



SPF VOICE

September 2020

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SPF Chair
MD Dowbrae Property Consultancy

I have talked often during my tenure about the need for our industry to be more open, accessible and inclusive.

Earlier this week I had the privilege to chair an industry debate on social inclusion. We looked at Scottish Government's clear aim for an inclusive economy and how we might help; we discussed how we might broaden our appeal to a wider audience to attract the best young talent into the industry; and we considered how to improve relations in local communities to move away from what can often be an adversarial planning process.

In my opening remarks I was clear that we were unlikely to find a 'magic bullet' to achieve all these aims, but as we meandered through a wide-ranging and engaging discussion covering many aspects of social inclusion, it became apparent to me that there maybe is *one thing* that we can all do.

One thing that would give us the opportunity to better educate the public about the work we do and to present an alternative narrative to dispel the lazy stereotype of the bad-guy-developer and the greedy landlord.

One thing that would allow us to speak to the depth and breadth of society and attract talent from backgrounds we've never reached before.

One thing that would give communities a better insight into the planning and development process and allow them to become participant in a positive way.

The *one thing* that we can all do is to find the opportunities to get into schools to speak to the next generation. To include local schools in consultation events in their community. Give the youngsters a pen and ask them to design their 'Place'. Help them understand the choices and the economics. Give them an insight into the breadth of knowledge and skills needed within the teams that make great places.

The more we can educate children and young people about our industry today, the better chance we have of achieving an open, transparent and inclusive industry tomorrow.

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POLICY INSIGHTS

SCOTTISH GOVERNMENT'S DRAFT INFRASTRUCTURE INVESTMENT PLAN

September saw the Scottish Government launch a consultation on its draft Infrastructure Investment Plan, which details how the government will deliver its £33.5bn National Infrastructure Mission.

Covering the five years from 2021-22 to 2025-26, the draft plan aims to help stimulate Scotland's green economic recovery from the COVID-19 pandemic, and includes investment to decarbonise business, industry and buildings; and the provision of new health facilities and schools.

Finalised infrastructure plans will be prepared later this year following the consultation, which closes on 19 November. Any initial views or comments would be welcome.

IMPLEMENTATION OF PLANNING ACT AND OTHER REFORMS

The implementation of the Planning Scotland Act 2019 continues with commencement regulations bringing into force sections 34 and 37 laid in the Scottish Parliament on 24 September. The principal changes are introduced by section 37, which provides greater flexibility as to the modification and discharge of planning obligations and will come into force on 18 November 2020. The Scottish Government will also be updating parts of circular 3/2012 to reflect these amendments.

Separately, the Scottish Government has published detailed proposals for the regulation of short-term lets, which will form the basis for secondary legislation to be laid in the Scottish Parliament in December. If approved, the government intends for the regulations to take effect from April 2021. The proposals cover the key issues of licencing of short-term lets; planning and control areas; and taxation. The Scottish Government has also set out its thoughts on how a short-term let could be defined in law. A consultation on the proposals is open until Friday, 16 October.

Meanwhile, there is still time to offer comments on the Scottish Government's consultations on the SPP Housing Technical paper, which proposes the abolition of the presumption in favour of sustainable development, and changes to pre-application consultation requirements.

MORE GREEN FOR DECARBONISATION

Themed 'Protecting Scotland, Renewing Scotland', the Scottish Government's 2020/21 Programme for Government (PfG) focused (unsurprisingly) on the evolving coronavirus crisis, and its impacts on the economy, health and society. However, the decarbonisation of Scotland's economy was also given a boost, with the First Minister announcing new funding and initiatives as part of her 'national mission' to create new, green jobs and to meet legally binding targets for carbon emissions.

Among the announcements was the establishment of a £100m Green Jobs Fund and a £60m fund for the decarbonisation of industrial and manufacturing sites. The government also committed £1.6bn to fund the decarbonisation of the built environment, which will include efficiency improvements on the public sector estate, new funding for private sector projects and the implementation of new heat technologies.

