



Request Number **5822862MID**
Report Number **PRR0501822862MID**
Subjects **Two areas of ground together extending to 8.835 acres (3.571 hectares) or thereby shown outlined in dot-dashed red line and shaded dark blue, pink, green and yellow on the plan submitted with this request., Victoria Quay, Edinburgh**

Part 1 Suitability of Submitted Plan and/or Bounding Description for Registration**C. The submitted plan and/or bounding description meets the Keepers requirements for registration**

If the plan submitted is a new plan prepared for use with the deed inducing registration, you should satisfy yourself that the subjects depicted thereon accurately reflect the legal title to the property as narrated in the prior title deeds.

Please be aware there is an issue with the extent as defined in the submitted deed/ plan which would cause rejection at Registration Stage if left unresolved.

Please see Part 3 and/or Part 4 for details.

Part 2 Comparison with the Ordnance Survey (OS) Map**C. The boundaries of the subjects coincide with those on the OS Map.**

The subjects shown on your plan have been tinted pink and blue on the attached extract from the OS map.

The boundaries depicted on your plan are not fully defined on the OS map. This may be as a result of a number of factors:

- No physical feature may exist for the boundaries in question.
- The OS map may not reflect the current position of features as they exist on the ground.
- Boundary features may fall out with the criteria for referencing on the OS map.

Part 3 Exclusive Registered Areas Which Compete with the Subjects**B. The subjects are partly affected by existing exclusive registered Areas**

The area tinted pink has been registered under Cadastral Unit: MID30200.

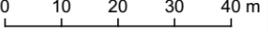
If left unresolved this will cause rejection at First Registration stage

Please consult ScotLIS or contact Customer Services if you require a copy of this Title. customer.services@ros.gov.uk

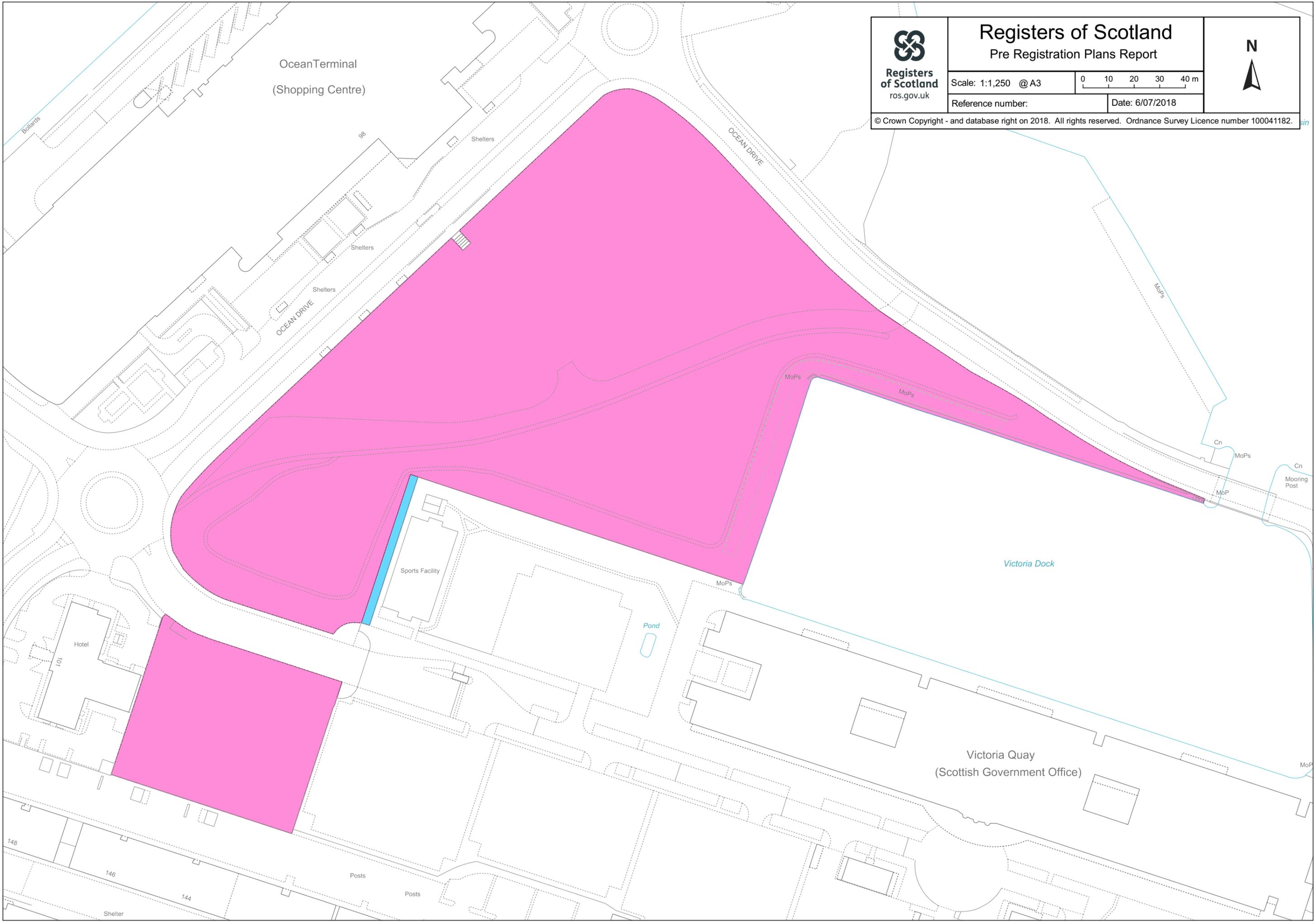
Part 4 Shared Registered Areas Which Affect the Subjects**A. The subjects are not affected by any existing shared registered Areas****Part 5 Additional Registered Interests Which Affect the Subjects****A. No additional registered interests affect the subjects.**

Officer: [REDACTED]

Date: **06 Jul 2018**

 Registers of Scotland ros.gov.uk	Registers of Scotland Pre Registration Plans Report		N 	
	Scale: 1:1,250 @ A3			
	Reference number:	Date: 6/07/2018		

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OceanTerminal
(Shopping Centre)

Victoria Dock

Victoria Quay
(Scottish Government Office)

Sports Facility

Hotel

OCEAN DRIVE

OCEAN DRIVE

Shelters

Shelters

Shelters

OCEAN DRIVE

MoPs

MoPs

Cn

MoPs

MoP

Cn

Mooring Post

MoP

Pond

Posts

Posts

144

146

148

Shelter

Bollards

88

101

MINISTERIAL ENGAGEMENT BRIEFING: DEREK MACKAY

Engagement title	Scottish Government Business Briefing for Scottish Property Federation Policy Committee meeting
Engagement timings	Tuesday 27 August 2019, 17:00-18:30
Organisation	Scottish Property Federation (SPF)
Venue and full address	Pinsent Masons 141 Bothwell Street Glasgow G2 7EQ
MACCS reference	2019/0022830
Background/Purpose (including invitation history)	Following a chance meeting with David Melhuish at Waverley Station, you have been asked to attend the policy committee meeting to discuss the Planning Bill, relevance of Scottish Government efforts to drive Inclusive Growth, and the wider political position regarding the change of Government at UK level.
Relevance to core script	Scottish Government works to drive sustainable and inclusive economic growth, working in partnership with businesses. The Scottish Government is committed to grow Scotland's economy and this meeting will give you an opportunity to drive these key messages to stakeholders.
Meeting attendees	<p><u>Business organisation Chairs:</u></p> <ul style="list-style-type: none"> • Miller Mathieson (Chair) - CBRE - MD Scotland & N Ireland • Robin Blacklock (Vice-Chair) – Dowbrae Property Consultancy - Director • David Melhuish – Director, Scottish Property Federation <p><u>Other attendees:</u></p> <ul style="list-style-type: none"> • [REDACTED] - CALA Homes – Group Land Manager • Andrew Sutherland Miller Developments – Joint MD • [REDACTED] • Mike Buchan JLL (for Alasdair Humphery) – Lead Director, Glasgow • John Hamilton - Winchburgh Developments – CEO • Steve Carroll - Cooper Cromar (for Alan Stark) - Director • Chris Stewart - Chris Stewart Group - CEO • Katherine MacKintosh- Robertson Group – MD, Robertson Property • Paul Curran - Qmile Group – CEO • [REDACTED] • [REDACTED] • [REDACTED] • David Peck- Buccleuch Property – MD • Gavin Wyley - Dandara – MD East Scotland
Supplementary information	<p>Annex A: Agenda & Steering Brief Annex B: Suggested speaking notes Annex C: Invitation to attend SPF Policy Committee meeting Annex D: Economic Policy and Statistics Dashboard Annex E: Supplementary Briefing on Brexit Annex F: Supplementary Briefing on Planning reform Annex G: Supplementary Briefing on Inclusive Growth Development</p>

	<p>Annex H: Supplementary Briefing on Scotland's Economic Performance</p> <p>Annex I: Supplementary Briefing on Global Climate Change Emergency</p> <p>Annex J: Supplementary Briefing on MPIM</p> <p>Annex K: Supplementary Briefing on Non-Domestic Rates</p> <p>Annex L: Supplementary Briefing on UK Government changes</p> <p>Annex M: Biographies and photos of business attendees</p> <p>Annex N: Logistical details, map and Google Street View of venue</p>
Twitter handles	<p><i>Informative meeting with @ScotPropFed and some of its members to discuss how we can work together to support business in Scotland and what steps the @ScotGov is taking to help grow the Scottish Economy.</i></p>
Official support:	<p>John McNairney, Chief Planner, Planning & Architecture</p>

AGENDA & STEERING BRIEF

Timing	Item	Lead	Purpose and steering brief
17:00-17:15	Arrival, light refreshments and informal networking		
17:15-17:20	Welcome & Minutes from previous meeting	Chair	Introduce meeting and covers minutes from previous meeting
17:20-17:30	Policy detail discussion	SDI	Update on MIPIM 2020
17:30-18:00	Policy Detail Discussion – Scotland's Future Economy	Mr Mackay	<p>Please thank David Melhuish (Director, SPF) for inviting you to the meeting to discuss various topics with the overarching aim of growing Scotland's Economy.</p> <p>Topics to be covered:</p> <ul style="list-style-type: none"> • UK Government Changes • Planning Reform <p><i>(See Annex B for suggested speaking notes)</i></p>
18:00-18:25	Report and AOB	Chair	Cover various agenda items and other business.
18:25-18:30	Close	Chair	Will close the meeting and thank everyone for attending.

