



# SPF 2020 Review

# 2020 in review



**Michaela Sullivan MRTPI**  
SPF Chair

2020 will be a memorable year for SPF members. For all the profound difficulties that we have experienced there were also some positives, including months of very un-Scottish sunshine in the Spring and some changes to working patterns that may make life more flexible going forwards.

As we move into 2021, we have seen outstanding work from the UK scientific community, which has led to the start of a vaccination programme, offering real hope that lockdowns will ease and that we will progress gradually towards normal life. We are also approaching the denouement of nearly five years of debate over Brexit and will at least know what shape it will take – finally – allowing plans to be made for the future.

We still have some hurdles to face, as the vaccination programme will not be completed overnight, furlough will come to an end, our public finances have been altered beyond all recognition and the potential long-term impacts on how we occupy

and use our real estate are not yet understood.

What we will see is a renewed emphasis on mixed use development and the importance of re-using and building new, lower carbon and sustainable places. There will also be an emphasis on logistics and distribution, as the shift to online retailing has been accelerated and these changes are likely to be structural and permanent. We will have Holyrood elections in May and will see a new Parliament, with whom we are ready and willing to engage to contribute to the formation of policy for a robust economy and to advance the role that the real estate industry can play in helping to achieve sound economic outcomes as Scotland builds its way out of the pandemic.

Which brings me to thanking all of you, our members, for your support during this most challenging of years and to wish you and those dear to you, a most enjoyable festive break and a happy and healthy 2021.

# Working for you

The pandemic lockdown brought critical challenges for the industry. Businesses were unable to trade, developments were put on hold and public health measures rapidly introduced across offices, shops, industrial premises, hotels, pubs and restaurants and public buildings.

Leading our response to the pandemic our SPF Policy Committee adapted to frequent 'online' meetings to steer SPF engagement. This included hosting meetings with the Minister for Finance and Migration (Ben Macpherson MSP); the Minister for Trade, Investment and Innovation (Ivan McKee MSP); and several leading Scottish Conservative MSPs to discuss the challenges facing the industry and how we achieve economic recovery.



**29**  
mentions in  
Scottish Parliament  
during 2020

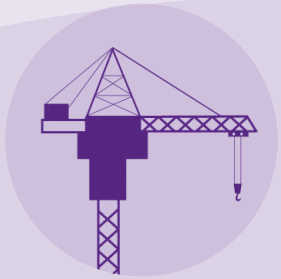
**30**  
formal government,  
local government  
or parliamentary  
submissions

**19**  
government or  
agency working  
groups

**30+**  
engagements with  
Ministers, MSPs and  
other politicians

**60+**  
engagements with  
public officials

# Working for you



## Planning highlights

We were quick to highlight the practical problems of lockdown facing the sector with planning permissions needing to be extended, pre-application requirements altered so that more could be done online and indeed, planning committee decisions considered 'virtually'. Our planning committee engaged regularly with the Chief Planner and his team at the Scottish Government as the response to the pandemic took shape. The planning reform agenda resurfaced after a shift in focus from the emergency legislation and members' attention returned to the development plan process; planning performance and fees; and the review of planning obligations.

Other key issues were the move to digital planning, the initial call for ideas on the NPF4, and we worked closely with other key industry bodies to oppose the government proposal to remove the presumption in favour of development that contributes to sustainable development from Scottish Planning Policy.



## PBSA in the spotlight

This year the student accommodation sector has been a focus for the Scottish Parliament on several occasions. During the Non-Domestic Rates (Scotland) Bill, opposition MSPs initially successfully added PBSA to the business rates valuation roll. We argued for these amendments to be revoked, which was done in lieu of a wider review of PBSA's contribution to local authority services – this review has been delayed by the pandemic, but we expect it will come forward soon.

In summer, with the help of Scottish Conservative MSP Graham Simpson, we persuaded the government to offer an extended relief for PBSA landlords from potential vacant council tax rates for empty student lets.



