



# SPF VOICE

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Scotland's economic recovery will require investment to meet the aims for an inclusive, carbon neutral society. This is endorsed across business and industry but covers a wide spectrum of challenges and opportunities.

The Scottish Property Federation is supporting a recovery that focuses on **investment, infrastructure and innovation**.

To attract investment, we need to reinstate confidence in real estate markets and be conscious that Scotland is competing with the rest of the UK; we should look to positively differentiate our offer where the opportunity exists.

We need to encourage investment into development projects to support the construction sector. There is an opportunity to increase the quantity, quality and choice of housing stock, and to do so with the green agenda at the forefront. This will mean encouraging all forms of housing tenure, including new rented housing (build-to-rent), assisted living and senior living.

Investment in infrastructure is a catalyst for economic and place-based recovery. We must deliver investment into roads and transport infrastructure in areas of critical growth, as well as the digital infrastructure that will be central to the future prosperity of rural economies.

We need to remove unnecessary delay from the development process. Standardisation of utility companies' varying processes would be a significant step in improving the pace of delivery of development, as would an adaptive and responsive planning system - in line with the government's response to the Higgins Report.

Innovation focussed on key areas will support investment in the short and long term. Innovation around existing financial instruments (NHT, RIGS, SPRUCE) will support immediate investment. Innovation in energy use, and understanding and utilising smart buildings and smart cities will pave the way for the carbon neutral environment we want to see. And innovation around how we use our built environment, and in particular our town and regional centres, will allow these places to adapt to whatever the 'new normal' may be.

With an overarching aim of an inclusive economy in a carbon neutral environment, and channelling activity towards investment, infrastructure and innovation, we have the opportunity to build a 'new normal' in which we can all thrive. Critical to all of this is a collaborative approach between public and private sector.

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# POLICY INSIGHTS

## TOWN CENTRES REVIEW

On 21 August, the Town Centres Expert Review Group closed its initial call for comments and the SPF provided both written and oral evidence to this process. This evidence phase was very much focussed on the progress of the 2013 Town Centres Action Plan. The Review Group has now published an open survey seeking individual perspectives on town centres, which is open until 30 September.

We believe that the real estate sector, for both commercial and residential property, has a major role to play in rejuvenating our town centres. Unfortunately, old negative perceptions of absentee landlords leaving properties vacant have been echoed in early review commentary. Our approach has been to challenge these presumptions and to argue that our sector is a solution in supporting the less successful town centres. We will keep members updated with progress and invite your views on how town centres can become successful and adaptable local economies.

## HEAT NETWORKS LEGISLATION STEPS FORWARD

The Scottish Government's Heat Networks (Scotland) Bill is due to be considered in evidence over the next few weeks. This Bill forms part of the government's approach to climate change. The legislation provides a legal framework for the development of heating systems across Scotland that are both more energy efficient and less dependent on fossil fuel supported gas networks. These measures include provision for servitudes and wayleaves for developers seeking to install heat network piping. However, the legislation stops short of providing consumer protection because this is a reserved policy area.

Scotland has seen relatively few heat networks systems, and these have been delivered through bespoke contacts on a project by project basis. The legislation should offer a better framework to support the legal requirements for creating a heat network. In England we understand there has been more development of heat networks to date and that in some authority areas, developers are required to deliver a heat network through planning obligations.

## PROPOSED INTERIM CHANGES TO SCOTTISH PLANNING POLICY

July saw the Scottish Government launch a consultation on proposed interim changes to the Scottish Planning Policy (SPP) (2014) that will apply in the run up to the adoption of National Planning Framework 4 (NPF4) in 2022, when SPP will be fully replaced.

In early August, the SPF met with the Chief Planner and other Scottish Government officials to discuss the **technical amendments paper**. We raised strong concerns about the impact and unintended consequences of the removal of the presumption in favour of development that contributes to sustainable development (the Presumption) on the wider development industry. We also noted that the proposals would result in insufficient flexibility in the SPP to support unanticipated development proposals.

We were clear in these initial comments that the SPP should be worded to ensure that development plans contribute to sustainable development, and that the Presumption is core to the policy within all development plans. The SPF's top priority is securing economic recovery and jobs, and it is vital to establish key priorities for investment in both infrastructure and other development, that will underpin long term sustainable economic and private sector growth.

