

## CONTENTS

Industry Insight	P2
SPF Policy Bites	P3
• Purpose Built Student Accommodation (PBSA) Update	
• LBTT Review Update	
SPF Snapshot: Round Up of our Work	P4-5

# SPF VOICE

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Jonathan Guthrie  
Director, Robertson Group

## Featured Industry Insight:

Scottish Building Safety Levy: The Clock is Ticking

Richard Rennie  
Partner, Burness Paull



## A warm welcome to this August edition of SPF Voice.

The last couple of months have been a busy and important period for our sector, as we continue our engagement with the new Cabinet Secretary for Housing, Mairi McAllan, and colleagues across the political spectrum. These conversations are vital in demonstrating the positive role our industry plays right across the built environment – delivering workplaces, homes, retail, and leisure spaces – as well as supporting thousands of jobs and attracting investment. They also allow us to be frank about the challenges we face in sustaining that contribution.

A central focus remains the Housing (Scotland) Bill. The SPF has consistently argued for a balanced rent control framework – one that safeguards tenants while giving investors the certainty needed to deliver new supply. The recent consultation on exemptions, which closed in July, offers an encouraging platform for that balance. We have also sought clarity for the purpose-built student accommodation (PBSA) sector, which was unexpectedly drawn into the Bill in May. It is clear that there is no political will to include this sector in rent control legislation, and there is welcome progress towards a more workable approach on notice periods – a vital step if Scotland is to remain competitive in attracting the student housing investment our cities urgently need.

Our policy teams have also been engaged in shaping the LBTT review, working with Revenue Scotland and government to highlight how a fairer and more flexible system could unlock mobility and support growth. On the Building Safety Levy, we continue to argue for a proportionate approach that safeguards residents while

ensuring viability for new development, particularly for high-density housing models such as BTR and PBSA.

As ever, this work is driven by the strength and expertise of our membership. Our committees remain active across planning, tax, sustainability, residential and commercial real estate, and in the coming weeks we will also be hosting regional events across Scotland. These will be an opportunity to hear directly from members and key decision makers about local priorities and to ensure the SPF voice is heard in every part of the country.

And finally, I am delighted to remind members that our Annual Dinner will take place on 2 October at the EICC, with broadcaster Sarah Smith as our guest speaker. This is always a highlight of the calendar and demand has been very strong – at the time of writing there are only three tables remaining. I would encourage anyone who has not yet booked to do so without delay.

I look forward to working with you all as we continue to engage constructively with policymakers, support investment across our industry, and ensure that Scotland has the homes and places it needs for the future.

With best wishes,

Jonathan

## SCOTTISH PROPERTY FEDERATION TEAM

Robin Blacklock  
SPF Intermim Director  
[rblacklock@bpf.org.uk](mailto:rblacklock@bpf.org.uk)

Anamika Dwivedi  
Senior Policy Officer  
[adwivedi@bpf.org.uk](mailto:adwivedi@bpf.org.uk)

Josie Sclater  
Senior Policy Officer  
[jsclater@bpf.org.uk](mailto:jsclater@bpf.org.uk)

1 Lochrin Square  
92-94 Fountainbridge,  
Edinburgh  
EH3 9QA

[spf@bpf.org.uk](http://spf@bpf.org.uk)  
T: 0131 220 6353





Richard Rennie  
Partner at Burness Paull



## Industry Insight

### Scottish Building Safety Levy: The Clock is Ticking

The Scottish Government's consultation on its proposed Scottish Building Safety Levy (SBSL) closed for comments on 15 August.

As a reminder, the Scottish Government is hoping to raise up to £30m annually to complement public sector funding to support the Cladding Remediation Programme (which was estimated in June 2025 to cost £1.5-£3.1bn). The bill to introduce the levy was published on 5 June 2025.

The BTR (and PBSA) sectors can deliver a large number of homes, relatively quickly, and relieve pressure for housing elsewhere. At the same time, SMEs play an important role in delivery of housing in Scotland, particularly outwith the big cities and in rural areas, and the SPF has called for this to be recognised by way of exemptions to the new SBSL. Ironically, there is a risk that SMEs on the wrong side of the threshold may cut back so as to avoid the SBSL, meaning fewer houses being delivered.

As well as supporting BTR, PBSA and SMEs, it would be helpful if the SBSL reflected the particular challenges for affordable housing. Currently the proposed exemption for affordable housing only covers publicly funded housing – which ignores privately developed affordable housing (including mid-market and discounted market rent) which is delivering vitally important housing across the country. If the country wants more affordable housing, the SBSL needs to reflect the part that both private and public sectors have to play in delivering that.

The impact of the SBSL on housing supply, the burden on the BTR sector, and a call for SMEs and all forms of affordable housing to be exempt were key themes in the Scottish Property Federation's response to the consultation. Hopefully, the Scottish Government is listening.

For those developers who are not able to escape the clutches of the SBSL, it is important that they start planning for it now – so that for any options or contracts currently being negotiated, any abnormal definition should encompass sums payable under the SBSL. This will also have implications in any overage calculations after April 2027. We expect the Scottish Government to publish indicative figures in October this year, which will give developers some visibility on how much the SBSL will cost them.