This support is a welcome start and is vital if we are to see the level of economic transformation needed to end our contribution to climate change.

It's estimated that some 86% of domestic properties currently use fossil fuels for heating, while over 50% of the non-domestic sector also rely on non-renewable sources.

However, we're unlikely to see much of this spending this year or even next, with the majority of the funding being committed either coming over a 5-year period or the next Scottish Parliament. Of course, coming so close to an election, commitments that stretch into the next Scottish Parliament carry the health warning that changes to the parliamentary arithmetic in May will likely see spending plans change.

In addition to the funding boost, the PfG promised greater clarity on the timeline for Scotland's existing building stock to decarbonise. An update to the Energy Efficient Scotland route-map was due to be published earlier this year, but this now appears to be delayed until the end of this year due to COVID-19. The inaugural 2018 route-map set out the government's strategy on the direction of regulations for social housing, PRS, owner occupied properties, and non-domestic premises, and the update will no doubt be widely anticipated.



RESEARCH

YEAR-TO-DATE (APRIL -AUGUST)
LBTT REPORT

£128.6M

Total LBTT revenue 2020/21

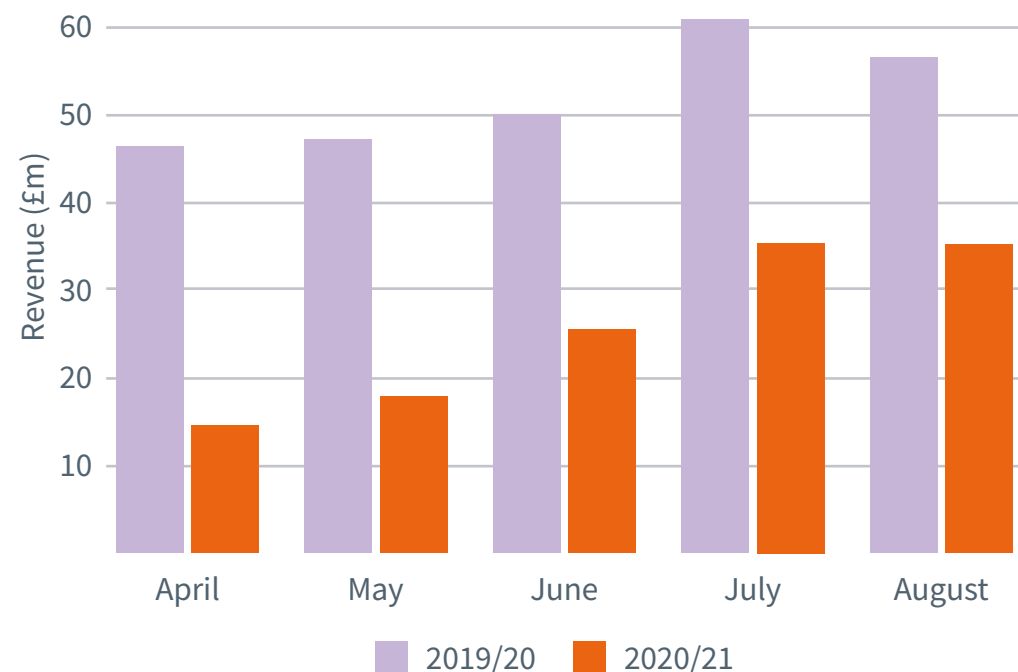
25,410

Total number of LBTT returns 2020/21

↓ 51% down from 2019/20
£132.6M

↓ 53% down from 2019/20
28,440

Total Monthly LBTT Revenues Year-to-Date
(April-August)



OVERVIEW

The SPF's analysis of the latest figures from Revenue Scotland has shown that revenue from the devolved Land and Buildings Transaction Tax is £132.6m (51%) lower in the current tax year-to-date than in the same period in 2019/20. The impact of the virus and the lockdown restrictions have meant that significantly fewer transactions have taken place in Scotland, with the number of returns to Revenue Scotland falling by over half to 25,410 in 2020/21 compared to the previous year.