SUGGESTED SPEAKING NOTES

Political Overview

- As you will be aware the new Prime Minister, Boris Johnson was appointed last month and quickly confirmed his newly formed cabinet.
- In effect, there is now a new UK government.
- Cabinet Secretaries have all sent letters of congratulations to their counterparts setting out some key demands of the new UK Government.
- I am yet to receive a response from Sajid Javid, but I am hoping to form an effective working relationship with him.

MIPIM

- I would just like to say a few words of thanks to the Scottish Property Federation. Not just for all the support they provided in the delivery of a very successful MIPIM at Cannes this year, but for their continued support to deliver on that success by joining us on the Team Scotland journey for MIPIM 2020.
- As you are all aware, the overarching main objective for our presence at MIPIM continues to be building a long term major brand presence for Scotland - it is critical that we have the buy in of private sector to ensure that success and your engagement helps us secure that.

Future of Scotland's Economy

- Sustainable and Inclusive economic growth must benefit everyone and everyone must have the opportunity to contribute to that growth. This involves delivering commitments that will drive growth and equality in tandem.
- We have made significant progress in helping businesses to innovate, people to find employment and to deliver our ambition of sustainable and inclusive economic growth – improving the lives of people in Scotland.
- The Economic Action Plan sets out the actions that will build a strong, vibrant and diverse economy to deliver sustainable inclusive growth, improve wellbeing and attract investment across Scotland.
- The Plan reflects Scotland's Economic Strategy and provides clarity on the range of underlying strategies developed to deliver our collective economic objectives.
- To make sure we are utilising all of Scotland's assets of people and place, we will continue to grow the strength of our collaborative relationships with business and the private sector. This year's Programme for Government will outline how we plan to do this.
- This government is pro-business. I have been engaging with the business community significantly over the last 12 months and want to show we've listened to their ambitions and concerns, maximising the use of the Economic Action Plan to deliver key priorities for Scotland's Economy.

- In terms of affordability, the upcoming Spending Review will outline the direction of navigating the very challenging financial context that we will have to operate within over the next few years and within which we must continue to deliver upon our key commitments and ambition for Scotland.

Brexit

- All of this will be set against the backdrop of a potentially significant economic shock in the form of EU Exit, and we will need to tailor interventions to support an economic adjustment to new trading conditions.
- The Scottish economy has continued its recent pattern of strong performance in 2019, with the unemployment rate falling to near record lows and strong growth in exports and output, despite the short term uncertainty posed by Brexit.
- A wide range of analysis, has shown time and again that leaving the single market and customs union will weaken our economy compared to continuing EU membership.
- The EU is a vital market for Scotland with Scottish exports to the EU worth £14.9bn in 2017 - 46% of Scotland's total international exports. A further 11% of Scotland's international exports, worth £3.6 billion, were to countries with which the EU has a trade agreement. Brexit threatens to disrupt much of this trade through creating additional costs and imposing trade barriers.
- Brexit poses real challenges to the economy and in particular, a No-Deal Brexit remains the most significant downside risk for the performance of the Scottish economy.
- Both the OBR and CBI have recently outlined the risks associated with a No Deal Brexit, with the OBR showing that Brexit has the potential to push the economy into recession and to result in an increase public borrowing.
- Our own analysis, published in February, highlighted these issues and outlined a range of potential 'no deal' scenarios. It showed that a No Deal Brexit could have a significant negative impact on the economy across a range of channels, including trade, investment and productivity - with the potential for a decline in both output and employment.
- So we are clear that a No Deal Brexit must be avoided at all costs.

Planning Reform

- I was delighted to see the Planning Bill reach what I hope you will view as a successful conclusion, just before summer recess, and it is now in place as the Planning (Scotland) Act 2019.
- It is healthy that there has been such strong political interest in our planning system, but there is no doubt that changes made by the committee at Stage 2 threatened to take things in entirely the wrong direction, when we ought to be encouraging investment in the development and infrastructure we all need.
- I am aware of the efforts the SPF, and others, have made in lobbying MSPs and parties to ensure the damage to the Bill was reversed; and I am grateful for that.
- Moving forward, my colleague Kevin Stewart, the Minister for Local Government, Housing and Planning, and his officials are now preparing the next-steps work programme to take our planning reforms towards delivery. That will include some substantial secondary legislation

and supporting guidance to be developed and implemented over the next couple of years following detailed consultation.

- Planning reform must result in a more effective and higher performing planning system. As part of that, Scotland's planning services need to be effectively resourced. We are committed to a future increase in planning fees, but as we have long-maintained, that must be tied in to clear and sustainable improvements to performance.
- One option on which I am particularly keen, is that developers should have an option to choose to pay a higher application fee to ensure planning authorities can dedicate the resource needed to make faster decisions. I stress that is not about preferential treatment; but to ensure a more efficient service to support investment choices.
- We are also now underway with our work on the next National Planning Framework, which the new Act will give an enhanced status as part of the statutory development plan. The preparation of NPF4 will be done through co-production, closely involving planning's stakeholders.
- I am sure the SPF will be keen to stay deeply involved in our ongoing reforms and on the National Planning Framework, and we would welcome you doing so.

INVITATION TO ATTEND SPF POLICY COMMITTEE MEETING



Derek Mackay MSP
Cabinet Secretary for Finance, Economy and Fair Work
The Scottish Government
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30 July 2019

Dear Mr Mackay

Invitation to meet SPF Policy Committee

I write to invite you to meet our Policy Committee on the evening of Tuesday 27 August at a central location in Glasgow (Member's Office). The meeting will commence at 5.00PM and is due to finish no later than 6.30PM. We would be pleased to welcome you at any time during this period.

The main issues we would like to address include the prospects for the Scottish economy and budget, in light of the potential for 'no-deal' exit from the EU and; to consider the performance of development in an inclusive economy. On this latter point we would be particular keen to hear of any further thoughts the Scottish Government may have on improving resourcing for the planning service in tandem with raising performance levels.

Our Policy Committee is chaired by Miller Mathieson, who is the MD for CBRE for Scotland and Northern Ireland and a member of the Team Scotland MIPIM 2020 Steering Group. The meeting is also expected to hear an update on the progress of the Team Scotland Group.

I realise your diary is very pressured, but we would be very grateful if you, or a senior Ministerial colleague, could attend our August meeting of senior members.

Yours sincerely

D. Melhuish

David Melhuish
Director, Scottish Property Federation

[REDACTED]

WE HELP SCOTLAND'S REAL ESTATE INDUSTRY GROW AND THRIVE

To see a full list of our members and find out more about our work, visit our website at www.scottishpropertyfederation.org.uk/spf-membership
Or call us on 0131 220 6303 for a chat

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ECONOMIC AND POLICY STATISTICS DASHBOARD

ECONOMIC STATISTICS DASHBOARD

Gross Domestic Product

- **Latest Quarter:** In 2019 Quarter 1, Scottish GDP grew by 0.6% compared to the previous quarter.
- **Previous Quarter:** In 2018 Quarter 4 Scottish GDP grew by 0.2%.
- UK GDP growth in the latest comparable quarter (2019 Quarter 1) was 0.5%.
- In Q2 2019, UK GDP growth contracted by 0.2%. (Scottish data not yet available).
- In 2018, the **cash value of GDP** in Scotland was £179.5 billion (including offshore oil and gas). This is 8.5% of total UK GDP.
- In 2018, the value of **GDP per head** in Scotland was £32,000 (inc. oil and gas), above the UK average value of £31,900.

Labour Productivity

- **Latest Quarter:** In 2019 Quarter 1, productivity growth in Scotland was 0.4%, following growth of 0.2% in Q4 2018.
- **Latest Year:** In the year up to Q1 2019, productivity in Scotland grew 1.1%, compared to a fall in productivity of 0.2% for the UK as a whole.
- **Longer term:** Between 2007 and 2018 productivity in Scotland has grown at an average annual rate of 1.0% per year, compared to the UK average of 0.2% over that period.

