



Scottish Parliament 2021 Election

RICS manifesto

The new normal: renew, repurpose, regenerate

Introduction

This Scottish parliamentary election comes following unique circumstances since 2016. **The UK has left the European Union, a climate emergency has been declared and the COVID-19 global pandemic has impacted everyone's lives in ways no one foresaw.**

The challenges facing the next Scottish government will have significant implications for the built and natural environments, and by association the economic, social and environmental wellbeing of Scotland.

Chartered surveyors will play a pivotal role in tackling some of the most prominent domestic issues in Scotland, including the lack of adequate housing, renewing our high streets, creating a 21st-century infrastructure network and addressing the challenges of climate change.

As we look towards a green recovery from the COVID-19 pandemic and to build back better, RICS members are uniquely placed to provide the leadership and expertise to guide decision makers forward.

Representing thousands of Scottish professionals in the land, property, infrastructure and construction sectors, everything RICS does is designed to effect positive change in the built and natural environments.

The COVID-19 pandemic continues to present challenges many of us have never witnessed before. However, the pandemic triggered a new appreciation for the important role homes and communities have in our lives.

Businesses are adapting to working in a more flexible and agile manner, and opportunities have arisen to refocus and prioritise the economic, political and social agenda.

The next Scottish government needs to provide a holistic approach to support for the built environment over the coming years if we are to truly address the challenges facing future generations in Scotland.

This includes leading the way in adopting international standards to deliver on public sector confidence, including cost management, driving forward innovative policies to create sufficient green homes and committing to reform in areas including taxation and procurement.

The next Scottish government must prioritise fiscal and political investment in the built environment if we are to create safe, sustainable communities that are fit for meeting both short-term and long-term challenges.

Building on our industry expertise, we have prioritised where the next Scottish government should invest in the built environment. This includes:

- creating low-cost, low-carbon, safe homes across all tenures
- committing to retrofitting, repurposing and renewing high streets to meet the challenges of a post-COVID, sustainably focused Scotland

- embracing modern technologies in construction to create a housing and infrastructure system fit for future needs
- investing in training, devolution and upskilling to create a world-leading workforce.

Through the challenges of recent years come new opportunities.

Decisions made by the next Scottish government will have an impact on generations to come.

Scotland is in a unique position, where prioritising the built environment will integrate economic growth with social and environmental wellbeing.

The next government should embrace our recommendations and deliver meaningful change to our built and natural environments. The following sections present these recommendations in more detail.

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Chair, RICS Scotland



Housing supply

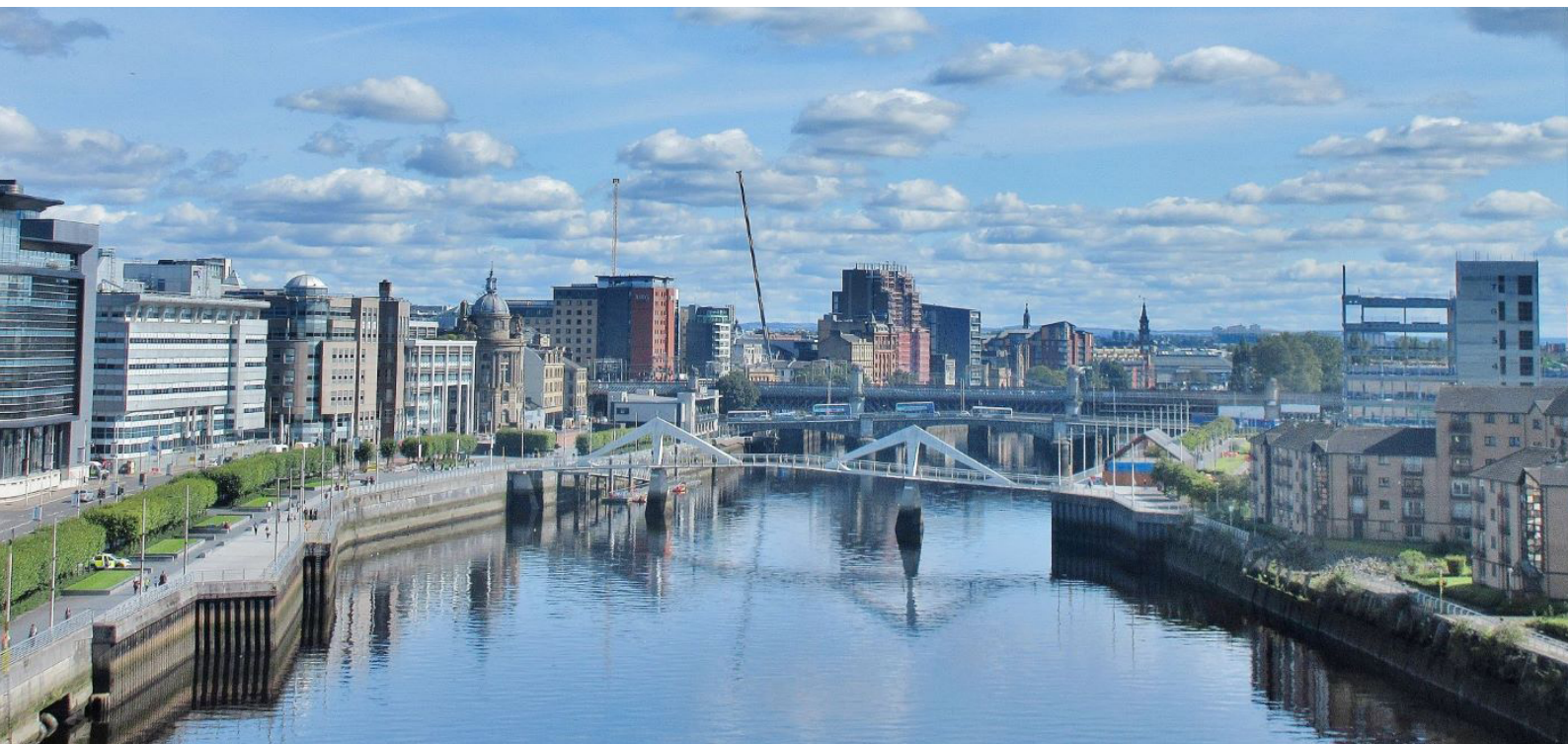
The housing industry will be essential to Scotland's post-COVID economic recovery in the short term, and prosperity over the next five years and beyond.

