 10 November in which she invited comment on the Government's spending priorities for 2018-19. We have noted the correspondence between yourself and the Deputy First Minister, John Swinney MSP on this matter, particularly relating to the need for additional support needs funding to be amongst the Scottish Government's priorities.

However, we would like to emphasise other education-related issues to your committee – not least the need for a discrete capital funding stream for the development of new schools and associated infrastructure. Our members are becoming increasingly mired in intractable negotiations with planning authorities over the extent of planning gain expected from new home developments in their area. While our members are perfectly content to deliver new affordable homes in the local area, or to contribute towards the provision of additional schools capacity in a locality, the fact is that the scale of planning gain expected in some parts of Scotland is so great, or the timing expectations for delivering infrastructure solutions are such, that it is impacting negatively on development viability. The consequence is that much-needed new homes are being held up in the system because of an entirely avoidable Catch 22 scenario.

We do not believe that home builders should be expected to bear the full burden of funding or front-funding new schools infrastructure via Section 75 contributions. While we will continue to work tirelessly with the Scottish Government to meet the housing needs of Scotland's people, we would highlight that the home building industry is not solely responsible for Scotland's population growth or the demographic change which is driving the

need for more homes and therefore more school places. We would therefore wish to see Scottish Government bringing forward in the Scottish Budget 2018-19 a discrete budget heading designed to overcome the shortfall in capital funding for schools, which will unlock numerous sites across Scotland and allow us to ensure the delivery of new homes. This funding will either help get projects moving through the provision of the full upfront capital needed to deliver an education solution in an area (that can then be paid back in part at least through appropriate developer contributions) or the funding will bridge the gap between what the development impact is assessed as being and the wider education needs that also require to be addressed. We appreciate that this may require further work by Scottish Government to scope the resource requirement for 2018/19 and subsequent year, but we are more than willing to work with them on this.

I trust that you will read this letter in the spirit which it is intended – that is to work together for the greater benefit of Scotland to create sustainable economic growth.

Yours sincerely

David Ogilvie  
Interim Director of Policy