Retail Sales

- **Latest Quarter:** In 2019 Quarter 2, the quantity of retail sales in Scotland increased by 0.9% compared to the previous quarter.
- **Previous Quarter:** In 2019 Quarter 1, retail sales increased by 1.3%.
- Retail sales in Great Britain as a whole increased by 0.7% in 2019 Quarter 2, following an increase of 1.6% in the previous quarter.

Business and Innovation

- **Registered Businesses:** The number of registered businesses in Scotland has grown by 16.6% since 2007 to 176,295 in 2018.
- **FDI Projects:** 94 foreign direct investment projects in Scotland in 2018 – a 19% decrease increase from 2017 (UK decrease of 12.5%). Scotland has maintained its position as the top UK region, outside London, since 2014.
- **Business Enterprise R&D (BERD) spend:** In 2017, BERD spend in Scotland was £1.25 billion – the highest level in the series back to 2001 – and rose 13.9% in real terms on 2016 (UK rose 2.9%).
- **Business R&D jobs:** Businesses employed 13,000 R&D staff in Scotland in 2017 – up from 7,000 R&D staff in 2007.
- **Higher Education R&D (HERD) spend:** In 2017, HERD spend in Scotland increased 2.9% with HERD spend as a share of GDP above the UK. Over the longer term HERD spend has increased 20.2% since 2007 (UK: 17.4%).

Labour Market

- There are 2,685,000 people in **employment** in Scotland. The Scottish employment rate in April to June 2019 was 75.4%, unchanged over the quarter, and remaining lower than the UK rate of 76.1%.
- The **unemployment** rate is 3.6%, up 0.4 over the quarter, however remains below the UK rate of 3.9%.
- For **women**, Scotland has a higher employment rate and lower unemployment rate compared to the UK.

- For **young people (16-24 years)** the employment rate is 59.6%, higher than a year earlier and higher than the UK rate of 54.0%.
- The **youth unemployment rate** is 7.5%, lower than the UK rate of 11.2%.

Exports

- **International Exports of Goods and Services:** In 2017, Scotland's international exports (excluding oil and gas) were worth £32.4 billion. Of this total, £14.9 billion were exports to the EU and £17.6 billion were exports to non-EU countries.
- The USA is Scotland's top international export destination country for goods and services (£5.5 billion).
- **Exports of Goods and Services to the rest of the UK:** In 2017, Scotland's exports to the rest of the UK were worth £48.9 billion. This was a £2.2 billion (4.6%) increase on the previous year.
- **International Exports of Goods:** More recent HMRC regional trade figures showed Scotland's goods exports increased by 12.9% in the year ending March 2019 to £32.8 billion. This was higher than the overall UK rate (3.5%) and the highest of any UK nation. These figures are for goods only but do include exports of oil and gas.

Tourism

- There were 15.3 million overnight visits to Scotland in 2018: a 3 per cent increase on the year before. Over 3.5 million were overseas visitors.
- Expenditure by overnight visitors was almost £5 billion in 2018 [down 6 per cent on the previous year]. Overseas visitors spent £2.2 billion.
- In 2017, spending by overnight tourists and day visitors in Scotland was around £11.3 billion. This generated around £14 billion of economic activity in the wider Scottish economy and contributed around £8 billion to Scottish GDP.
- There are over 14,000 tourism businesses in Scotland (1 in 12 registered businesses).
- Tourism employed 206,000 people in Scotland in 2017: around 8% of the workforce (1 in 12 jobs). Employment has increased by 12% (20,000 jobs) since 2011.

OCEA 22 August 2019

Economic Strategy

- Published in 2015, Scotland's Economic Strategy is still fit for purpose and enables the Scottish Government to respond to the challenges of today.
- The twin pillars of boosting competitiveness whilst tackling inequality remain core to the economic approach.
- The Scottish Government are supporting businesses and continuing to grow Scotland's economy by focusing on investment, internationalisation, innovation and inclusive growth. Across each area, Scotland has made significant achievements:
 - **Investment:** Scotland secured more FDI projects than any other part of the UK outside London.
 - **Internationalisation:** Our annual international goods exports (including oil and gas) have increased by 13% last year.
 - **Innovation:** Business Enterprise Research and Development (BERD) spend in Scotland in 2017 was £1.247 billion, the highest level in the series back to 2001, and up 93.3% in real terms since 2007.
 - **Inclusive growth:** Scotland remains the best performing of all four UK countries with the highest proportion of employees paid the Living Wage or more - at 80.6%.
- However, key economic powers remain reserved to the UK Government, including National Minimum Wage, Employers' National Insurance and borrowing powers.

Inclusive Growth

- Scotland performs well in a number of indicators used to measure inclusive growth:
 - Scotland outperforms the UK on employment (72.5% vs 72.0%), unemployment (2.9% vs 3.6%), and inactivity (25.2% vs 25.3%) for women.
 - Scotland outperforms the UK on employment (58.7% vs 53.30%), unemployment (6.8% vs 10.4%), and inactivity (37.0% vs 40.5%) for young people.
 - Scotland remains the best performing of all four UK countries with the highest proportion of employees paid the Living Wage or more - at 80.6%.
- Despite this strong performance, there are still opportunities for improvement:
 - Income inequality as measured by Gini coefficient and Palma ratio has been fluctuating over the last two decades and appears now to be rising after a lower period in 2012-2015.
 - And the equality act disabled employment rate in Scotland is 45.6% compared with 81.1% for those who are not equality act disabled.
- This is why the Scottish Government is working with partners to address these inequalities and deliver inclusive growth across Scotland's people and places via:
 - The **Tackling Child Poverty Delivery Plan** which sets out the first steps towards achieving the Scottish Government's ambitions of ending child poverty.
 - Increasing **Modern Apprenticeship** opportunities to 30,000 p.a. by 2020.
 - Through the **Scottish Attainment Challenge**, by providing £750 million during the course of this parliamentary term to tackle the poverty related attainment gap.
 - We are delivering 600 hours of funded high-quality early learning and childcare for all 3 and 4 year olds and eligible 2 year olds, and will deliver 1140 hours by August 2020.
 - Reforming our system of enterprise and skills support through the business-led Enterprise and Skills Strategic Board, ensuring that we maximise the return for our £2.4bn p.a. spend in this area. The board published its Strategic Plan on 17 October, setting out 14 actions for the enterprise and skills agencies and 18 recommendations to Government to drive greater productivity and inclusive growth through the E&S system in all parts of Scotland.

Economic Action Plan

- The Economic Action Plan sets out a number of new and existing actions that will work together to build a strong, vibrant and diverse economy that promotes wellbeing and attracts investment.

- There will be a refresh of content over the summer and it will be relaunched in October by Cabinet Secretary for Economy, Finance and Fair Work.
- It is designed to support a competitive business environment, investing in a highly skilled workforce and nurturing the economy of the future.
- We will measure success through the recently refreshed National Performance Framework.
- This plan improves lives for the better across all of Scotland, and to export our solutions, goods and services to the rest of the world.
- The actions in this plan will put Scotland at the forefront in transitioning to a carbon neutral, circular economy.

Enterprise and Skills Strategic Board

- Created in November 2017 in response to the Enterprise and Skills Review. Its objective is to align and co-ordinate the activities of Scotland's enterprise and skills agencies: Scottish Enterprise, Highlands and Islands Enterprise, Skills Development, the Scottish Funding Council and the new South of Scotland Enterprise Agency
- Chaired by Nora Senior, former Chair of Scottish Chambers of Commerce, and former President, UK Chambers of Commerce.
- Currently working with agencies and SG to implement its Strategic Plan, published 17 October 2018 - 14 actions for agencies, 18 recommendations to SG to drive greater productivity and inclusive growth, working with stakeholders including the business community.

Enterprise and Skills Agencies

Scottish Enterprise

- Lord Robert Smith of Kelvin was appointed chair of Scottish Enterprise on 2 August 2019.
- Chief Executive is Steve Dunlop, joined May 2018 from Scottish Canals.
- SE employs around 1400 staff. As a public body SE is subject to Public Sector Pay policy. SE is an accredited living wage employer.
- SE worked with Barclays to support the development of a new campus at Buchanan Wharf in Glasgow. This will provide a state-of-the-art centre for the bank's functions, technology and operations teams. Expected to accommodate up to 2,500 additional jobs, of which more than 300 will be for disadvantaged workers or those with a disability.
- SE's budget allocation for 2019-20 is £244.36m. This comprises of £133.82m resource, £42.04m capital and £68.50m financial transactions.
- The budget is in line with planned expenditure set out in SE's business plan and will allow them to provide practical support and opportunities for businesses growth and invest in support business growth, strengthen communities, support growth sectors and develop regional attractiveness.

Highlands and Islands Enterprise (inc Rural Economy Portfolio)

- Chair is Professor Lorne Crerar. He joined the Board in April 2008 and was appointed Chair in March 2012. His term as Chair is due to end in February 2020.
- Chief Executive is Charlotte Wright, appointed in June 2017. At present, Carroll Buxton is performing the role of interim chief executive and accountable officer.
- Operating across half of Scotland, HIE employs a dispersed workforce of c300 staff from Shetland in the north to Argyll in the south.
- HIE is part-funding the £17.3m UK Vertical Launch (UKVL) project in Sutherland to deliver a UK based vertical launch spaceport. The UK's aim is to have the first spaceport across Europe capable of launching small satellites into polar orbit. Total funding £17.3m includes £2.5m from UK Space Agency (UKSA), £9.8m from HIE.
- HIE's cash budget allocation for 2019-20 is £56.00m. This comprises of £29.50m resource, £25.50m capital and £1.00m financial transactions.
- The budget is in line with planned expenditure set out in HIE's business plan and will allow them to support business growth, strengthen communities, support growth sectors and develop regional attractiveness.

