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SPF VOICE

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Welcome from the new Chair!

Jonathan Guthrie
Robertson Group

A warm welcome to this June/July edition of SPF Voice, my first as your SPF Chair. Much has happened since our last edition!

Just in case you missed it, the UK spending review set out budget priorities for the rest of this UK Parliament. The two governments, in London and Edinburgh, differ in their view of the settlement: UK stating that it provides for greater resources than previously provided; while Scottish Ministers feel it amounts to a less generous offer than other departments. What is clear, is that to invest in the future we need, as we saw debated at the Scotland 2050 conference, we need more collaboration and trust between, and within, the private and public sectors. Collectively, we need to focus on growing and building a resilient economy, investing in our whole workforce and our supply chains. Our sector – you – already work closely with public sector services and leaders of all sorts, attracting the crucial capital required to invest in our built environment. This critical role of our sector is one we will continue to highlight and explain to decision makers, as we move towards the next set of parliamentary elections. Working together, will be a key theme for me to develop over the next 12 months.

Turning to specific issues before us. The outline of the Building Safety Levy (BSL) Bill has been introduced to the Scottish Parliament. We understand that this will not now take effect until 1 April 2027, with

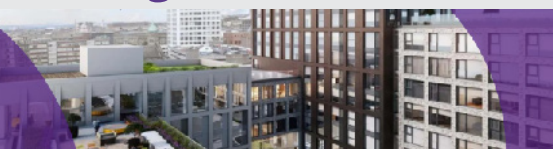
many further areas of detail to be developed. It was helpful to see the Housing Investment Task Force highlight that the BSL should minimise its impact on the pipeline of new supply. There are a range of further factors that need attention: the approach to supporting SME housebuilders; possible brownfield reduction; and how the levy will be set for high density developments with lots of units coming online at once, as in BTR or PBSA. This Bill will be considered over the summer by its lead Committee (Finance). I encourage you to please contact the SPF team with your views. Wider updates on policy issues including sustainability, planning, business rates, the Housing Bill, PBSA and LBTT are provide in our policy bites section.

Finally, a reminder to book your tables and invite your guests for our upcoming SPF annual dinner at the EICC on 2 October. Our guest speaker is Sarah Smith, BBC North America. Sarah covered the Trump campaign and Presidency. I am sure you will agree, Sarah is ideally placed to share her insights on an administration that rarely seems to miss a news slot!

I look forward to supporting the industry in my role over the next 12 months. It feels like there is a growing willingness to collaborate. After all, wherever we work, the economy will have an impact on us. Whether that is a negative or positive impact is something that everyone's actions will influence. Working together will make our sector stronger and better understood. Any thoughts or ideas, please get in touch!

- Jonathan

Featured Industry Insight



by James Blakey

Planning and Engagement Director at
MODA Group

This month's industry insight is by Moda's Planning and Engagement Director, James R. Blakey. Flip to page 2 to read more on James' take on the future of Build to Rent in Scotland.

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Industry Insight



James Blakey

Planning and Engagement Director
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Almost three years ago institutional investment into the Scottish housing market stopped. The spectre of rent control resulted in a handbrake full-stop with dramatic and devastating results. Politicians and officials outside Scotland now reference the Scottish experience as a test bed whenever the ugly topic of rent control raises its head. The Housing Bill (as amended), has reined in the use of rent control so as to not preclude investors. A painful lesson but hopefully one that's now been learnt.

So why feel optimistic?

The journey of the Bill is finally coming to an end with a sense of realism and pragmatism. There's also a sense that the rent control exemption consultation focused on Mid-Market Rent and Build to Rent will lead to an environment where investors will look again at Scotland. It's crucial to recognise that investors can invest wherever they want, and a policy and regulatory environment which encourages investors is vital if planning permissions are to be "implemented", new homes are to be "delivered", sustainable policies are to be "fulfilled" and vibrant places to live, work and play are to be "created". If this environment is

too difficult and too costly, investors will simply go elsewhere.

Whilst Scotland needs to compete for investment just like everyone else, why is it special? Scotland boasts cosmopolitan cities with personality, world leading universities, a plethora of international businesses and innovators, a thriving social and cultural scene, and glorious landscapes. Moda recognises all these pieces of the jigsaw and the opportunity to become a member of the Government's Housing Investment Taskforce enabled our frustration at the Bill and our enthusiasm for Scotland to be combined. What we found was the same frustration and the same enthusiasm amongst the other Taskforce members. The Taskforce report released this month contains a series of practical recommendations and

their endorsement by the First Minister in his recent Programme for Government speech was a significant step.