## Working towards net-zero developments

Despite the pandemic, the government advanced its programme for achieving net-zero carbon in our built environment. We contributed to the government's low and zero-carbon heat working groups looking ahead to new regulations from 2024, which could see new homes prohibited from being heated in a way that results in local emissions (such as gas). A more phased approach to decarbonising heat is proposed for the non-domestic sector. Subsequent requirements for public and commercial developments are set to follow.

Meanwhile, we engaged with the government's working groups on increasing energy efficiency standards at the point of sale or lease for non-domestic properties. In addition, we supported government intervention to extend the life of building warrants that could not be exercised due to COVID-19 restrictions. We joined a regular stakeholder group led by the government and supported more flexible working with verifiers as the pandemic gripped the industry.

# Working for you



## Speaking up for commercial property landlords

The pandemic lockdown led to critical stress on businesses, including commercial property landlords who found themselves with little or no financial support and high losses of revenue. This included loss of income from some tenants who arguably could pay. To capture this evidence, we conducted a landlord survey covering some 1,600 Scottish leases. The survey demonstrated a high proportion of instances where rents had been deferred, foregone or terms changed to support the tenant.

We engaged frequently with Scottish Ministers to underline the serious financial pressures for commercial property landlords and investors in Scotland. We worked with our BPF colleagues to support a UK-led Commercial property code of conduct for landlords and tenants, with a key element being a recognition that if a tenant could pay their rent then they should do so. If they cannot then they should work with their landlord to find solutions to financial obligations.



## Business Rates

In February, the then Minister for Public Finance piloted Scotland's Non-domestic Rates Act through the modern Scottish Parliament. The Act largely placed many of the recommendations of the Barclay review of business rates onto the statute book although we continued to argue for improvements to the Business Growth Accelerator and we strongly opposed the decision to postpone the 2022 revaluation, a proposal the government won narrowly by a single vote.

Above all else empty property rates remains a sore issue for members. As part of Scottish budget political agreements in 2019, EPR are set to be entirely devolved to local government from 1 April 2022. We have therefore opened discussions with key local authority contacts to discuss how the policy may be implemented by local government.



## Build-to-rent and residential investment

A major concern in 2020 was the proposal for a Fair Rents Bill, introduced by Labour's Pauline McNeill MSP, to introduce new rent controls, rather than make use of existing powers for rent regulation through the local authority designation of Rent Pressure Zones. We agreed, however, with MSP concerns that there is insufficient rental information and we have engaged with government officials to help develop a robust data set.

The committee wrote to Housing Minister Kevin Stewart MSP to raise the issue of new build to rent properties vacant property council tax charges at point of completion. We feel there is a case for a new property to be exempt until point of first occupation, rather than completion.

We responded to the draft vision for housing to 2040 which we expect to feature highly on the government's agenda in 2021 and we engaged in the development of the short-term lets regulations and licensing regime.



# Events

The pandemic and consequent lockdown severely impacted our events schedule – but, undaunted, we revised our approach and continued to deliver a series of opportunities for members to meet and question key political and government decision makers across Scotland, and to hear the latest market and industry perspectives on key issues affecting you now and in the future.



## Annual Conference March 2020

We did not know it at the time but our annual conference in March proved to be our last ‘physical’ event. Delegates from a wide range of sectors heard a keynote speech from new Cabinet Secretary for Finance Kate Forbes MSP and powerful contributions from Scottish Power CEO Keith Anderson and Michelin Scotland boss John Reid.

Hosted by BBC Scotland Business editor Douglas Fraser, an array of industry experts added expert insights on redefining real estate from Chair Robin Blacklock and BPF CEO Melanie Leech, as well as expert views from our industry panel covering commercial and residential development and investment.

## Engaging with members and local government

Although the pandemic meant we could not undertake our usual number of events across Scotland with members and key local authorities, we began 2020 with several well attended events with members and local government stakeholders. The events were held in Dundee with City Leader Cllr John Alexander and an expert development overview of the area from James Keiller Investments’ Blair Morrison.