If the aim of the removal is to cut controversy and get more housing and infrastructure on the ground faster, it is difficult to see how the changes will make that happen. Removing the Presumption also seems to deviate from the provisions set out in the Planning (Scotland) Act 2019, including the purpose of planning, and would seem to be at odds with the Green Recovery.

Removing the presumption and the five-year period also means there is no remedy to development plans that are under performing and/or out of date. There would be no policy basis for Scottish Ministers to require councils to address under delivery or an out of date local plan.

CLICK FOR MORE  
COMMENTARY ON SPP IN  
THIS MONTH'S INDUSTRY  
INSIGHTS

# £285M

TOTAL VALUE OF COMMERCIAL  
PROPERTY SALES IN Q2 2020

# 525

TOTAL NUMBER OF COMMERCIAL  
PROPERTY SALES IN Q2 2020

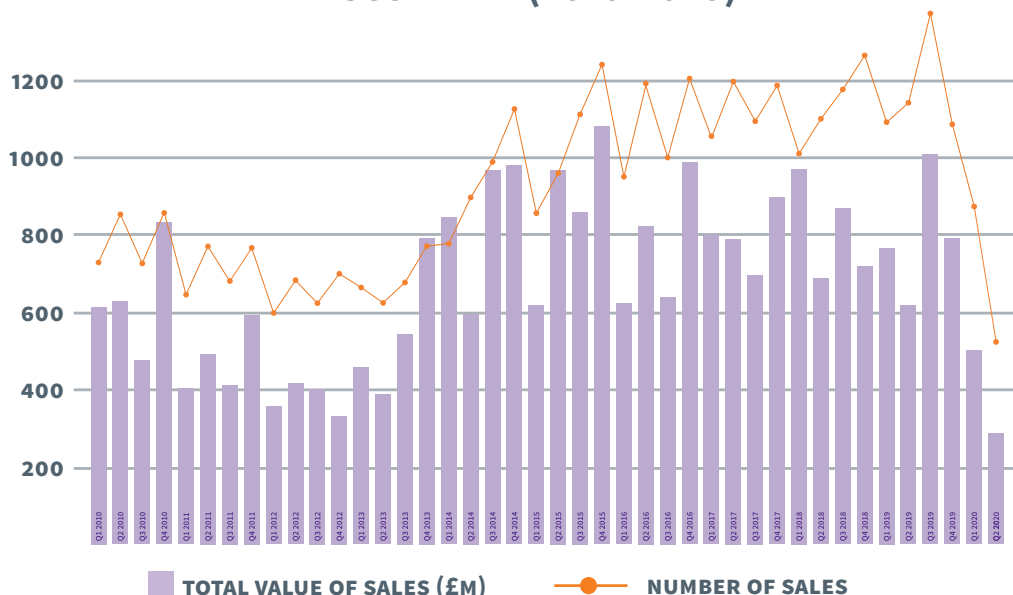
↓ 54% DOWN FROM  
Q2 2019  
£329M

↓ 54% DOWN FROM  
Q2 2019  
611



**ABERDEEN** £44.4M    **EDINBURGH** £91M  
**GLASGOW** £23.7M    **DUNDEE** £6.4M  
**REST OF SCOTLAND** £119.9M

### VALUE AND NUMBER OF COMMERCIAL PROPERTY SALES IN SCOTLAND (2010-2020)



Figures may not sum due to rounding. Figures from the Registers of Scotland includes all commercial property transactions.

### OVERVIEW

The SPF's analysis of the latest commercial property sales figures from Registers of Scotland has shown that sales fell to their lowest level in over a decade in Q2 (April-June) 2020. The quarter was heavily affected by the coronavirus crisis and Scottish Government restrictions on certain transactions and registrations.

The total value of sales stood at £285m in the quarter, a fall of £213m (43%) on the first quarter of the year and down £329m (54%) compared to the same quarter in 2019. The number of sales also fell to just 525, 611 (54%) fewer than in the same quarter in 2019 and 346 (40%) lower than in the first quarter of 2020.

### HIGH VALUE SALES

Individual sales of £5m or more made up 40% of all transactions by value in Q2 2020, with combined sales in this section of the market totalling £113m. This is just over half the totals for Q1 2020 and the same quarter in 2019. The one-year rolling total for £5m+ sales fell by 7% in Q2 2020 to £1.47bn.