The key is what happens next. Building investor confidence, unlocking finance and investment, increasing planning resource, addressing elevated build costs plus the availability of contractors and sub-contractors are a few of the headwinds facing the residential sector and the new Cabinet Secretary for Housing. Summer recess is fast approaching and completing the Bill's parliamentary journey and concluding the exemption process hopefully in September/October 2025 will provide a significant boost as landowners, developers and operators look to dust-off sites and re-engage with investors.

The Taskforce recommendations provide a blueprint of actions based on encouraging investment, quality build, recognising the importance of social value and public private partnerships ... put simply, the art of the possible.

Timing is fundamental. Whilst we have a sense that the Bill and the exemption process will prevail, investors, operators and developers remain cautious. Government needs to confidently communicate to all who will listen that Scotland is back with a positive investment environment which is ready for action.

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Policy Bites

Housing (Scotland) Bill Update: Where are we now?

In our **May** edition of Voice, we provided a comprehensive update on the progress of the Housing (Scotland) Bill during Stage 2. The government now enters a busy period of engagement with stakeholders and MSPs over the Summer to address outstanding areas of the Bill such as the application of rent controls to purpose-built student accommodation (PBSA) and the potential for a 28-day notice period for PBSA.

We, and other key stakeholders, expect to meet with the government in July to discuss these matters and welcome the swift steps being taken to provide clarity. Following summer recess, we expect the Bill to progress onto Stage 3 where MSPs can propose further amendments before the Parliament debates the amended Bill as a whole.

A further key update came on 11 June, when the First Minister John Swinney announced a Cabinet reshuffle following the resignation of the Housing Minister Paul McLennan. As part of the change, housing was promoted to a Cabinet Secretary level - a move which signals the growing priority of the issue. Màiri McAllan has now been appointed as Cabinet Secretary for Housing, with her expanded remit covering all housing policy including the Heat in Buildings Bill, and wider building standards issues.

The Housing Investment Taskforce Report Published

The long-awaited Housing Investment Taskforce (HITF) Report was published this month which identifies various mechanisms to unlock residential investment and put housing at the heart of Scotland's critical infrastructure needs.

The taskforce, set up in April 2024, is a government led initiative designed to bring together key stakeholders spanning investors, housing providers, local authorities and academic experts with the collective aim of increasing investment and delivering at-scale housing across Scotland. The report reflects alignment across a diverse range of housing providers and investment partners, supporting a cross-sector approach to addressing Scotland's housing crisis.

The Report identifies key recommendations to promote investment:

- Exempting Build-to-Rent and Mid-Market Rent properties from rent control to encourage investment and create certainty
- Build investor confidence and position Scotland as an attractive investment destination with consistent, long-term policy
- Streamline the planning system to fast-track viable developments
- Promote new delivery partnerships – find new equity models that share the risk and reward
- Affirming housing as critical infrastructure
- Growing the contractor base via economic development agencies to reduce costs and ensure supply

A key focus of the report was the need to explicitly encourage private capital across all tenures, with particular emphasis on exploring the growing role the private sector could have in the supply of affordable housing. The need to consider for-profit delivery models and pension fund involvement – approaches which have traditionally not been favoured in Scotland – is seen as an effective way for public sector pension funds to boost the supply of affordable homes.

Building Safety Levy Update

We are not yet at the end of the Housing Bill but a further legislative measure is facing BtR and PBSA. The Scottish Building Safety Levy (SBSL) Bill applies a tax on all forms of private residential development in order to contribute towards the cost of residential cladding remediation in Scotland.

A similar measure is to be introduced in England from October 2026 while the Scottish levy is due to take effect from 1 April 2027. The Scottish Government expects to raise some £30m per year from the Levy which is to be charged at the point of Building Standards Completion.

The Bill was only introduced on 5 June and needs to complete all of its stages ahead of the dissolution of the Scottish Parliament in late March next year. The lead Committee scrutinising the SBSL is the Finance and Administration Committee who are expected to seek comments over this summer. Key issues raised by members so far include how the levy will be applied to high density developments where completion may involve hundreds of units in a short period of time; the extent of the tax free exemption designed to support smaller developments; the rates and if/how they will vary on a geographical basis; and how the charging methodology will be based in terms of floorspace. Further background to the Bill may be found [here](#) and we would welcome your views.