In February, led by chair Robin Blacklock we met members and local authority representatives in Inverness and Aberdeen. The lockdown forced us to reinvent our events with members and local authority representatives, so we organised further meetings with key representatives from Glasgow, Edinburgh, Dundee, and Aberdeen via virtual platforms.

## SPF events go digital

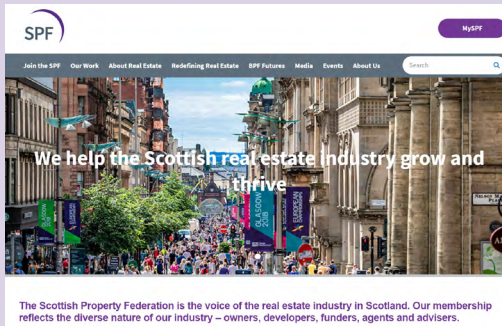
The SPF and BPF turned to digital means to bring you expert insights and opinions on key issues facing the real estate sector, and the wider community it works with. One advantage of the online delivery of these informed webinars has been that it has enabled you to join events focused on the UK without the need to travel to the event.

In Scotland our ‘digi’ series looked at inclusive growth, the move towards zero-carbon emission from the built environment and how we will live in the future. The series featured expert contributions from industry experts, government agencies and local government.

# Communications

## Website and portal delivery

In October, the new SPF and BPF websites went live. At the same time we also launched our new member portal MySPF. MySPF offers access to a range of member benefits as well as new chances to engage with our work and share insights.



**Not registered for MySPF?  
Sign up here**

## Traditional media coverage

This year, we have continued to utilise press media to draw attention to key issues to members. Notable coverage includes:

**BBC:** Following the First Minister's confirmation on 28 May of the commencement of Phase 1 in the Scottish Government's return to work route map, the SPF called for government support as the sector prepares to deliver safe working places. Our comments were also included in articles from the, Daily Mail (print), and Scottish Construction Now.

**EG:** After stepping up as SPF Chair in November, Michaela Sullivan penned an exclusive article for Estates Gazette to relate her key issues for the industry this year.

**Property Week:** In March, former SPF Chair Robin Blacklock contributed to an article on Scotland's new planning system after the Planning (Scotland) Act.

## Social media following



↑ **1644** followers on Twitter  
82 new followers in 2020



↑ **521** followers on LinkedIn  
246 new followers in 2020

# Research

Throughout the year, we have been updating members on the latest developments with the devolved land and buildings transaction tax (LBTT), and commercial and residential sales in Scotland. Some of this year's key trends and figures are shown below or you can read our latest reports and updates [here](#). As you can see, the impact of the coronavirus has been felt across the residential and commercial markets, which has also had an impact on Scottish Government income from LBTT.

## LBTT Revenue

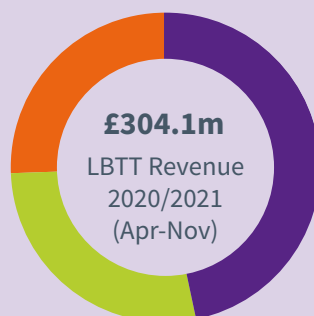
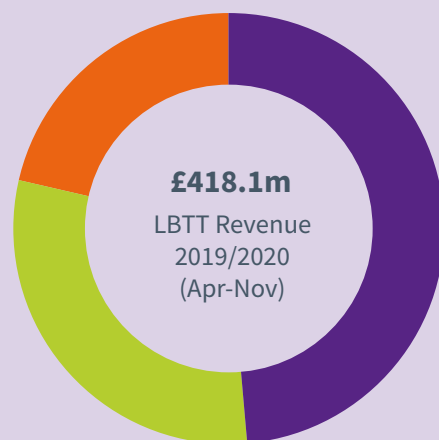
**£113.9m**

Deficit between revenue in 2020/21 (YTD) & 2019/20 (same period)

**£66.4m**

Record monthly LBTT revenue total, which occurred in October 2020 following a bounce in house sales following the easing of restrictions on the market.