It is proposed that the SBSL will apply to all forms of new residential development from 1 April 2027. The levy is likely to be based on floor areas but with the rates being set to reflect local variations (but with ongoing consultation on things like communal areas). It will be due at the point a completion certificate or temporary occupation permission is granted by the applicant – so will generally be the responsibility of the developer who will own the property at that point.

The Scottish Government officially declared a national housing emergency last year. If the old adage is right – “if you want less of something, tax it” – the introduction of the SBSL may stymie housing supply at a time when housebuilding needs to be ramped up. It will stick in the throat of developers being tarred with a wide brush, with no linkage between those who will be subject to the SBSL and those responsible for defective cladding. The SPF has made that point in its [consultation response](#) – rightly classifying the new levy as a tax on all new residential development, as opposed to a targeted measure specifically aimed at those responsible for dangerous cladding on existing buildings.

In addition to all other forms of taxation and costs facing developers seeking to deliver housing – including increased LBTT payments, Section 75 contributions and

measures to improve energy efficiency and the drive to net zero – the SBSL is going to hit some sectors particularly hard. Build to rent (BTR) has struggled to gain traction in Scotland compared to many successes in England. It is estimated that Scotland has delivered just 4,000 new BTR homes in the last 12 years, whereas the equivalent number in England is 130,000. Despite a more favourable stamp duty (LBTT) position in Scotland, planning difficulties and uncertainty around the Housing Bill have had an impact. Given that there is no immediate sales revenue for BTR developers, the SBSL is not going to help BTR development gain momentum despite the many benefits the sector could offer in the form of more homes and consumer choice.

The purpose-built student accommodation (PBSA) sector has not suffered the same headwinds, but still faces the same issues of meeting the new levy when there are no capital receipts coming in.

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# SPF Policy Bites

## Update on LBTT Review

Land and Buildings Transaction Tax (LBTT) remains a central focus of SPF's policy work, with two active strands of engagement.

The Scottish Government has launched a consultation on how LBTT applies to Property Authorised Investment Funds (PAIFs), Co-Ownership Authorised Contractual Schemes and the new Reserved Investor Funds (RIFs). At present, transfers of units within these funds may attract LBTT in Scotland, unlike in the wider UK regime. This has discouraged the inclusion of Scottish assets. Also the SPF has consistently argued that LBTT treatment should align with the rest of the UK to avoid

competitive disadvantage. The consultation is a welcome step, but key differences remain – notably the proposal to treat funds as 'exempt' rather than fully 'out of scope' as under SDLT. We encourage members to review and respond.

The SPF is representing members in the LBTT Review Strand 2 Working Group, convened by the Scottish Government and Revenue Scotland. Our priority is the three-year commercial lease duty review, which we continue to argue is burdensome and unnecessary for a one-off transaction tax. Alongside this, the review is also examining wider areas of LBTT including multiple

dwellings relief, first-time buyer relief and mixed-use transactions, with recommendations expected by February 2026.

### Have your say!

Land and Buildings Transaction Tax - property investment funds:

**consultation**

Closes 5 September

Send your views: [spf@bpf.org.uk](mailto:spf@bpf.org.uk)



## Purpose Built Student Accommodation Update

After our last update, work around Purpose-Built Student Accommodation (PBSA) in the Housing (Scotland) Bill has gathered pace. The SPF has met with the new Cabinet Secretary for Housing, Mairi McAllan, and attended a couple of PBSA Review Group meetings during this period, concerning the amendment that were introduced at Stage 2 to extend rent control provisions to student tenancies. We have been reassured of the intent to remove this amendment from the Bill at Stage 3, with cross-party support.

In addition, a provision permitting student tenants to quit their lease agreements with 28 days' notice will be introduced at Stage 3, which we expect to begin by the end of September – subject to Parliamentary business. This will be limited to specific

circumstances, and there will be a new consultation to seek views on which events may permit a student to end a tenancy early. These circumstances will draw on existing industry best practices such as: family bereavement; change of institution; or mental/physical health conditions preventing continuation of studies. The industry is broadly supportive of this, and our PBSA Working Group members have shared feedback to help fine-tune the details of the proposal.

Meanwhile, in the Capital, the City of Edinburgh Council passed a motion to pause new planning proposals for PBSA. This was lodged by SNP Councillor Danny Aston, citing a decrease in PBSA demand due to the financial challenges currently facing the higher education sector. Conservative

Councillor Joanna Mowat argued the motion was "premature" and lacked supporting data. She suggested waiting until the Local Development Plan is completed, with a report currently being prepared by the LDP team. The motion is being considered in the context of the adopted City Plan 2030, National Planning Framework 4, and ongoing research for Edinburgh's forthcoming Local Development Plan – City Plan 2040 – which will outline options for a possible moratorium on new PBSA developments. This issue will be discussed further at the next Council Planning Committee on 10 September.



# SPF Snapshot

A round-up of our key engagements, events and policy work to support our members in driving a diverse, successful and sustainable real estate industry in Scotland.