Skills Development Scotland

- Chief Executive is Damien Yeates, who has been CE since SDS' inception in 2008. The new Chair, Frank Mitchell, was appointed on 1 October 2018 for a term of 3 years initially.

- The budget for grant in aid for 2018/19 is £193.297m. 2019-20 Draft budget provides an increase of c£22m to c£215m
- Lead Minister is Minister for Business, Fair Work and Skills, Jamie Hepburn.

Scottish Funding Council (in Education and Skills Portfolio)

- The SFC is the national, strategic body responsible for investing around £1.8 billion each year in teaching and learning provision, research and other activities in Scotland's 26 colleges and 19 universities and higher education institutions.
- The SFC's budget for 2019/20 is £1.839m, an increase of £1.3m from 2018/19.
- Mike Cantlay is the Chair of the SFC Board - his appointment runs from October 2017 to April 2021.
- A Board appointments round for up to 7 new members is currently underway. The advert closed on 15 Jul with interview dates scheduled for w/c 12 Aug and 9 Sept and appointments due to be in place by 4 Nov.
- Karen Watt took up post as SFC CE in January 2019 having previously been SG Director of External Affairs.
- The annual Ministerial Letter of Guidance to the SFC issued on 2 July 2019.
- The SFC published its Strategic Framework 2019-22 on 25 June 2019.

South of Scotland Enterprise - (inc Rural Economy Portfolio)

- The SOSE Bill was passed unanimously on 5 June and received Royal Assent on 12 July. The legislation is high-level and enabling, with SOSE be operational on 1 April 2020.
- The Act provides sets out the strategic aims of SOSE - to further the economic and social development, and improve the amenity and environment, of the South.
- The SOSE Act leads the way in taking forward statutory duties to fair work and is the first time that we have legislated for this. Ministers will expect SOSE to implement Fair Work practices internally and have committed to it becoming an accredited living wage employer.
- Work to deliver the practical arrangements for the new agency is underway. Our aim is that the agency has a presence right across the region and we are working to deliver a 'hub and spoke' approach to location maximise accessibility.
- We put in place the South of Scotland Economic Partnership (SOSEP) in advance of the statutory body, supported by £10m of investment in 18/19. In the 2019/20 budget, £13.3m has been allocated to support the work of SOSEP and delivery of South of Scotland Enterprise.

Key Sectors and Financial Support for Scotland

Financial Services

- Financial services sector in Scotland remains strong. 152,000 (source UK Finance 2019 report) employed across financial and professional services. 2nd largest financial centre in the UK.
- Sector-led strategic plan finalised autumn 2017 supported by Financial Services Advisory Board (FiSAB) to develop and grow Scotland's financial services sector over next 5 years. Industry working closely with government, and skills and enterprise agencies to achieve growth. The next meeting will be held on 19 September 2019.
- Banking and Economy Forum launched, last meeting was held on 28 March 2019. Members were offered individual engagement with SG senior team and meetings were held throughout December 18 to March 2019. Date for next meeting is 4 September 2019.
- FinTech Scotland launched in 2018 to support Scotland's growing FinTech base, with support of government, industry and academic sectors.
- Support for development of ethical and sustainable finance sector with £400k funding agreed to support United Nations Development Programme centre for sustainable development finance in Edinburgh, within the Scottish Government supported Ethical Finance Hub.
- Supporting Global Ethical Finance Festival to be held in Edinburgh in October 2019 through the Ethical Finance Hub.

Scottish Growth Scheme

- We are unlocking up to £500 million of investment for ambitious SMEs to grow and export through the Scottish Growth Scheme, fostering a broader range of growth and export-oriented SMEs.
- As at 31 July 2019, **201 companies** have received **£135m** under the Scottish Growth Scheme.

- The Scottish Growth Scheme is boosting access to finance through a range of funding options **microfinance** (up to £25k); **debt** (£25-100k, and £250k-£2m); **and equity** (up to £2m, and £2m-£10m).
- In addition, Scottish Enterprise now introduced the Scotland wide 'Scottish Loan Scheme' under the Scottish Growth Scheme. Loans are in the range from £250k to £2m (exceptionally up to £5 million), for growth focused SMEs.
- Companies wishing to access this funding should contact the relevant Fund Manager, or Scottish Enterprise direct.

Building Scotland Fund

- The Building Scotland Fund will provide £150 million over three years to support the development of housing across all tenures, modern industrial and commercial property, and business-led R&D projects over three years to 2021.
- We are working with Scottish Enterprise, Highlands and Islands Enterprise, Scottish Funding Council, Scottish Government More Homes Division and the Scottish Futures Trust. The Fund has just completed its first year setting up eligibility criteria, governance and delivery arrangements and has agreed investment of **£94 million** to a range of projects.

Scottish National Investment Bank

- The Bank has the potential to transform Scotland's economy, providing patient and growth capital for business and important infrastructure projects to catalyse private sector investment
- The Bank will be a cornerstone institution in Scotland's financial landscape.
- The Scottish National Investment Bank Bill was introduced to the Scottish Parliament in late February 2019.
- In July 2019 The Scottish Parliament Economy, Energy and Fair Work Committee issued its report on its scrutiny of the Bill
- Members of the Economy, Energy and Fair Work Committee approved the general principles of the SNIB Bill, paving the way for the bank, at its first stage.
- The Bill underpins the establishment and capitalisation of the Bank and places a duty on Scottish Ministers to establish the Bank as a public limited company. Ministers will also be given the power to set the strategic direction of the Bank by the setting of Missions that will address socio-economic challenges.
- The advert for the Chair of the Board of the Bank went live on the Public Appointments website on 12 July.
- The Scottish Government is working with key internal and external partners to define the missions for the Bank.
- The Bank will be investing in businesses and communities across Scotland from 2020.
- The Scottish Government has committed to providing £2 billion over 10 years to capitalise the Bank. This is both ambitious and achievable.
- The Scottish Government is committed to ensuring that the way the Bank operates – its culture, governance, and approach to businesses and individuals – will define it as an ethical, inclusive and trusted institution

Further Education, Higher Education and Apprenticeships

- A record number of students enrolled at Scottish Higher Education Institutions in 2017/18: an increase from last year of 2.1% to 247,110 and a 7.4% increase since 2006/07. There is also record numbers of EU and non-EU international domiciled students.
- There was also a record number of qualifiers from Scottish HEIs in 2017/18, an increase of 2.4% to 76,595 since 2016/17.
- Scotland's Colleges exceeded the government's 116,269 FTE target by 2,415 FTEs in 2017-18.
- The number of enrolments (303,115) and headcount (242,488) to Scotland's colleges increased in 2017/18 on the previous year by 3.9% and 2.9% respectively.
- Scottish Government's 2018/19 target of 28,000 Modern Apprenticeships was exceeded, with 28,191 starts, including 921 Graduate Apprenticeships.
- For 2019/20 the Scottish Government's target for Apprenticeships starts will be 29,000 (including 1,300 Graduate Apprenticeships) progressing towards 30,000 starts by 2020.
- Foundation Apprenticeships (FAs) are run by SDS and provide 'work-based learning opportunities for secondary school pupils making their senior phase subject choices'. FAs were first introduced in

2014 with two initial pathfinder phases (2014-2016 and 2015-2017) followed by three groups of FAs described as Cohort 1 (2016-2018), Cohort 2 (2017-2019) and Cohort 3 (2018-2020). The Scottish Government's ambition is to have 5,000 FA opportunities available for pupils in academic year 2019/20.

- To date there have been 3,122 FA starts spanning the three cohorts. There were 346 FA starts delivered for Cohort 1, 1,244 delivered in Cohort 2 and 1,532 delivered in Cohort 3.

European Structural Funds

- European Social Fund and European Regional Development Fund together worth €872m to Scotland; with match funding brings €1,793m investment.
- European Structural Funds are focused on EU priorities in areas such as employment, innovation, skills, poverty reduction and climate/energy.
- £534m in grant funding awarded to projects so far, representing 68% of the total value of the Scottish Programmes.
- £95.9m of ESF and ERDF grant paid to recipients of funds.