### CITIES

Of Scotland's four largest cities, Edinburgh saw the highest value of sales with £91m transacted over the quarter. This is significantly down on both the previous quarter and Q2 2019, which saw sales of £126m and £108m respectively. Glasgow also saw activity impacted heavily by the coronavirus, with total sales of £24m, some £148m (86%) down on the second quarter of last year. Aberdeen was Scotland's only large city to see an increase of sales in Q2 2020, to £44m. This was 47% higher than Q2 2019's total of £30m. Meanwhile, Dundee saw sales fall to £6m, from £22m in Q2 2019.

# REGIONAL SPOTLIGHT



## Aberdeen

The current consultation on the proposed Aberdeen Local Development Plan will close on Monday, 31 August at 11.59pm. Aberdeen's development plan is a vision for the next 10 years of development across the city. As such, the plan is a key document for those within the industry with interests or potential opportunities in the Granite city. The consultation can be found [here](#).

## Edinburgh

The next Edinburgh Local Development Plan (City Plan 2030) will be consulted over 8 weeks this autumn. The council received over 1800 responses to the original consultation, which closed in April. This included our concerns on the proposals for 35% affordable housing contributions across a greater range of developments. Analysis of the responses and a revised plan for the development of City Plan 2030 can be found [here](#).

## Falkirk

The UK and Scottish Governments have agreed to support a regional growth deal in Falkirk to the tune of £90m. The funding reflects a £40m commitment from the UK Government that is matched by the Scottish Government, on top of which Scottish Ministers have given a further £10m to aid Falkirk's ambitions for a green economy. For more information, please click [here](#).

## Scottish Government proposes abolition of the presumption in favour of sustainable development



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In 2014, the Scottish Government introduced a significant change to Scottish Planning Policy (SPP), introducing a presumption in favour of sustainable development. The document that initially proposed the change explained: “The Scottish Government’s central purpose is to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.” On Friday 17 July, the Scottish Government proposed the abolition of the presumption in favour of sustainable development.

Just as its introduction was one of the most fundamental changes to the Scottish planning system, so would be its demise. Yet Scottish Government’s official Twitter simply referred to a proposal to “clarify” parts of SPP, and the title of the document itself is a “Technical Consultation” with no hint of what lies within.

So, how and why did we get here? Local authorities set housing targets in their Development Plans and Scottish Ministers give permission to adopt those targets. SPP says that if the evidence shows that the target will not be met then something needs to be done about it: the presumption in favour of sustainable development of other sites kicks in. The Court of Session recently ruled that this meant that if a proposed development would help deliver a housing target that would otherwise not be met, then it is sustainable development. According to the court, SPP meant planning permission for the new housing development should then be granted unless it could be shown the development would cause serious adverse effects.

It appears that Scottish Government officials think the court got it wrong. The consultation says the court’s opinion does not reflect the government’s intentions. However, rather than suggesting a more modest change to the policy to clarify how the government believes it should be applied, the consultation proposes that the presumption in favour of sustainable development should be excised altogether from SPP. That is not a clarification or a mere technical change.

The court’s ruling only applies if planned housing development is unlikely to meet agreed housing targets. It is important to remember that these targets are not just numbers on a page; they reflect the actual housing needs of people who want to live in different parts of Scotland.

If need and demand exist but not enough housing is being built to meet those requirements then prices will increase. The longer that situation subsists, the worse the position will be for those on lower incomes unable to make their first step onto the housing ladder. The presumption is supposed to address that issue by permitting housing development to meet those needs. The court’s decision does not mean planning permission should be given for any housing development under these circumstances. It does, however, mean that where there is a pressing need for housing that will not otherwise be built in time, then permission should only be refused if there are very good reasons for doing so.

I have spoken with numerous senior figures in the housebuilding industry since the consultation was published. There is genuine incredulity at what is proposed and the message it sends about Scotland’s intention to support the economic recovery post-coronavirus. Since the lockdown, many developers are reporting increased demand for homes with gardens and space to work from home. If development plans have identified suitable unconstrained land where those homes can be built in time to meet development plan targets then no one need worry. If they have not, the housebuilding industry questions why alternative housing land should not be given planning permission urgently by applying the presumption that Scotland’s highest court has said is needed to fulfil the policy objective of delivering enough homes.

You can respond to the consultation, which is open until 9 October, [here](#).

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