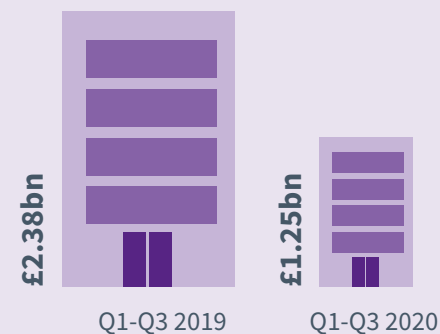
- Residential LBTT
- Non-residential LBTT
- ADS



Source: Revenue Scotland

## Commercial Property Sales

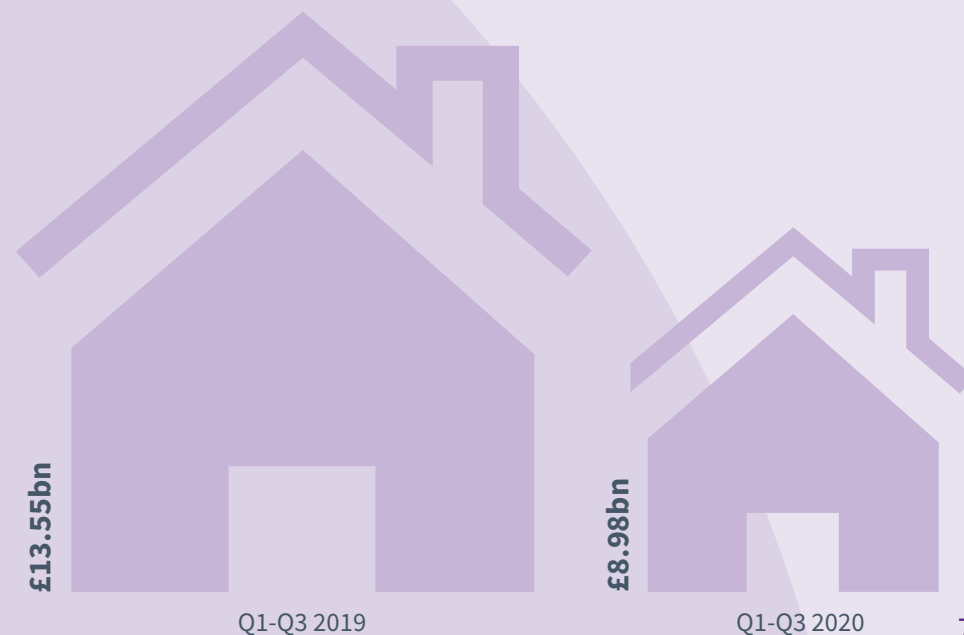
Value of commercial property sales in 2020 (YtD) compared to the same period in 2019



Source: Registers of Scotland

## Residential Property Sales

Value of residential property sales in 2020 (YtD) compared to the same period in 2019



Source: Registers of Scotland



# Looking ahead to 2021 with SPF

As our Chair, Michaela Sullivan says in her introduction to this review, it is clear the sustainability agenda will intensify and be core to most, if not all policies emerging from the UK and Scottish Government as we run up to Glasgow COP26 in November. At the same time the economy needs to rebuild from the worst recession seen in 300 years. Continued support for occupiers, investment in infrastructure and support for sustainable economic development will be key to achieving economic revival, and the real estate sector has a major part to play in this process.

We aim next year to build on the survey we highlight in our Working with You section, to gain your direct feedback on the experience of commercial landlord and tenants during the pandemic. We will take forward further work to build an evidence base of commercial development and investment activities, and your feedback on wider policy issues such as town centre regeneration and delivering sustainable places.

We will take forward your interests with a continued focus on the policies, rather than the politics, of real estate. To name a few examples, public policies affecting residential (Housing 2040), the National Planning Framework 4 and local taxation reforms set to be promoted by the government, or its agencies over the course of the year. It will

be important that the sector demonstrates its breadth of expertise and constructive insight needed to deliver these policy objectives. In all these endeavours we will be keen to highlight the positive contributions of the industry to the economy and society at large. With this ambition, it makes 2021 a key year to redefine real estate.

