

Paul McLennan MSP
Minister for Housing
Scottish Government
St Andrew's House
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From: Sarah Cardell
Chief Executive

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Dear Mr McLennan,

It was a pleasure to speak to you just before Christmas to update you on some of the work that the CMA is currently doing that relates to your portfolio.

We have now completed our [Housebuilding Market Study](#) and we are very grateful to your officials for working with us.

Housebuilding has, in some form, been at the forefront of UK government policy since the end of the Second World War and has been closely scrutinised in numerous research papers and reviews by academics and others. While government policy, both at the GB level and – since devolution – at the Scottish Government level, has been an important driver of the availability of adequate housing, the economic environment, demographics and other factors have had a large influence on market outcomes. However, across Great Britain the amount of housing built has consistently been below government targets and assessments of need, and this under-delivery has contributed to increasing pressures on affordability.

We have produced a [Scottish-specific executive summary of our report](#), which outlines the approach we took to complete our market study. This included examining the overall nature of the market, the factors that determine what homes are built, the key players in the market and the market shares of private housebuilders.

We have examined the potential drivers of problems in the market we identified, including the nature of the planning system, the operation of the land market, and the incentives and behaviour of housebuilders. This has allowed us to set out a range of actions to address these problems. These fall into three broad categories:

- Where the problem falls clearly within the operation of the market, we offer firm recommendations to the Scottish Government for actions it should take to address these.
- Where there are complex interactions with wider policy aims, which are not for the CMA to resolve, as is the case with planning systems, we offer options for the Scottish Government to consider.
- Where there are more fundamental actions that policymakers could take that would affect housing market outcomes, but these have implications beyond the CMA's core remit and expertise, we note how the Scottish Government may wish to take these interactions into account, but do not offer recommendations or set out specific policy options.

Our recommendations and policy options will have implications for several ministerial portfolios in the Scottish Government – I have therefore written in similar terms to Joe FitzPatrick, Minister for Local Government Empowerment and Planning. However, given the complexity of the housing market and the multiple policy areas with which it intersects, there may be other Ministers that you or your officials would want to engage as you consider our recommendations.

We note the Scottish Government's intention to bring forward a consultation paper to accelerate the planning system and would be pleased to support Scottish Government officials as they develop the policy. The market study team will be available to help your officials digest and understand our findings and recommendations and will follow up on your consideration of these in due course.

We also note that the Scottish Parliament's Local Government, Housing and Planning Committee is conducting a short inquiry into *Housing to 2040*. We have shared our report with the Committee.

We have put a considerable amount of time and effort into this market study and are doing everything within our gift to make sure this market operates as effectively as possible. As a result, whilst the final report marks the end of the market study, the CMA has also today opened a new investigation into the way information is being shared between housebuilders and whether this amounts to anti-competitive behaviour. The CMA will not be commenting further on this until it has fully investigated the issue. This work does not affect the status of our market study recommendations, which seek to address the problems and their drivers set out in our report.

If there is anything in our report that you would like to discuss with the CMA then please do not hesitate to get in touch.

Yours sincerely,

Sarah Cardell
Chief Executive