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SPF VOICE



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Scotland's Push for Passivhaus moves forward

For my first 'Chair's column', I would like to start with a tribute to my predecessor Stephen Lewis at HFD Group who worked tirelessly as your chairperson during a year of fast-moving political change and drama for both the UK and Scotland. It is clear that we now have a growing focus on the UK general election, which may deliver a new government for the UK and possibly a broader set of results in Scotland than we have become used to. But here in Scotland itself the continued SNP-Green government has the better part of three years to run with an intention to reset relations with the business community. In practical terms for real estate the political agenda includes a commitment to rent controls for the PRS, the introduction of building standards to establish zero-carbon buildings, and reforms for both the non-domestic rating and planning systems.

“The need to transform our built environment to make it more sustainable is a challenge that is becoming ever more urgent”

This month we concentrate on the sustainability agenda. The need to transform our built environment to make it more sustainable is a challenge that is becoming ever more urgent. It is also an agenda clearly impacting on our investment

and design markets. This is amply illustrated by the growing polarisation between new Grade A ESG compliant offices and older stock (often not even all that old). Earlier this month we saw the detailed regulations that will regulate for no direct emissions heating systems for new buildings, requiring a warrant from next April. Also, this month we saw the formal launch of the Scottish variant of Passivhaus working group. It is clear that there is now a momentum on the regulatory front that was no doubt delayed by the pandemic and made ever more demanding by the lack of time to meet ambitious climate change targets in the built environment for both Scotland and the wider UK.

I will just end on a vote of thanks to Alan Stark and members of our Sustainability & Design Committee who lead our work in these critical areas of policy and guidance. And if there are members who do not have representation on our Sustainability and Design Committee, please do get in touch with the [SPF team](#) if you would like to get involved.

Cover photo: Melanie Leech, CEO, BPF addressing members and MSPs at the Holyrood Room, Scottish Parliament for SPF's Scottish Parliamentary Reception evening on 6 June, 2023.

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INDUSTRY INSIGHT



SUSTAINABILITY

ALAN STARK

Chair

SPF Sustainability & Building Design Committee

Sustainability agenda hits top gear in journey towards zero carbon

The recent failure of Scotland to meet its climate emissions reduction target for the eighth year in the last twelve (with the pandemic having contributed to meeting targets in 2021 and 2022) puts into focus the progress of Scotland and the wider UK towards legal obligations of achieving net zero by 2045/2050. Indeed, several Scottish local authorities such as Edinburgh and Glasgow have much more ambitious targets of 2030 for their respective localities to achieve net zero carbon emissions.

Achieving these ambitious targets was always going to require a major investment in improving our built environment, both domestically and commercially. Progress towards climate change goals for the built environment has not however moved as quickly as the government would have liked. While there has been significant progress through improvements to the energy standards for new build, it is still the case that gas central heating remains the favoured choice of new build.

But there has been a step change in regulatory expectations. First, the introduction of zero carbon emissions requirements for new build requiring a building warrant on or after 1 April 2024 has recently been introduced to the Scottish Parliament. This will cover both domestic and non-domestic new build. Second, the adoption by the Scottish Government of Alex Rowley MSP's Private Members Bill to introduce a Scottish variant of Passivhaus.

This month, Michael McGurk of Michael Laird Architects joined a government working group to represent SPF that will advise on the approach and crucially, the compliance procedures, for a Scottish variant of Passivhaus. This will impact all new build and is considering non-domestic as well as domestic property uses. This comes hot on the heels of Peter Kerr's (Atelier Ten) work for the industry on the new

energy standard which from April 2024 will rule out direct emissions systems for most new buildings.

Although much of the current engagement is focusing on new build regulation and standards, it has been clear for some time that the major gains to be made in terms of achieving a net zero built environment are in the existing stock. We are also anticipating further progress on energy standards in existing buildings including 'S63' regulations for non-domestic sales or lettings EPC requirements and on energy standards in properties in private rented sector. It is interesting to see therefore that HES (Historic Environment Scotland) calculate a retrofit cost of £6.6bn in the historic residential property sector alone to meet modern energy standards. And we still do not have a clear definition of embedded carbon costs for the purposes of repurposing our stock of older (and some not so old) offices, retail and industrial units.



“The ability to deliver a modern sustainable built environment cannot be divorced from our capacity to deliver net zero.”

The ability to deliver a modern sustainable built environment cannot be divorced from our capacity to deliver net zero. This is not simply a concern over materials and the ability to successfully electrify our heating systems. In some ways the market has moved beyond the regulators in its drive to net zero, with net zero operated offices now premium investment stock and a commensurate loss of investor/occupier appetite for older less 'sustainable' offices. But we need the qualified assessors and compliance bodies to support the zero carbon agenda and to meet market demand. Similar concerns have been raised by some developers relation to securing BREEAM certification. Unless we invest in people, we risk serious constraint on our progress to net zero.