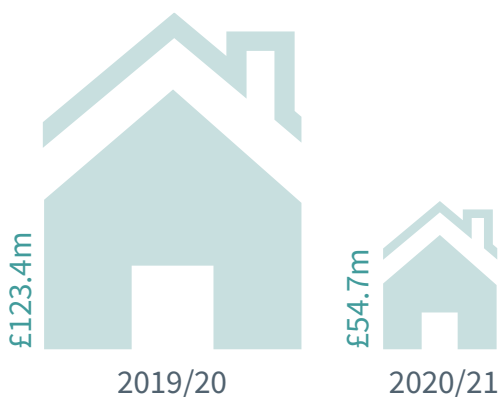
RESIDENTIAL

The Scottish Government has seen its revenue from residential sales hit hardest. Receipts this year are £68.7m (56%) lower than in 2019/20 over the same period, while the number of residential LBTT returns are 54% lower. Despite increasing the threshold for residential LBTT to £250,000 in July, returns in August continued to be down by a third compared to the same month in 2019.

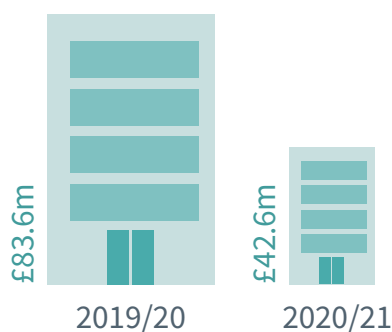
NON-RESIDENTIAL

Revenue from non-residential transactions and leases is also down sharply in the 2020/21 tax year-to-date, although by a smaller percentage than the residential element of the tax. Non-residential LBTT has generated £42.6m so far in 2020/21, just over half the total for the same period in the last tax year. The number of non-residential returns received by Revenue Scotland is also down by 42% thus far in 2020/21.

Residential LBTT Revenue
(April-August)



Non-Residential LBTT Revenue
(April-August)



INDUSTRY INSIGHT



Flexibility is the buzz word for the Scottish office market

Clare Bailey

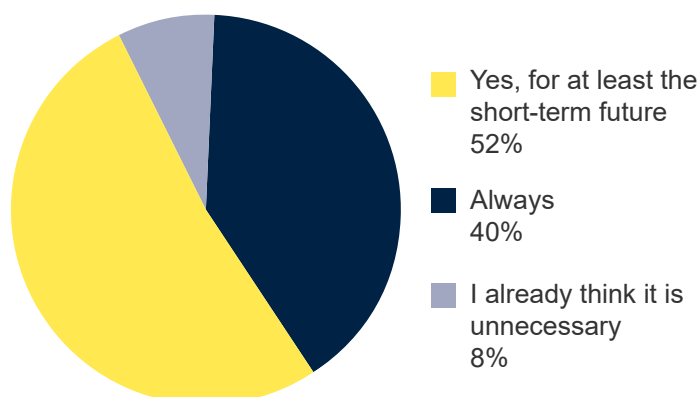
Director, Commercial Research
Savills

The effects of lockdown, combined with a greater desire for a more satisfying work-life balance and a growing awareness of the impact of commuting on the environment, have made us all a little more selective about where we want to spend our working days.