Trade & Investment

- Published on 1 May "[A Trading Nation: a plan for growing Scotland's exports](#)" represents the most comprehensive analysis of Scotland's export performance and market opportunity ever undertaken by the Scottish Government.
- The plan seeks to grow the value of Scotland's exports as a percentage of GDP from 20% – 25% over the next ten years..
- This could increase GDP by approximately £3.5 billion and create 17,500 jobs with an increased tax take of £500mn per annum.
- **We will invest an additional £20m over three years** to deliver the support that will have the greatest impact on export performance and the Scottish economy:
 - invest £2 million over 3 years to intensively support 50 high growth businesses/yr to ramp up overseas activity and create 100 new business to business peer mentorships/yr for new exporters
 - scale up the GlobalScot network, expanding from 600 to 2000 business people in key markets, including doubling to 500 in Europe by 2020.
 - strengthen our network of in-market specialists by adding up to 15 in-market specialists focused on the 15 countries that offer the greatest opportunity for growth.
 - evaluate our trade envoy programme and potentially treble the number of envoys.
 - provide up to £2M over 3 years to the Scottish Chambers of Commerce to develop a programme of specific actions aligned to the Export Growth Plan to support B2B activity focusing on building export capacity and growth.
 - Scotland continues to attract foreign direct investment and has been the UK's leading FDI destination outside London for six of the last seven years.
 - There are over 2,600 foreign-owned companies in Scotland with a combined turnover of around £86 billion and employing 330,000 staff.
 - They account for 1.5 percent of total registered enterprises in Scotland, 17.0 percent of employment and 32.8 percent of turnover. Through our network of International Innovation and Investment Hubs and our global SDI presence we are actively promoting Scotland as an fdi destination with the latest EY Attractiveness Survey reporting a positive perception amongst investors with Scotland's attractiveness rating doubling in a year (from 3.5% to 7%).

Digital Connectivity

- Alongside our partners we have invested over £400 million in the Digital Scotland Superfast Broadband (DSSB) programme to provide fibre broadband access to 95% of premises across Scotland.
- Over 930,000 premises can now access fibre broadband as a direct result of the DSSB programme.
- In 2017, we launched the £600 million procurement for the Reaching 100% (R100) Programme to ensure that every home and business in Scotland could access superfast broadband.
- Procurement is on-going and we expect to award contracts later this year.
- We are investing up to £25 million in the Scottish 4G Infill Programme which will push 4G coverage beyond commercial rollout by deliver future-proofed, 4G infrastructure and services to selected mobile 'not-spots'.

- The programme is currently focusing on the delivery of 45 mast sites, and we expect it to deliver 50-60 sites in total over the course of four years

City Region and Growth Deals

- Scottish Ministers are committed to securing 100% coverage of Scotland with city region and growth deals and we are glad the UK Government has now joined us in sharing that same aim. We have urged the UK Government to clarify how their investment will be divided amongst the devolved nations.
- We have agreed 6 city region deals and two growth deals in Scotland with discussions ongoing with the rest of Scotland.
- There are four deals in delivery: Glasgow, Aberdeen, Inverness and Edinburgh. We've agreed Heads of Terms for Stirling & Clackmannanshire, the Tay Cities, the Ayrshires and the Borderlands.
- Together, these deal commitments add up to £1.463 billion committed from Scottish Government, £2.185 billion regional partner investment and £1.364 billion committed from UK Government over the next 10-20 years. In addition we have recently announced we will invest £32.5 million in the Moray Growth Deal.
- Not only have we invested in the deals, our additional linked investment in these regions brings our overall commitment to over £1.7 billion over the next 10-20 years.
- Scottish Government has exceeded UK Government investment. This will benefit Scotland as a whole, creating thousands of jobs and up-skilling local labour markets.
- Ministers are very clear that they expect deals in Scotland to be 50:50 funded with UK Government.
- Regional Partnerships are key to maximising the impact of deals, and will learn from, and build on, the governance foundations laid by City Region Deals.
- Overall we have allocated a total budget of £192.4m in 2019-20. This reflects an overall increase from 2018-19 of £70.2m with a £65.9m capital increase and £4.3m resource increase following progress in deal delivery and development.
- This includes total UKG city deal investment of £87.8m.

National Manufacturing Institute Scotland

- NMIS will be an industry-led international centre of expertise which will make Scotland a global leader in advanced manufacturing.
- Research, industry and the public sector will work together to transform manufacturing skills, productivity and innovation right across Scotland.
- Funding of £65m for NMIS has been announced - £48m from the Scottish Government and £8m from Strathclyde University, along with £8.9m already announced for the Lightweight Manufacturing Centre (LMC) in June 2017 as a first step towards NMIS. The First Minister formally opened the LMC on 26 June 2019.
- In December 2017 we announced the location (Renfrewshire) and academic partner (University of Strathclyde) for NMIS. It is being delivered through a One Scotland approach with key partners including Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Funding Council, Renfrewshire Council and University of Strathclyde.
- NMIS, along with the Medical Manufacturing Innovation Centre (MMIC) will act as an anchor tenant of the Advanced Manufacturing Innovation District Scotland (AMIDS). This district - the only one of its kind in Scotland - is being developed by Scottish Enterprise and Renfrewshire Council, supported by Scottish Government, to attract advanced manufacturing investment to Renfrewshire and Scotland. A groundbreaking event, attended by Cabinet Secretary for Economy, Finance and Fair Work, will be held at the AMIDS site on 28 August 2019 to mark the start of development work and to showcase the potential of NMIS and MMIC.
- On 29 May we launched the Advancing Manufacturing Challenge Fund (AMCF). This £14 million fund, with scope to increase up to £18 million depending on demand, will utilise European Regional Development funding to enable public bodies, academic organisations and charities to provide regionalised support to help manufacturing SMEs take advantage of new technologies to improve processes and boost productivity. The AMCF will ensure that SMEs are positioned to fully capitalise on opportunities presented by the national resource NMIS represents irrespective of company location, ultimately improving productivity and helping to create sustainable growth.

Life Sciences

- Life sciences is a tremendously important sector for Scotland, in 2016, turnover stood at £5.2 billion and Gross Value Added (GVA) stood at £2.4 billion.¹
- The sector employs almost 40,000 people across 770 organisations.
- Life Sciences jobs are highly productive – with GVA per job twice as high in the Life Sciences sector, compared to the Scottish average. In 2016, Gross Value Added per Job was £93,735 in the Life Sciences sector, compared to £45,360 for Scotland's economy as a whole.²
- In 2017, Life Sciences had the highest BERD spend at £293 million – representing 23.5% of the Scottish total.
- Total exports from the Life Sciences growth sector stood at £1.5 billion in 2017, accounting for 1.9% of Scotland's total exports. Exports from the sector were up 12.0% from their 2016 level.

Economic Policy and Capability Division – 22 August 2019

¹ <https://www2.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors>

² <https://www2.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/Briefings>

SUPPLEMENTARY BRIEFING ON BREXIT

Short and Long Run Implications

- The UK leaving the single market and customs union will significantly weaken our economy compared to continuing EU membership
- Scotland's Place in Europe; People, Jobs and Investment. provides detailed analysis of the Long Run implications - indicating that membership of the European Single Market and Customs Union is the least worst option.
- In the Short Run continued Brexit Uncertainty is already damaging consumer confidence and business investment.
- A No Deal Brexit continues to present the biggest short term risk - with the potential to generate a significant economic shock, which could result in recession.

Top Lines – Scottish Government modelling

- **Short Run** – No Deal 'Disorderly' Brexit - Depending on the scenario, there is the potential for GDP contract by between 2.5%-7% within a year of a no deal Brexit, and for the level of unemployment to increase by as much as 100,000.
- **Long Run** – 'Orderly' Brexit - The analysis in Scotland's Place Europe shows that a hard Brexit could lead to a loss of up to 8.5% of GDP in Scotland by 2030 – equivalent to £2,300 per individual.

Short Run - Macroeconomic Impacts of No Deal 'Disorderly' Brexit

Scottish Government published analysis in February showing stark and significant impacts under a no deal Brexit:

- **GDP:** The potential for GDP to have contracted by between 2.5%-7% within a year of a No Deal Brexit.
- **Unemployment:** could increase from a rate of around 4% at present to 7.9% by mid-2020. This is equivalent to around an additional 100,000 people out of work.
- **Exports:** could fall 10%-20%.

Short Run - No Deal Fiscal Implications - OBR

- The OBR fiscal stress test shows that a no-deal Brexit could push the UK economy into recession and increase public borrowing by £30 billion per annum relative to a smooth orderly Brexit transition.

Short Run – No Deal Economic Implications - CBI

- "the CBI has concluded that many of the consequences of no deal will be felt for years to come acting as a self-inflicted drag on the UK's economy for the next decade and more. The only way to avoid the negative consequences of no deal on jobs and livelihoods is to strike a deal with the EU. "

Even if a No Deal Brexit is avoided, the continued uncertainty on the UK's future trading relationship with the EU is already contributing to a slowdown in investment and a fall in consumer confidence

- Business Investment intentions in Q2 2019 fell to its lowest score since January 2010, with business attributing this to Brexit-related uncertainty (Bank of England, Agents' Summary of Business Conditions)
- The OBR forecast that Brexit uncertainty will cause business investment to fall for a second successive year in 2019 – its weakest performance since the financial crisis.
- Consumer sentiment across both Scotland and the UK is at historically low levels reflecting consumer uncertainty over the economic climate.

Long Term Implications of Brexit - Macroeconomic Analysis – Key Findings

The modelling in Scotland's Place in Europe: People, Jobs and Investment, provided detailed analysis on the macroeconomic implications of Brexit for the Scottish economy indicating that membership of the European Single Market and Customs Union is the least worst option for people, jobs and investment.