As Scottish society looks to try to establish a clear picture of what the new normal will look like, the next Scottish government must acknowledge that housing is an intrinsic and connected chain, with all elements having an effect on each other. We have seen prior to COVID-19 how too much focus on one element of the housing sector can negatively impact on other areas, especially when that focus is concentrated on only one tenure.

There are a number of measures that the government can introduce, with relative ease, in the short term that can kickstart activity in housing development. Once we see an uplift in sectoral confidence and output, the government can then review the business case for their continuation.

The global health crisis and subsequent lockdown has changed the way we interact with where we live. This may result in people reassessing how adequately their current home meets their needs, especially as we start to look at a new normal that could include more of us working from our homes than ever before. Consumers need the fiscal confidence to make a decision to move home, whether that is to downsize, move from renting to owning or move to a home that better suits the new normal.

During the last parliamentary session, housebuilding began moving beyond arbitrary targets and looked to encapsulate placemaking – and this is commendable. However, access to safe, green, affordable homes continues to be one of the biggest challenges facing the housing sector in Scotland. It is universally accepted that the supply of both social and private housing stock delivers economic and social benefits across the country.



In addition, with 19% of the Scottish population currently over 65 years of age, a proportion that is expected to increase to 25% within the next 25 years, there is also a need to improve the provision of housing for older people. Indeed, older people tend to live in one- or two-person households, yet despite these figures, the majority of new private housing is two-storey detached family housing and the proportion of new single-storey housing has dropped from 14% of new houses in the 1980s to 1–2% now.

The next government needs to embrace a smart house building agenda, embedding modern methods of construction (MMC) into the process, creating homes for life and repurposing existing buildings to become suitable high-quality homes.

Scotland has taken a leadership role by establishing an ambitious, world-leading green homes programme. Contributing up to 15% of all UK greenhouse gas emissions, housing, particularly private ownership, has seen very little green investment to date. There has been a focus in recent years on creating green new homes, but there has not been any significant plan to retrofit and decarbonise the existing housing stock in Scotland – which is a critical element towards achieving net-zero emissions.

Increasing consumer confidence and motivation will be crucial for the next few years as we recover from the COVID-19 pandemic. This includes motivating the market by reviewing residential taxation systems in Scotland to encourage, not penalise, buyer behaviour. Indeed, there needs to be a careful balance between stimulating economic activity and keeping housing affordable. Residents also need to have the confidence that their home is safe. Tragic events in recent years have shown the importance for governments to properly fund fire safety work and building quality standards.

Properly investing fiscal and political capital in the housing market will have a fundamental impact on quality of life in Scotland.

The next government should use the challenges of the past few years to build back better and create sustainable homes and communities.