SPF REGIONAL ROUND UP

Dundee

Last week, we held a panel discussion with Dundee City Council. The city has a cohesive and exciting vision for developing as a knowledge economy and upcoming developments like life sciences and virtual film productions. Supporting students and young professionals is a key priority with PBSA and potential BtR schemes in the pipeline, with the aim to revive city centre living and empty property in the city core. Key topics raised included NPF4, non-domestic rates & Passivhaus adoption.

Aberdeen

This month we held a working dinner in Aberdeen with members and key contacts from Aberdeen City Council and the UK Government's Levelling Up team. There was a shared view that the city needs significant investment in transforming away from oil and gas but it was encouraging to hear that with the right investment and backing, Aberdeen could thrive as a innovative renewable's hub. Members also raised issues around the lack of relief for empty listed buildings which is acting as a barrier to much needed investment in the retrofitting of properties.

Fife

Fife takes forward city vision for Dunfermline

'When Dunfermline wins Fife wins, and when Fife wins Dunfermline wins' was the message delivered by Fife's Economic Development Director Gordon Mole in a city conference held in the Pittencrieff Park Glen Pavilion on 27 June. Scotland's eighth city, and ancient capital, is now developing a vision for the growth of the city that will build on its formidable heritage assets and strong connections with the world renowned Carnegie Trust. The aim is to tackle familiar concerns with vacant units in its high street and to improve the attractiveness of Dunfermline as a place for visitors not just to see, but to stay in and enjoy.

SPF DISPATCHES

Scottish Government looks ahead to next housing legislation

Earlier this month, the Scottish Government announced to continue the Cost of Living (Tenant Protection) Act 2022 for a further and final six months. This means that most in-tenancy private rent increases will be capped at 3% with the evictions moratorium to remain in place. There after, it is expected that a bridging mechanism involving a rent adjudication process would be in place for the period between the 31 March 2024 and the new system of rent control to be introduced by the upcoming Housing Bill. SPF is part of the rent control stakeholder group and from the meetings held earlier this month, it is clear the government are starting with Rent Pressure Zones on the statute book but how this will then be adapted for a mandatory system of national rent control with local flexibility remains unknown. Currently, the group is meeting to consider data sources for the PRS and to consider initial government thinking on the scope of a rent control mechanism. It is known that the mechanism will be unveiled in the autumn as part of the new Housing Bill with this part of the Bill to be led by the Tenants' Rights Minister Patrick Harvie MSP.



Scotgov seeks industry's views on new Passivhaus variant

As part of the Scottish government's effort to ramp up its sustainability agenda and improve energy performance in properties, we have been invited to join a new building standards working group which is comprised of key stakeholders in the construction industry. The aim of the group is to help inform and provide advice in developing the next energy standards review which is to include a Scottish variant of Passivhaus to be implemented by December 2024. The move to the new standard will be a significant step towards the decarbonisation of new homes which will be better at retaining heat due to greater insulation requirements and airtightness levels likely to be around 20 times higher than the average new UK build. Reaching the standard will not come without challenges as practical concerns have been raised over the additional costs of materials, supply chain hold-ups and the electrical grid capacity. There is also a real concern over performance assurance and that by 2024 significant efforts will be needed to upskill those who will be certifying the standard or houses risk being built to Passivhaus targets without the proper status. This is a critical piece of policy and legislation which will have far reaching consequences and SPF are committed to reflecting industry's view to ensure practical considerations are accounted for.

Minister commits to Non domestic rates dialogue

The approval of Humza Yousaf as First Minister of Scotland has led to a breakneck review of non domestic rates (NDR) policy, with a number of short, medium and long term issues considered by the New Deal for Business sub group. Key issues raised included aligning the higher poundage rates with England, the approach to hospitality valuations and a recommendation to review support for property improvements. Proposals also included moving to an 18 month gap between revaluation point and tone date, and greater digitalisation of the NDR system. The meetings were chaired by Tom Arthur MSP, Public Finance Minister and Mr Arthur has committed to maintaining the group's work this autumn.

EVENTS RECAP

SPF Parliamentary Reception

We held our Parliamentary reception on 6 June, kindly hosted by Michelle Thomson MSP. On the evening we were joined by the new housing minister Paul McLennan MSP. The evening also marked the change of SPF Chair and Vice chair.



BPF Futures

Barclays Site Visit

BPF Futures members had the opportunity to visit the new Barclays Campus in Glasgow this month. Ron Coghill, Global Capital Project Lead from Barclays and Paul Reilly from Turner and Townsend presented the vision behind the campus design and the regeneration of the city centre area south of the river Clyde. It was a great event that allowed Futures members to get a feel for its state-of-the-art features such as the accessible and inclusive spaces, wellness amenities and sustainability credentials. Many thanks to Barclays for hosting the site visit. It was fantastic to see such a good turnout of BPF Futures members!



SPF ANNUAL DINNER 2023



Join us to

Celebrate the Tenth SPF Annual Dinner

With Baroness Ruth Davidson

Thursday 12 October 2023 | 6.30pm
EICC, Edinburgh

[Book now](#)

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