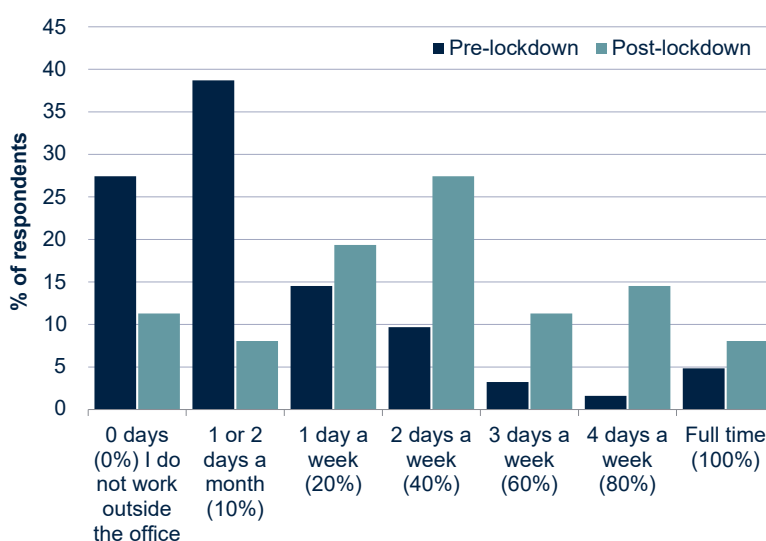
No one knows what the new normal will look like but what we can agree is that life will never be quite the same again. This has been a fast acceleration into a future that many expected but perhaps not at this speed. The UK's crash course in Zoom is already showing not all businesses need to be able to provide work-spaces for all their staff. With teams now more used to working virtually the possibility of work becoming geographically more fluid is becoming a fast reality.

However, this doesn't necessarily indicate an anti-office mentality, but it has highlighted how most people now want a mix of working from home and being in the office. Ultimately, flexibility will be the new requirement for the office sector. Acknowledging the ongoing requirement to 'work from home' in Scotland, data from Savills Office FiT, which looks at the needs and wants of office-based workers before and after the COVID-19 lock-down, recognises a cultural shift towards greater flexibility between office and home working in the future. The data from our 2020 Office FiT survey showed that 54% of people enjoyed working from home at the beginning of lockdown, but nearly 90% felt that the office was still a necessity

Q. Do you think physical office space (rented or owned) is still a necessity for a company to operate successfully?



Q. How many days did you work remotely before the lockdown period and ideally, how many would you like to in the future?



61% of respondents in Scotland would like to spend 2 or more days a week working remotely in the future

going forward. With a focus on Scotland only, this figure rose to 92%. However, 61% of respondents in Scotland have aspirations of spending two days a week working from home, with the rest of the time spent in the workplace. This is a huge jump from the 19% seen pre-lockdown.

With so many studies showing how engaged and productive the average remote worker is, it would be remiss of businesses and organisations to not allow employees to continue to work flexibly. However, when we're forced to be apart from each other it is clear that we need a balance between the virtual and physical worlds. There is no doubt that we crave the physicality of working together and that the virtual world cannot replace this need. Now it has been denied to us, the idea of the office and the role it plays in our lives is now more important than ever.