The next Scottish government should:

- Commit to undertaking a full review of the Land and Building Transaction Tax and Council Tax to ensure they are fit for purpose, and positively change market participants' behaviours. There needs to be a careful balance between stimulating economic activity and keeping housing affordable.
- Actively promote the Rental Income Guarantee Scheme (RIGS), and develop a separate policy and associated guidance for build-to-rent developments as a means to generate interest in this embryonic sector of the market.
- Prioritise fire safety, creating safe homes and environments for people to live in by:
 - being one of the first governments in the world to formally adopt the International Fire Safety Standards and
 - committing to properly funding cladding remediation work for high-rise properties.
- Take forward the pre-election activity surrounding tenement maintenance, recognising the central role that qualified property professionals will play.
- Endorse the impartial RICS Low Carbon Home Consumer Guide to support and encourage homes to become sustainable, regardless of tenure.
- Support pre-application services in local authorities through adequate funding.
- Explore S75 flexibility; specifically, payment levels (viability) and possible staged or staggered payments.
- Establish a Housing Land Agency that will work, in partnership with local authorities and communities, as a delivery agent to identify and facilitate a regular supply of viable land for the development of a wider range of housing types and tenures; that will acquire land, create master plans and gain relevant consents; and that will carry out enabling site infrastructure works to service land for development.
- Significantly increase the Self Build Loan Fund.
- Strengthen the Planning (Scotland) Act 2019 to oblige local authorities to provide serviced plots for persons seeking land for self-build housing.
- Introduce a presumption in favour of MMC for social housing.
- Incentivise an OFM factory on, or with easy access to, the M8
- Undertake a full legislative modernisation programme of compulsory purchase and compensation law that embraces and implements the findings of the Scottish Law Commission's 2016 report, which recognised Scotland's 'out of date' compulsory purchase order system gives rise to considerable difficulties in practice. Compulsory purchase is essential for regeneration, infrastructure and high street renewal.
- Housing Need and Demand Assessments (HNDAs) need to be amended to include single-storey housing, thereby placing greater emphasis on a wider range of housing provision for older people to allow them to move and free up large family housing.

High street renewal

The high street plays a pivotal role in towns and cities in Scotland, as they provide a focal point for residents to meet friends and family, and peruse shops and stalls. Their contribution to commerce and residents has been paramount in supporting local economies and providing a sense of community for generations.

However, due to social and economic transformations in the approaches to retail, coupled with a plethora of damaging changes in quick succession – exacerbated by the COVID-19 pandemic – they need support. Indeed, many businesses are reviewing their need for high street floor space, which may lead to the permanent loss of office space and major retail and hospitality brands.

RICS welcomed this government's attention to town centres, and the Minister for Public Finance's focus on helping resolve some of the recent challenges facing our high streets, including problems with rent and business rate payment. However, there remain some fundamental issues to resolve if we are to secure long-term solutions.

The Non-Domestic Rates (Scotland) Act 2020 brought in some much-needed changes to strengthen our high streets and created a system that works better for both landlords and tenants, as well as reacting to changing economic circumstances and market conditions.

In addition, the Planning (Scotland) Act 2019 brought in a front-led system, but while final touches are ongoing there is a need to strengthen elements of planning that were not sufficiently targeted in the Act's deliberations.

High streets and town centres can lead the way in creating environmentally-friendly communities. After residential property, commercial property is one of the biggest contributors to energy waste and carbon emissions. The next government should undertake an ambitious green revolution for our high streets, incentivising and driving forward major building decarbonisation and retrofit programmes, improving transport infrastructure and creating green, pleasant environments.



The 20-minute neighbourhood is an exciting prospect as it should return a collaborative approach to local placemaking that could be crucial for revitalising our high streets, reducing reliance on pure retail and office-based high streets, and encouraging more input from local communities to deliver first-class offerings, including well-designed new housing, essential local services and in-demand leisure facilities.

Despite significant challenges, there will always be a place for our high streets and town centres in Scotland, and the next government should:

- **As a priority, support businesses facing commercial rent disputes as a result of the COVID-19 pandemic by endorsing the use of the Commercial Rental Independent Evaluation Service, which was created to help landlords and tenants negotiate payments.**
- **Review change of use orders and consider options to simplify commercial-to-residential conversions through the planning system, while ensuring quality and safety is not compromised.**
- **Review the capacity and resources available to the planning system – often cited as some of the major challenges for planning authorities.**
- **Consult with sector operators and ratepayers on issues around revaluation to ensure understanding and transparency.**
- **Adequately fund Scotland's Assessors and look to support future talent entering the profession to ensure acceptable delivery of revaluations.**
- **Revisit available rating reliefs.**
- **Consider the extension of rating reliefs such as Fresh Start and the Business Growth Accelerator, which would help the recovery of the commercial and construction sectors.**



Construction and infrastructure

The construction sector makes a significant contribution to the Scottish economy.