## SPF meets Scottish Lib Dems

Our Policy Committee met with Leader of the Scottish Liberal Democrat Party, Alex Cole-Hamilton MSP this month. This was a valuable opportunity to engage with the Party ahead of the fast-approaching 2026 Scottish elections and publication of their manifesto. We relayed three important messages to Mr Cole-Hamilton. The first was regarding the ongoing impact of the Housing (Scotland) Bill in deterring investment in Scottish BTR. Secondly, we reinforced the strong economic contribution the industry makes in terms of GDP, jobs and social wellbeing. Finally, we emphasised the importance of a collaborative approach between government and industry to unlock much-needed investment and deliver sustainable growth.



## SPF meets Dundee Council

This month we met with Dundee City Council representative which was kindly hosted by the council in the City Square. The meeting was a good opportunity to discuss the local market alongside key opportunities for the city. Dundee's population has recently reached 150,000 with a strong ambition to achieve further growth, particularly in the city centre and waterfront. Opportunities in retail, mixed-use and PBSA are progressing well, and there is potential for regeneration of historic buildings supported by new investment. Dundee's universities, research base and globally recognised gaming sector continue to strengthen the city's appeal. Upgrading tenement stock in terms of energy efficiency and overcoming viability challenges however remain.

## Planning and Development

Our Planning and Development Committee met on 26 August, kindly hosted by Pinsent Masons in Glasgow. The main discussion focused on the reform of Planning Obligations guidance. Following the decision to pause work on the Infrastructure Levy, the Scottish Government is instead utilising existing tools, such as Circular 3/2012, and modernising them.

Committee members noted that officials have taken on board and incorporated feedback from our previous meetings in this consultation paper. This relates to how developer contribution policies will be included in the new-style Local Development Plans (LDPs), consideration of cumulative impacts of contributions, assessments of development viability, and the justifications for the level of contributions.

## Recent Committee Meetings

### Commercial Real Estate

CMS kindly hosted our Commercial Real Estate Committee in their Glasgow office where we met Scottish Government officials working on the Leases (Automatic Continuation etc) (Scotland) Bill as part of their Stage 1 evidence gathering. This followed our Committee Chair Alan Cook's evidence to the Scottish Parliament in May, and the meeting was another good opportunity for members to engage directly in the process and share views on issues such as Tacit Relocation, notice requirements, sanctions, and transitional provisions.

### Sustainability and Building Design

On 20 August, our Sustainability & Building Design Committee met to discuss the ongoing consultation on PRS Minimum Energy Efficiency Standards and HEETSA. The meeting was kindly hosted by Hollis at their Glasgow office. The proposals are outlined in the 'Recently Submitted Consultation' section below.

Members raised concerns about the knock-on effects of these blanket proposals to bring all PRS properties up to EPC C standard. For the general public, there is limited accessible information, the upgrades are costly, and the measures could drive landlords out of the market, reducing the supply of rental housing.

# Recently Submitted Consultations



## Scottish Building Safety Levy

This consultation invited views from key stakeholders on various aspects of the Levy, including its impacts on the market, the potential for unintended consequences, the types of exemptions, and the penalty regime.

Whilst we support broader measures to improve building safety, we made it clear that the Levy is being introduced at a time when development viability is already significantly challenged, and the BTR sector has faced considerable disruption due to recent policy changes. We also urged the government to expand the scope of the affordable housing definition to include affordable housing delivered by private capital. Read our response [here](#).

## Rent Controls Exemption Consultation

The government consulted on the potential for certain exemptions from rent controls and increases above the rent cap for MMR, BTR and for where landlords have made major property improvements or where rents have been significantly below market rent.

There is a strong need to incentivise these housing models as they have significant potential to rapidly deliver high-quality, rental homes across a range of styles and affordability levels. Like our response to the Building Safety levy, we also urged the government to broaden the criteria to exempt affordable housing that is increasingly being delivered by the private capital. Read our response [here](#).

## Private Rented Sector: MEES & HEETSA

This month we submitted our response to the Private Rented Sector Minimum Energy Efficiency Standard

(MEES) Consultation and the Heat Energy Efficiency Technical Suitability Assessment (HEETSA). The Heat in Buildings Bill proposes that PRS properties must achieve a minimum Energy Performance Certificate (EPC) rating of C before they can be let to a new tenant by 2028, and that all PRS properties must meet this standard by 2033, regardless of changes in tenancy.

In our response, we highlighted the capacity, feasibility and technical challenges of meeting this target within as little as two years for new tenancies. We have also highlighted that - without having full clarity on the reformed EPC framework, which is yet to be laid before Parliament, it is difficult to assess the true impact or understand how properties will be affected.

You can read our full response [here](#).

## BPF Futures Recent Events



### BPF Futures Net Run & Breakfast



We held our first BPF Futures Net Run in Edinburgh, with a couple of laps around the meadows followed by a tatty breakfast at Loudons.

Kindly sponsored by



We held a summer networking event at the Social Hub in Glasgow. It was a great opportunity to experience the new mixed-use development, a significant regeneration project in the heart of the Merchant City.

Kindly sponsored by



### BPF Futures Summer Networking at the Social Hub



# SPF Annual Dinner 2025



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

Official Charity Partner



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