INDUSTRY INSIGHT

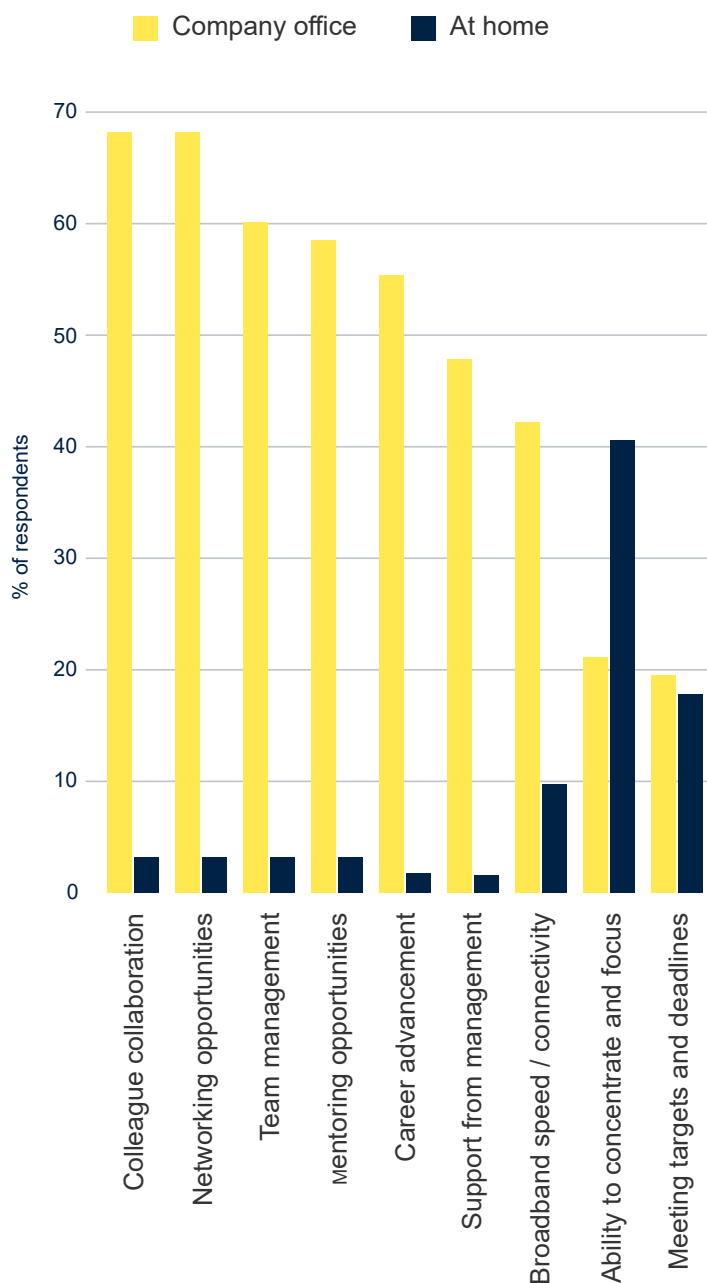
Flexibility is the buzz word for the Scottish office market continued

Savills new FiT survey shows the important role of the office in providing a sense of community and belonging. It seems likely that office HQ's might learn from the experience of retail and hospitality and better leverage the capacity of physical spaces to create a brand identity and consumer experience. We know from the Savills Office Fit survey that nearly 70% of Scottish respondents felt that the workplace was best placed to create a sense of belonging with their organisation. The ability to spend part of the working week connecting with colleagues, clients and collaborators in a thoughtfully designed space and then enjoy the dynamic environment that a Scottish city offers, is likely to be a compelling reason to physically come to work – for at least part of the week.

The “water cooler” moment has been an integral part of office culture for a long time, replaced more recently by new meeting places and features such as in-house cafés, internal planting schemes and informal seating. These informal environments provide space for accidental collisions, recognised as an integral way of building working relationships. The types of discussion fostered often result in an overall happier working environment, generating new ideas, expanding what it means to think creatively, and fostering stronger community and friendships between team members.

Ultimately, COVID-19 is teaching us that there is freedom for us to reimagine what work looks like, and where it is located. It is clear we need adaptable, creative physical environments that can engineer accidental collisions. It is also obvious that it is more difficult to create these spaces online, with visual meetings and WhatsApp groups not fulfilling our requirements to really see each other in person. We need spaces that we can enjoy being with our colleagues, that are appealing to a dynamic and forward-thinking workforce, but also need to acknowledge how our needs have dramatically changed in the recent weeks.

Q. Getting things done in Scotland: what about personal development?



EVENTS

What's next for the carbon agenda



Tues 27 October



12:30pm



60 mins

In all that has happened over the past six months it is clear across business and government that the economic recovery we build from the rubble of this pandemic should retain a focus on social inclusion whilst maintaining the goal of a carbon neutral economy.

In this session we will explore the macro challenges that government and industry will need to address, as well as the micro changes we can all start to make to help Scotland reach the goal of being a carbon neutral nation within the next 25 years.

More information on speakers to be announced soon.

[BOOK HERE](#)



Coming soon

We are delighted to confirm that the new BPF and SPF websites will be launched on 12 October.

At the same time we will be launching our new member portal MySPF. Anyone who works for a member company will be able to access MySPF and get access to a range of member benefits as well as new chances to engage with our work and share insights.

You will get more information on how to sign up over the next few weeks – so please do look out for further updates from the BPF and SPF teams.