It directly employs 175,000 people, which equates to 10% of the Scottish workforce, with a further 60,000 self-employed construction workers and 10,000 construction apprentices; it contributes £21.5bn to Scotland's GDP, equating to 10% of Scotland's GVA; and for every £1 spent on construction in Scotland, £2.94 is generated in the economy. Furthermore, recent research commissioned by the Construction Industry Covid (CICV) Forum shows that for every £1 spent on maintenance, £1.09 is returned, and 21 full-time jobs are supported.

RICS is a major advocate of a green recovery from COVID-19, putting economic, social and environmental sustainability at the heart of the policymaking process so we can come out of the pandemic stronger.

Construction activity has been vital to Scotland's economic performance during the pandemic, with the industry having adapted to lockdown measures to perform safely and commendably.

There are several major areas in which RICS is calling for reform and investment, including procurement, taxation, training and connectivity – all of which will help create a construction industry fit for the future.

RICS worked in collaboration with industry partners to create the International Construction Measurement Standards (ICMS) – a globally recognised standard to increase transparency, reporting and accuracy, and reduce waste, in public sector procurement for infrastructure schemes.

Having already been proved a valuable asset in public sector infrastructure programmes in England, the next Scottish government should seek to adopt ICMS to improve the whole-life costings of major schemes and public spending.

Reform is needed for taxation in areas such as VAT, which favours the construction of new buildings rather than improving our existing building stock – resulting in a detrimental impact on our environment.

While VAT is not devolved, there are financial incentives the next Scottish government can introduce to stimulate retrofitting for existing buildings.



A recent report, produced by a collaboration between the CICV Forum, Construction Scotland Innovation Centre and Fraser of Allander Institute, demonstrated that through a reduction in VAT, the positive impact from increased demand alone could generate up to £400m in Scottish GVA and support up to 7,500 full-time Scottish jobs.

Training is another significant issue in Scotland. It is widely acknowledged that Scotland has a construction workforce underprepared for the challenges of the future and the ability to embrace new technologies such as MMC. While MMC can make a valid contribution to solving workforce shortages, it is still in its relative infancy in Scotland, and its growth and innovation should be incentivised.

The construction and infrastructure sectors present the next Scottish government with a real opportunity to make Scotland a leading country for sustainable investment and development.

The socioeconomic impact of building back better and focusing on a green recovery during the next parliamentary term will deliver tangible improvements to Scottish communities.

The next Scottish government should:

- **Appoint a dedicated Minister for Construction to provide the focus and support the industry needs.**
- **Commit to improving accuracy, costings and transparency in public sector construction projects by embedding International Construction Measurement Standards 2 (ICMS 2) into public sector procurement processes to ensure accurate capital expenditure calculations, cost-benefit analysis and whole-life costing.**
- **Support industry innovation and modernisation by strengthening its presumption in favour of MMC in public infrastructure schemes.**
- **Introduce a VAT Reimbursement Fund for repair, maintenance and improvement on existing buildings, creating financial parity with residential property new build construction.**
- **Establish a Public Sector Maintenance and Improvement Programme – proposed by the CICV Forum – which will maximise the use of existing stock and install enhancement measures.**
- **Introduce advance payment methods for public sector contracts as a means to reignite and support the supply chain, and kickstart construction.**
- **Ringfence capital investment for national infrastructure priorities, with advance payments offered to projects and programmes that are included in a post-pandemic recovery plan.**
- **Drive a culture of quality in construction that encompasses better monitoring and assessing of performance in the public sector.**



Role for the Scottish National Investment Bank

Many of these recommendations are finance-based. This is because there are sectoral concerns as to whether companies will get financial help quickly enough, post-pandemic, and whether banks will be expensive or will ask for personal securities.

We believe there is a role for the Scottish National Investment Bank to:

- provide guarantees by acting as a longer-term post-pandemic Coronavirus Business Interruption Loan Scheme that will encourage investment in Scotland's revised infrastructure programme
- house the VAT Rebate Funding scheme
- work with the Infrastructure Commission to develop and support post-pandemic recovery projects, and
- provide funding for public interest-led development through the Housing Land Agency.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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