- Under a WTO relationship GDP is estimated to be 8.5% lower by 2030 than if we were to remain in the EU - equivalent to £12.7 billion or £2,300 for every person in Scotland.
- Under the option of a free trade agreement, GDP would be 6.1% lower - equivalent to £9 billion or £1600 for every one of us.
- And staying in the single market, compared to full EU membership, would reduce GDP by 2.7% - equivalent to £4 billion or just under £700 per head.

Being outside of the Single Market will also mean missing out on future economic benefits

- Outside the single market we would miss out on the huge benefits of new measures in e.g. services and digital.
- For example completing the single market in services alone is estimated to be worth an additional 2.4% of EU GDP. [A 2.4% boost to Scottish GDP in 2016 would be equivalent to £3.6 billion, or £668 per person].

Single Market is a market of over 500 million people. Membership is vital for trade

- Scotland exported £14.9 billion to EU in 2017 – 46% of total international exports.
- Scotland secured more FDI projects than any part of the UK outside of London in 2017.
- There are more than 1,000 EU owned companies in Scotland employing over 127,000 people
- Around 209,000 EU citizens live in Scotland, bringing new skills and expertise.

SUPPLEMENTARY BRIEFING ON PLANNING REFORM

The **Planning Bill** was passed on 20 June and received Royal Assent in July.

- The Conservatives voted with the Government to pass the Bill; Labour, Green and Lib Dems voted against.
- Stage 2 saw substantial changes, imposing greater burdens and complexity. Stage 3 amendments returned the Bill to its original aims.
- The Scottish Property Federation had been active in lobbying, particularly the Conservatives, to ensure the damage to the Bill was reversed.

The **Review of Planning** commenced in 2015 with the appointment of an independent panel of users of the planning system.

- Key drivers for the review were: deliver more housing; improve experience and influence of communities; effective development planning leading positive change; more proactive management of development; strong leadership coupled with management of skills, resources and performance.

Some stakeholders are in favour of increased planning fees for a tailored or **fast-tracked process for planning applications**. SPF members are open-minded about this.

- The new Act includes provisions which were needed to enable that to happen in practice, by enabling tailored timetabling of decisions.
- We previously consulted on this principle (in 2010). It was not pursued following concerns about public perception of special treatment for some developers, and that the focus should be on improved service for all.

Top Lines

- Scotland's economy needs a planning system that can create quality places with the housing, infrastructure and investment that people need.
- Our planning reforms will strengthen planning's contribution to inclusive economic growth, delivery of the development we need and empowering communities.
- This must lead to a better planning system for all – in how people are engaged and processes are managed; in the standards of decision-making; and in quality of outcomes for our communities.
- We are currently programming the next steps in our substantial reforms of planning, and will publish our programme in September. It will include:
 - A suite of secondary legislation and guidance
 - National Planning Framework 4, incorporating Scottish Planning Policy
 - A review and extension of permitted development rights
 - Promotion of place, including widening use of the Place Standard tool
 - All underpinned by better use of digital solutions.
- Work on NPF4 is now underway. Co-production will be at the heart of the process, and it must link in with wider national policies and strategies.
- We will continue with our approach to strong collaboration that has been a theme throughout the planning reform programme; involving planning stakeholders in the details of the new system. This is everyone's planning system, and we want to hear from all.

The new Act will both streamline the planning system and empower communities in the planning process. Key provisions include:

- An agreed overarching statutory purpose for planning – that planning is about 'development and use of land in the long-term public interest'.
- A stronger National Planning Framework which is approved by the Scottish Parliament after fuller scrutiny.

- A restructured system of development plans, addressing current weaknesses.
- This includes the National Planning Framework alongside councils' local development plans, all to be informed by new regional spatial strategies.
- More opportunities for community engagement, including through community-led local place plans, to inform local development plans.
- Requirements for elected member training, so that those councillors taking planning decisions are well equipped to make decisions in a consistent manner. This is essential to maintaining trust in the planning system.
- Mandatory performance reporting, along with establishment of an Improvement Co-ordinator to be appointed by Ministers to monitor and advise councils, and indeed anyone involved in planning.

There could be real value in enabling developers to voluntarily pay a higher planning application fee for an enhanced, faster and more certain application process and timetable.

- We are currently programming the next steps in the planning reform programme, now that the new Act is in place. This will include changes to the planning fees regulations alongside commencement of the relevant powers in the Act – in which we can implement that fast-tracked option.
- We remain committed to the principle that any increases to planning fees must be linked to improved performance.
- The previous Enterprise Area Planning Protocol and the Planning Application Processing Agreement template provide a useful starting point for developing a procedure and setting out the expectations of applicants, authorities and consultees, to keep the decision-making process on track.

SUPPLEMENTARY BRIEFING ON INCLUSIVE GROWTH

Top Line:

Inclusive Growth is central to Scotland's Economic Strategy, which aims to increase productivity and reduce inequality through fostering innovation, increasing investment and promoting internationalisation.

1. The Scottish Government defines inclusive growth as: “Growth that combines increased prosperity with greater equity; that creates opportunities for all and distributes the dividends of increased prosperity fairly.”

2. Evidence shows that inequality can affect growth in many ways.

- The OECD note one of the main ways income inequality undermines education opportunities for disadvantages individuals, thereby lowering social mobility, hampering skills development and ultimately reducing their productivity and earning potential. 1

3. A deepening body of international evidence supports out inclusive growth approach:

- The OECD estimated that rising income inequality had reduced UK GDP p/c growth by 9 percentage points between 1990-2019 (Angela Gurría, OECD Secretary General, 2015 2).
- The IMF note tackling inequality is not only a social imperative; it is critical for sustaining growth
- The economist Tony Atkinson noted “less inequality is associated with greater macroeconomic stability and more sustainable growth.” 4

4. Scotland performs well in a number of indicators used to measure inclusive growth:

- Scotland outperforms the UK on employment (72.6% vs 72.1%), unemployment (2.9% vs 3.6%), and inactivity (25.2% vs 25.1%) for women.
- Scotland outperforms the UK on employment (59.6% vs 54.0%), unemployment (7.5% vs 11.2%), and inactivity (35.6% vs 39.1%) for young people.
- Scotland remains the best performing of all UK countries with the highest proportion of employees paid the Living Wage or more – at 80.6%.

5. Despite this strong performance, there are still opportunities for improvement:

- Income inequality as measure by the Gini coefficient and Palma ratio has been fluctuating over the last two decades and appears now to be rising after a low period in 2012-2015.
- And the equality act disabled employment rate in Scotland is 45.6% compared with 81.1% for those who are not equality act disabled.

6. This is why the Scottish Government is working with partners to address these inequalities and deliver inclusive growth across Scotland's people and places via:

- The Tackling Child Poverty Deliver Plan which sets out the first steps towards achieving the Scottish Government's ambitions of ending child poverty.
- Increasing Modern Apprenticeship (including Graduate Apprenticeship) new starts to 30,000 by financial year 2020/21.
- The Scottish Attainment Challenge, by providing £750 million during the course of this parliamentary term to tackle the poverty related attainment gap.
- We are delivering 600 hours of funded high-quality early learning childcare for all 3 and 4 year olds and eligible 2 year olds, and Local Authorities have already started phasing in the expanded funded early learning childcare which has a statutory entitlement of 1140 hrs by August 2020.
- Reforming our system of enterprise and skills support through the business-led Enterprise and Skills Strategic Board, ensuring that we maximise the return for our £2.4bn p.a spend in this area. The board published its Strategic Plan on 17 October, setting out 14 actions enterprise and skills agencies and 18 recommendations to Government to drive greater productivity and inclusive growth through the E&S system in all parts of Scotland.

SUPPLEMENTARY BRIEFING ON SCOTLAND'S ECONOMIC PERFORMANCE**Latest economic data shows the strength of Scotland's economy.**

- Scotland's economy is growing, employment is at a near record high, exports are growing faster than anywhere else in the UK and productivity is increasing.
- In Q1 2019, Scotland's economy grew by 0.6%, marginally above the UK (0.5%).
- Scotland's labour market is performing strongly with near record high employment (75.4%) and near record low unemployment (3.6%).
- Over the past year the number of people in employment has risen by 17,000.
- In Q1 2019, Scotland's productivity grew 1.1% compared to 0.2% fall in the UK.
- Since 2007 productivity has grown at an average annual rate of 1.0% per year, compared to the UK average of 0.2% over that period.
- Export data from HMRC shows Scottish exports of goods increased by 12.9% in the year ending March 2019, faster than any other UK nation.
- Business R&D spend in Scotland increased 13.9% in 2017 to reach a record £1.25 billion. In the UK as a whole spend increased by only 2.9%.
- EY Attractiveness Survey shows that Scotland was the top UK region for foreign direct investment projects outside of London in 2018.

Scotland's economy continued to grow at the start of 2019.

- In Q1 2019, Scottish GDP grew 0.6% marginally above the UK (0.5%).
- Growth over the quarter was driven by the Production (2.0%) and Construction (0.4%) sectors, offsetting slower growth in the Service sector (0.2%).
- Our employment rate has strengthened to 75.4% over the past year, remaining close to our record high of 75.9%.
- Our unemployment rate (3.6%) continues to be close to a record low and is below the UK (3.9%).

Independent forecasts signal further growth in Scotland's economy.