Heat in Buildings Bill Update

In April, the Acting Minister for Climate Action Alasdair Allan MSP announced the government's recommitment to the Heat in Buildings Bill, following which our Sustainability and Building Design Committee met with officials working on key policies of Heat in Buildings (HiB) Bill, Minimum Energy Efficiency Standards (MEES) for Private Rented Sector (PRS) and EPC Reform.

The HiB Bill will be introduced to the Scottish Parliament by the end of this year with an intention to be passed in this parliamentary term. The Heat in Buildings Bill recommits to the target of aiming for all buildings to transition to clean heat by 2045. The Bill lays emphasis on a technology-neutral approach and reliance on evolving support mechanisms. It will also include provisions to boost heat networks.

The Bill also reintroduces MEES for PRS, building on previous efforts, the government has launched a [new consultation](#) earlier this month. The proposal aims for new tenancies to reach EPC Band C by 2028 or reformed HRR C, and all PRS properties by 2033, while acknowledging the need for flexibility and exemptions for complex buildings.

Energy Performance Certificates (EPCs) are planned to be significantly changed as well with a shift to an emissions-focused rating system to better reflect the behavior-based usage as well as being adept to measure the heat retention more aptly. This includes retaining a "cost rating," reducing validity to 5 years and improving quality assurance. The new EPC Regulations will be laid in the Parliament later this year and the new Regulations will come into force in the second half of 2026 to align with the new UK Home Energy Model.

Additionally, an optional, more detailed Heat and Energy Efficiency Technical Suitability Assessment (HEETSA) is being consulted upon to provide bespoke advice for complex buildings to decarbonise such as tenements and listed buildings. You can find more information [here](#). Both these consultations will close on August 29th, please email us at spf@bpf.org.uk if you have any comments.

Planning Appeals Fees Concerns

The Town and Country Planning (Fees for Appeals) (Scotland) Regulations 2025 ('the Appeal Fees Regulations') and the Town and Country Planning (Fees for Local Reviews) (Scotland) Regulations 2025 ('the Local Review Fees Regulations') introduce new fees for appealing planning decisions and local reviews in Scotland, came into effect from June 9th.

This statutory instrument was introduced via a negative procedure, which becomes a law unless annulled by the Scottish Parliament. In May, the Local Government, Housing and Planning Committee did discuss this, and concerns were raised by Scottish Labour's Mark Griffin MSP and the Scottish Conservative Meghan Gallacher MSP. Despite this none of the MSPs objected and the whole committee ended up nodding through the Regulations.

Scottish Planning Appeals fees are one of a kind in the whole UK, and the whole industry is concerned about inadequate consultation on this (full cost recovery was not mooted last year), the arbitrary 40% fee figure, and the fact that appellants may not be able to recoup the new fees which can go up to £71,000 for major developments, even if their appeal is successful. There is no published cost evidence to justify fee levels. There's also no assurance that the income will be reinvested into planning services.

With no expense mechanism for local reviews, the legitimacy of a Local Review Body awarding expenses against itself is questioned. This move has fuelled further concerns about a disincentive for investment in the Scottish residential sector despite policy priorities on housing and infrastructure. This raises further questions about the rationality of the Scottish Government's approach to encouraging and facilitating new residential investment compared to other fee regimes.

LBTT Reviewed 10 years on from introduction

Scotland's Land and Buildings Transaction tax is ten years old and is now subject to a full blown government review. This review will have several strands involving the commissioning of research on its effectiveness and specific engagement with government and practitioner experts on specifics aspects of the tax.

This review will include a review of the lease duty three year review which SPF has often criticised as being unnecessary, bureaucratic and at £2m net revenue over nine years or more of operation, simply uneconomic.

Wider issues are also to be considered. Multiple dwellings relief and the link to six or more linked transactions; LBTT on residential property holding companies; impact of the tax on investment among other issues. The broad intention is to consult publicly on the review in autumn and then to make recommendations in February, with the expectation that the incoming Scottish Government will take these recommendations forward.

We are keen to hear your views on these topics!

If you want to discuss or send in your thoughts, please contact us at spf@bpf.org.uk.

SPF Snapshot: Our work at a glance

SPF on the go!

Glasgow Lunch

On 3 June, SPF members and guests met with Glasgow City Council's Divisional Director for Housing. This meeting was kindly hosted by RSM in their Glasgow office. The key discussions were around the ongoing improvements to the public realm and city centre's repopulation strategy with reference to the Council's new report on PBSA and guidance on tall buildings.

Aberdeen Dinner

On 11 June, we held our Aberdeen Regional Dinner with a guest from Aberdeenshire Council updating members on the next local development plan and other work of the council. Issues such as the Energy Levy's impact on employment and economy in the city, retaining skills and talent as well as over-politicisation of policies directly impacting businesses were discussed.

