

## Programme for Government Key Announcements for the Property Industry

### Introduction

The 2021-22 Programme for Government (PfG) set out the Scottish Government legislative agenda for the next year and beyond. Branded '*A Fairer, Greener Scotland*', this year's PfG contained a number of significant proposals for infrastructure provision, the private rented sector and the decarbonisation of the built environment. The PfG also reaffirmed support for a number of key business rates reliefs and committed the Scottish Government to introducing new legislation on land reform and the natural environment.

The section below highlights a number of key PfG announcements for the property industry, you can also read the full publication [here](#).

### The Constitution

- **Plans for a second independence referendum:** The parliamentary majority for a second Scottish independence referendum was strengthened in the May Holyrood elections, with pro-independence parties securing 72 of the 129 seats. The PfG seeks a second independence referendum before the end of 2023, once Scotland has emerged from the pandemic. The UK Government has reiterated its opposition to a second referendum in this timeframe.

### Taxation

- **Business Growth Accelerator (BGA) and Fresh Start Reliefs to be maintained for the duration of this Parliament:** This commitment should mean that these business rate reliefs will continue until the next election (expected in 2026). BGA provides 100% relief up to 12 months after first occupation of new-builds, and no increases in rates for 12 months after a property improvement; Fresh Start Relief provides 100% relief for 12 months for businesses occupying certain long-term empty properties.
- **100% NDR relief for properties in the retail, leisure, aviation, and hospitality sectors for all of 2021-22:** Announced earlier this year, the PfG reaffirms the Scottish Government's commitment to maintain 100% relief in this financial year for some of the sectors hardest hit by COVID restrictions.
- **Non-Domestic Rates COVID-19 Appeals Bill:** The Scottish Government will introduce a new Bill in 2021-22 that intends to limit the use of material change of circumstances provisions in the non-domestic rates legislation in relation to COVID-19, or COVID-19 restrictions.

- **Current rates and bands for residential LBTT will be maintained for the full parliamentary term:** The PfG sets out that the Scottish Government does not intend to alter the rates or thresholds for LBTT. The First Time Buyer relief will also remain in place, raising the nil rate band to £175,000 for first-time buyers.
- **The LBTT Additional Dwelling Supplement will be reviewed:** As part of this review, the Scottish Government says that it will consider the impact of the tax on homes in remote and rural communities.

## Economy & Infrastructure

- **10-year National Strategy for Economic Transformation to be launched in the autumn:** Work is already underway to develop this strategy through an Advisory Council of business leaders, unions, academics and public sector representatives.
- **Scottish Government to consider options for a new national infrastructure company:** The Scottish Government will start to lay the groundwork for a national infrastructure company, which will seek to ‘manage and develop public assets for the public good’. This will include identifying areas in which the company could bring the most value to Scotland in delivering infrastructure and on a wider set of performance outcomes.

## Housing

- **A new Rented Sector Strategy by the end of the year and legislation for rent controls before the end of this Parliament:** The wide-ranging Rented Sector Strategy was announced before the Scottish Parliament election in May 2021 and now looks to be published by the end of the year. Following the Scottish Government and Scottish Green Party co-operation agreement, the Scottish Government has also committed itself to developing an ‘effective system of rent controls’. It remains to be seen what this will look like in reality or how they will differ from existing Rent Pressure Zones.
- **Delivery of 110,000 affordable homes across Scotland by 2032:** Extending well beyond the timescales of this parliament, the PfG highlights that these homes will be made up of at least 70% in the social rented sector and 10% in remote, rural and island communities.
- **Development of 20-minute neighbourhoods:** Through the development of the fourth National Planning Framework, the PfG recommits the Scottish Government to the development of 20-minute neighbourhoods. There is also a promise of investment in town centres and a new focus on place by improving local services and infrastructure.
- **Creation of an inventory of cladding safety assessments:** The Scottish Government has already started conducting cladding safety assessments in residential buildings. A Cladding Remediation Fund will provide a financial contribution to remediation and/or mitigation measures in buildings identified as being at most risk.

## Net-zero & Sustainability

- **Introduce a Natural Environment Bill:** The Scottish Government will start work on legislative changes and statutory targets to ‘restore and protect’ the natural environment.

- **Invest at least £1.8 billion over this Parliament in decarbonising homes and buildings:** This Parliament is likely to be faced with difficult decisions on how to decarbonise the built environment and who should pay for it. The PfG notes that this funding will contribute to the Scottish Government's aim of converting at least 1 million homes and the equivalent of 50,000 non-domestic buildings to low or zero-emission heating by 2030.
- **Establishment of an Energy Agency focused on energy efficiency and the heat transition:** The Scottish Government's response to the Just Transition Commission, published in the PfG, noted that it will seek to establish an Energy Agency to help meet its climate change targets. It is not clear when the agency is expected to be established or the exact role that it will have in promoting energy efficiency or the decarbonisation of heat.
- **A Heat Networks Delivery Plan will be consulted on and laid in Parliament:** Following the passing of the Heat Networks (Scotland) Act, the Scottish Government intends to lay further regulations to meet its target for district heating supply to reach 6TWh by 2030.
- **Development of regulations to require new buildings where a building warrant is applied for from 2024 to use zero emissions heating:** The Scottish Government has been consulting on a New Built Heat Standard for some time. The Standard would require that heating systems installed in all new buildings consented from 2024 must produce zero direct greenhouse gas emissions at the point of use.
- **At the point of sale, change of tenancy, and refurbishment homes and buildings will be required to meet at least EPC C:** First proposed in the Scottish Government & Green Party co-operation deal, Ministers will consult on new regulations that would require buildings to meet EPC C standards (or equivalent) from 2025 onwards at certain trigger points. The PfG also proposes that all homes will need to be upgraded to this standard by 2033.

## Land Reform

- **Develop and take forward a new Land Reform Bill:** The Scottish Government suggests that this Bill will have measures to 'address the concentration of land ownership in Scotland'. It is expected that there will also be a provision for a public interest test to apply to transfers of 'particularly large-scale landholdings', with a presumption in favour of community buy-out when the test applies.