- The Scottish Fiscal Commission forecast growth of 0.9% in 2019 while the Fraser of Allander Institute forecast growth of 1.2%.
- Both forecasts expect growth to pick-up from 2020 onwards assuming a smooth Brexit transition.
- The SFC forecast is more cautious than other Scottish forecasts and is lower than the OBR UK forecast, in part due to slower population and productivity growth.

Brexit poses the greatest risk to Scotland's economy.

- The OBR fiscal stress test (18 July) shows that a no-deal Brexit could push the UK economy into recession and increase UK public borrowing by £30 billion per annum relative to a smooth orderly Brexit transition.
- Scottish Government analysis shows a no-deal Brexit could generate a significant economic shock which could push the Scottish economy into recession and for the level of unemployment to increase by as much as 100,000.
- Analysis by the Fraser of Allander Institute also shows that a disorderly no-deal Brexit could push the Scottish economy into recession.
- Scottish Government analysis shows a 'hard-Brexit' threatens to cost our economy £12.7 billion (£2,300 per person) a year by 2030, compared to remaining in the EU.

SUPPLEMENTARY BRIEFING ON GLOBAL CLIMATE EMERGENCY

TOP LINES

- Scotland is a responsible global citizen with a moral obligation to contribute to the challenge of climate change and to influence others to do the same.
- Our ambitious approach will support economic growth by reducing the cost to the Scottish economy of climate change, while maximising opportunities to export our technology innovations and knowledge as other economies make their own transition.
- We have already almost halved emissions since 1990 [down 47% in 2017] while growing the economy, increasing employment and productivity. We will continue in this vein.
- Our transition to net-zero will be just and fair to everyone. No-one will be left behind.
- The Parliament's Environment Committee [18 Jun] voted in favour of a net-zero greenhouse gas emissions target for 2045 and to raise the ambition of the 2030 and 2040 targets to 70% and 90% emissions reductions respectively. Scotland will be carbon-neutral, meaning net-zero CO₂, by 2040 at the latest.
- These targets are ambitious, credible, and responsible and mean Scotland's contribution to climate change will end, definitively, within a generation.
- Achieving net-zero emissions will result in significant benefits to health from better air quality, less noise, more active travel and a shift to healthier diets. Increased energy efficiency will make Scotland's homes more comfortable and help to minimise fuel costs.
- The Committee on Climate Change advise that these targets are a high ambition contribution to the Paris Agreement aims, including limiting warming to 1.5°C.
- Our high ambition will be matched by on-the-ground delivery. Climate change will be at the core of our next Programme for Government, Spending Review and budget.
- We will update the Climate Change Plan and are looking across our responsibilities to make sure we continue with the policies that are working and identify areas where we can go further, faster.
- We have already announced new and ambitious action on deposit return, agriculture and renewables and a change in our policy on Air Departure Tax.
- We are significantly increasing funds available for peatland restoration this year by providing an additional £11M. [up from £3M to a total of £14M].
- The Committee on Climate Change has been explicit that "Scotland cannot deliver net-zero emissions by 2045 through devolved policy alone".
- It is welcome that the UK Government has followed our lead to legislate for a net-zero target. UK-wide policies will need to ramp up significantly, and the Scottish Government has called on the UK Government to act in reserved areas.

SUPPLEMENTARY BRIEFING ON MIPIM

Top Lines

- Scotland at MIPIM shows the success of public and private sector working together, we really welcome the ongoing commitment to this joint working for 2020
- Important that our MIPIM presence takes a step up and shows increased depth and maturity in how Scotland approaches the investor market
- SPF can bring both expertise and insight, and a range of contacts for all of Scotland, and that role is valued very highly by all other MIPIM partners

Scotland at MIPIM 2020

- MIPIM is the largest real estate event in the world and brings together the investment and development community and public sector partners. The size and focused nature of the attendees means that attending MIPIM offers the opportunity to engage quickly and efficiently with a range of key partners and stakeholders. Over 26,000 participants from 100 countries registered to attend in 2019.
- 2019 was the first time that there was a Team Scotland pavilion at MIPIM aligning Scottish Government, Scottish Enterprise, Glasgow City Council, the City of Edinburgh Council, Aberdeen City Council, the Scottish Property Federation and the Scottish Cities Alliance together under one roof.
- This was extremely well received and we have agreed to a Team Scotland presence for 2020 and 2021. This presence is a long-term play to build Scotland's brand as an investment destination, bringing in more funding, more developers and, ultimately, more jobs.

Parity with other MIPIM Partners

- SPF add a welcome private sector input at early planning stages of MIPIM, and have played an important role in connecting Scotland into private sector networks. The value of MIPIM for Scotland is raised through working with the private sector.

SUPPLEMENTARY BRIEFING – NON DOMESTIC RATES

ISSUE: 23 August - Press and Journal - Retailers call for business rates reform to be accelerated

- Scottish Retail Consortium (SRC) call for a timetabled plan to lower the large business supplement (LBS) in Scotland to a level playing field with England.
- The article claims that the LBS costs retailers in Scotland an extra £14 million annually, and that retailers saw a £13 million uplift in rates in April, despite sales being flat in the past year.

ISSUE: 21 August – The Scotsman - Huge rise in closures hitting Scotland’s high streets hard, new report reveals

- The Federation of Small Businesses (FSB) released a new report documenting closures of 414 banks, shops and government offices over the past four years.
- It forecasts the number of bank branches will soon drop below 800, compared with 1,123 branches in 2013.
- The report calls for a £90 million annual investment from the Scottish National Investment Bank and the UK Stronger Towns Fund.

ISSUE: 19 August - The Herald – “Loophole hands Edinburgh’s Airbnb hosts a £2.6 million subsidy from taxpayer”

- The article reports that short-term lets are not paying council tax and instead qualify for non-domestic rates and receive the Small Business Bonus Scheme.
- The article claims that as a result, taxpayers are subsidising Airbnb property owners in Edinburgh by up to £2.6 million.

ISSUE: 14 August – The Scotsman – “How SNP tax raid on private schools will affect state system – Murdo Fraser”

- Murdo Fraser writes that the Non-Domestic Rates Bill proposal to remove rate relief from independent schools will have a knock-on effect on state education.
- It refers to the Biggar Economics report, that the sector contribute £455.7 million to the Scottish economy, and supported around 10,600 jobs in 2015.
- It reports concern around treating a group of charities different from others.

Top lines

- Scotland has the most generous package of reliefs in the UK, worth more than £750 million in 2019/20.
- This means over 90% of properties – including small and medium sized businesses – will pay a lower poundage than in other parts of the UK.
- Ten years ago (2009-10), the poundage was 48.1p. In 2019-20, it is only 1.9% higher 49p.
- In 2017-18, the threshold for the Large Business Supplement was raised by 46%, from £35,000 to £51,000.
- One of the key asks of the business community was to match the prevailing non-domestic rates poundage in England by using the CPI figure.
- The Scottish Budget went beyond that with the poundage increase in Scotland being capped below inflation at 49p (Cost of moving from RPI to “CPI minus 0.1p” is £35 million).
- We will devolve Empty Property Relief to local authorities in time for the next revaluation in 2022. Details will be discussed and agreed with COSLA.

The Non-Domestic Rates (Scotland) Bill introduced a number of measures aimed at speeding up the process:

- Three-yearly revaluation should reduce the need to appeal as values better reflect changing marketplaces
- Greater information-gathering powers for assessors will ensure they get values right the first time
- The move to a two-stage appeals system (proposal + appeal) is intended to improve early information-sharing between assessors and appellants.
- The new system will seek to avoid the problems in England where accusations that bureaucracy and red tape has denied access to a fair rates hearing for millions of ratepayers.

The Non-Domestic Rates (Scotland) Bill also contained other measures to improve the business rates system

- The Barclay Review was set up to ensure the non-domestic rates system better supports business growth and long-term investment in Scotland.
- It also aimed to increase taxpayer fairness and improve the transparency and administration.

- The Bill provides for:
 - Elements of the Business Growth Accelerator relief;
 - Three-yearly revaluations - after the next revaluation on 1 April 2022;
 - Reforms to the appeals system;
 - Greater information-gathering powers for Scottish Assessors;
 - A new civil penalty for non-provision of information to Scottish Assessors;
 - A new civil penalty for non-provision of information to councils;
 - Earlier debt recovery for councils;
 - GAAR (general anti-avoidance regulations) to tackle abuse;
 - Removing the eligibility for charitable relief from mainstream independent schools. Independent special schools and specialist independent music schools will not be affected by this change;
 - The power for Scottish Ministers to issue statutory guidance to local authorities regarding the granting of sports club relief; and
 - Closing down several tax avoidance tactics identified by the Barclay Review relating to non-domestic reliefs.
- We will not be taking forward the out-of-town levy or the 10% surcharge on long-term empty properties.
- A number of other changes called for by the Barclay Review will be set out in secondary legislation from 1 April 2020.

Short-Term Lets

- We need to get the balance of short-term lets right across Scotland.
- We understand the pressure in some parts of the country for new controls over short-term letting of residential properties and we believe there is a case to take action.
- We are committed to working with local authorities to allow them to balance the unique needs of their communities with wider economic and tourism interests.
- We want to ensure that Scotland is able to take advantage of the opportunities of the collaborative economy.
- We want to ensure that proportionate and appropriate regulations and enforcement are in place.
- We need to strike the right balance between enabling tourists to find places to stay and the risk of loss of homes to the permanent housing stock.
- We are also conducting research to explore the direct effects of short-term lets on communities, neighbourhoods and housing supply across Scotland.