Edinburgh Dinner

Earlier this month we hosted a working dinner with City of Edinburgh Council's CEO, Paul Lawrence. The main discussion was on development viability challenge for both public and private sector. We walked out with a message of greater collaboration required in order to deliver housing schemes and unlock wider development.

This night also marked the change in the SPF's Chair from Stuart Oag of Drum Property Group to Jonathan Guthrie of Robertson Group. Cameron Stott, Head of Scotland at JLL has also now stepped into the role of SPF Vice Chair.

Key Engagements

A round-up of our key engagements and topics we discussed with the Scottish Government and local authority officials this month to support our members in driving a diverse, successful and sustainable real estate industry in Scotland.

1

Trade Association Roundtable

Earlier in June we attended a roundtable with other trade bodies at the Scottish Parliament organised by the Scottish Retail Consortium. We met with the Scottish Conservative's Shadow Finance Spokesperson Craig Hoy MSP. He is also a member of the Scottish Parliament's Finance and Administration Committee leading on Building Safety Levy (Scotland) Bill. We discussed issues impacting the Scottish economy and our industry.

2

SPF Sustainability Committee met with officials working on Heat in Buildings Bill

The SPF's Sustainability and Building Design Committee met with officials from the Scottish Government's Heat in Buildings, PRS MEES and EPC Reform team. The meeting was kindly hosted by MLA in their Edinburgh office. Our committee members heard updates on these key policies. The planned timeline for these reforms is below:

- **Late 2025** - EPC regulations laid in the Parliament
- **Early 2026** - PRS MEES regulations laid
- **Late 2026** - New reformed EPCs in force (dependent on UKG HEM)
- **2028** - PRS MEES Regulations in force (applying to properties being let to a new tenant)
- **2033** - Backstop date (all PRS homes to meet EPC HRR C)

3

PRS Stakeholder meeting

On 5 June, the SPF joined with the Scottish Government PRS Stakeholder Group to meet with officials leading on the Housing (Scotland) Bill. They provided updates after the conclusion of stage 2 of the Bill and an oversight of the current consultation on exemptions from rent controls, that closes on

4

SPF Residential Committee met with officials from the Government's Housing Directorate

On 12 June, our Residential Investment and Management committee met with key officials from the Housing Directorate working the Housing (Scotland) Bill. The meeting was timely to help members understand the way forward after the Ministerial reshuffle. On this point the officials updated us on potential engagements over the summer on PBSA front and wider housing investment issues.



5

SPF at Scottish Conservative Party Conference

On Friday the 13th of June, we attended the Scottish Conservative Party Conference at the Murrayfield Stadium in Edinburgh. Our Policy committee member Robin Blacklock of Dowbrae and More Homes More Quickly represented SPF at a panel session on tackling the housing emergency. He shared the panel with Conservative MSP Graham Simpson, Fiona Kell from Homes for Scotland, Cllr Andrew Morrison of East Renfrewshire Council. The panel was chaired by Meghan Gallacher MSP and discussed a wide range of issues faced by the housing industry.

6

Scotland 2050 : Re-imagining Scotland's Potential

On 17 June, we supported the Scotland 2050 Conference that took place in Assembly Rooms attended by over 200 delegates from the industry, public sector and civil society. The conference was headlined by keynotes from Scottish Liberal Democrat Leader Alex Cole-Hamilton MSP, First Minister, Rt Hon John Swinney MSP, Scottish Labour Leader Anas Sarwar MSP, DFM Kate Forbes MSP and Cherie Blair KC and other prominent public figures. Our Senior Policy Officer, Josie Slater joined by BPF Futures' Emily Hughes of CBRE represented the view of Gen Z and Millennials on a panel discussing inter-generational fairness.

7

NDR Sub-Group meeting

On 18 June, we attended the Non Domestic Rates Sub Group meeting chaired by the Public Finance Minister Ivan McKee MSP. The key discussion topic included rates relief for retail and leisure. There were concerns expressed over the review of valuation methodology which is not due to take effect until April 2029.

8

Meeting with Fife Council Planning Team

Earlier this week, SPF and members met with representatives from the Fife Council Planning Team. They informed us of the new local development plan that is due to go to gatecheck process this week. They will be looking for industry's views on the call for sites and the call for ideas.

SPF Annual Dinner 2025



After Dinner Speaker:
Sarah Smith
BBC News, North America
Editor

Official Charity Partner



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