NON-DOMESTIC RATES SUPPORT FOR RETAIL SECTOR

We recognise the challenges faced by retailers in towns and cities

- This is why the budget includes more than £5 billion of capital investment to grow and modernise infrastructure – including a new £50 million Town Centre Fund to support the future of our high streets.
- This fund will contribute to transformative investments which re-purpose and diversify town centre use and promote inclusive growth through place based approaches.
- Of the 51,236 [occupied] shops in Scotland in October 2018:
 - 30,297 (59%) were in receipt of the Small Business Bonus with 28,445 (56%) paying no rates due to the Small Business Bonus Scheme, saving shops an estimated £91 million next year.
 - Unlike in England where State Aid rules and eligibility thresholds limit the benefits for the larger retailers, all 51,236 retailers in Scotland will benefit from Scottish Budget decisions.

LARGE BUSINESS SUPPLEMENT

The supplement helps ensure a fairer system where smaller businesses pay less tax while larger businesses pay slightly more.

- The Large Business Supplement has raised a total of £381 million since 2016.
- We committed to reviewing the level of the Large Business Supplement at each future budget, in light of affordability.

INDEPENDENT SCHOOLS

It is only right that mainstream independent schools are brought into line with council schools, which already pay rates

- While we recognise the important role independent schools play, we agree with the Barclay Review that the current difference in treatment between them and council schools is unfair and must end.

- The Barclay Review was published in August 2017, and the accepted recommendations confirmed by the Scottish Government in December 2017, giving all stakeholders sufficient time to plan for the Barclay reforms.
- Like all ratepayers, Independent Schools had the right to request an appeal of their valuation within 6 months of the date of their valuation notice in 2017.
- Ratepayers will have the opportunity to appeal their valuations again at the next revaluation in 2022.
- The Non-Domestic Rates (Scotland) Bill removes the eligibility for charitable relief from mainstream independent schools (*note: from 1 April 2020, subject to the Bill*) and is now subject to the usual Parliamentary scrutiny.
- Independent special schools and specialist independent music schools will remain eligible for charitable relief.
- The Minister for Public Finance and Digital Economy has met with representatives of the Scottish Council of Independent Schools as well as representatives from independent schools and listened to their concerns.
- This is a change to rating law and involves no change to charity law.

UK's MOST GENEROUS RATES RELIEF PACKAGE

The rates package for business in Scotland is competitive and encourages businesses to grow

- We provide the most competitive reliefs package in the UK, estimated at £750 million in 2019-20, up from £732 million in 2018-19.

We will continue transitional relief for all but the largest hospitality and Aberdeen City/Shire offices to 2022

- This annual cap - 12.5% in real terms - will be in place until the next revaluation in 2022 and offers certainty for eligible properties.

SMALL BUSINESS BONUS SCHEME

The scheme has lifted more than 100,000 recipients (104k) out of rates altogether.

- The average value of relief received by businesses in Scotland is over £4,500 in 2018-19, while the comparable figure in England is less than £4,000.
- The Small Business Bonus Scheme provided record relief to over 119,000 businesses across Scotland in 2018-19.
- The total relief under the scheme, rose to £254 million in 2018-19.
- This equates to an average saving per property of £2,127.
- We accepted the Barclay Review recommendation that the Scheme could better support small businesses, and inclusive economic growth, and the contract for an independent review is now out to tender.

OTHER RELIEFS

- We offer full rates relief on broadband fibre for a ten year period from 1 April 2019.
- We are maintaining the unique Business Growth Accelerator introduced on 1 April 2018
- This suspends rates liability for new build properties until 12 months after first occupation, and ensures properties will not see increases in their rates bill resulting from improvements until one year after completion of the works.
- The House of Commons Housing, Communities, and Local Government Committee inquiry into High Streets and Town Centres called for the UK Government to follow suit – but only for high street retailers

Fresh Start relief scheme was expanded on 1 April 2018 and offers 12 months 100% relief to certain unoccupied properties when they are reoccupied

- For all property types, relief was doubled in 2018-19 (50% to 100%) and the qualifying period was halved (12 months to 6).
- There is no such relief currently in place in England.

We will maintain Day Nursery relief introduced on 1 April 2018

- This gives nurseries 100% relief subject to state aid rules.
- There is no such relief currently in place in England.
- This relief applies to nurseries in both the public and independent (private) sector.

We will maintain the hydro relief ahead of the Tretton Review conclusions

- 60% relief for hydropower stations with a rateable value up to £5 million, subject to State aid rules
- There is no such relief currently in place in England.

REVALUATION APPEALS

Appeals are dealt with by Valuation Appeals Committee. The Government has no locus to intervene in that process.

- Any ratepayer has the opportunity to request an expedited hearing.
- The number of appeals resolved so far, following the 2017 revaluation is lower than for the 2010 revaluation (49% versus 61%).
- Around a third of valuations are routinely appealed at revaluation.
- However revaluation appeals statistics show almost three-quarters of 2017 appeals resolved so far have led to no change in rateable value.
- These statistics highlight that the system needs to change.
- The Barclay Review called for reforms to the appeals system in order to modernise the approach.
- The review wanted to deliver greater transparency and fairness and help ensure that, in the long-run, appeals may be dealt with more effectively.
- We set up the Barclay Appeals sub-group to consider these reforms [*note: it has met 9 times, most recently on 16 May and will continue to meet over summer*].
- This group informed the Non-Domestic Rates (Scotland) Bill and the legislative implications of its findings will continue to be considered moving forwards.

REVALUATION APPEALS, 2010 AND 2017 CYCLE

24 months after revaluation (Quarter 8)	2010 Cycle	2017 Cycle
Share of Roll appealed	31%	32%
Share of RV appealed	75%	73%
Share of appeals resolved	61%	49%
Share of appealed RV resolved	35%	27%

UNIVERSITIES CHARITY RELIEF

Many charities and other not-for-profit organisations undertake some commercial activity and we do not believe this is a reason to single out universities

- The Barclay Review recommended that universities that let out student accommodation outside of term times should pay rates.
- The Government did not accept this recommendation.
- There are practicability issues in distinguishing commercial from non-commercial use.

Councils have wide ranging powers to reduce the rates paid by any ratepayer in their area, following the Community Empowerment Act 2015.

- Aberdeenshire and Perth & Kinross used their Community Empowerment (Scotland) Act powers during 2018-19.
- We strongly encourage local councils to consider use of these important powers to support local businesses where there is a need to do so.
- It's for councils, accountable to local electorates, to determine how they prioritise their resources.

REDISTRIBUTION OF NON-DOMESTIC RATES INCOME TO COUNCILS

Councils retain every penny of non-domestic rates income that they raise.

- The Scottish Government guarantees the combination of general revenue grant and locally raised non-domestic rates income.
- The Scottish Government bears the risk if rates collection is lower than expected by providing additional grant funding.

SUPPLEMENTARY BRIEFING ON UK GOVERNMENT CHANGES

Cabinet role	Formerly	Appointee	Role description
Chancellor of the Exchequer	Philip Hammond	Sajid Javid	<p>The Chancellor of the Exchequer is the government's chief financial minister and as such is responsible for raising revenue through taxation or borrowing and for controlling public spending. He has overall responsibility for the work of the Treasury.</p> <p>The Chancellor's responsibilities cover:</p> <ul style="list-style-type: none"> • fiscal policy (including the presenting of the annual Budget) • monetary policy, setting inflation targets • ministerial arrangements (in his role as Second Lord of the Treasury)
SoS Home Department	Sajid Javid	Priti Patel	<p>The Secretary of State has overall responsibility for all Home Office business, including:</p> <ul style="list-style-type: none"> • security and terrorism • legislative programme • expenditure issues
SoS Foreign and Commonwealth Affairs, and First Minister of State	Jeremy Hunt	Dominic Raab	<p>The Secretary of State has overall responsibility for the work of the Foreign & Commonwealth Office, with particular focus on:</p> <ul style="list-style-type: none"> • Policy Unit • intelligence policy • cyber security • honours • oceans
SoS Department for Exiting the European Union	Stephen Barclay	Stephen Barclay	<p>The Secretary of State is responsible for the work of the Department for Exiting the European Union.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> • Policy work to support the UK's negotiations to leave the European Union and to establish the future relationship between the EU and the UK • Conducting the negotiations in support of the Prime Minister including supporting bilateral discussions on EU exit with other European countries • Working closely with the UK's devolved administrations, Parliament, and a wide range of other interested parties on the approach to negotiations

			<ul style="list-style-type: none"> • Leading and co-ordinating cross-government work to seize the opportunities and ensure a smooth process of exit on the best possible terms
Chancellor of the Duchy of Lancaster	David Lidington	Michael Gove	<p>The Chancellor of the Duchy of Lancaster administers the estates and rents of the Duchy of Lancaster, and is a member of the Cabinet.</p> <p>Key responsibilities include:</p> <ul style="list-style-type: none"> • advising the PM on developing and implementing government policy • driving forward government business and implementation including chairing and deputy chairing Cabinet • committees and implementation taskforces • overseeing devolution consequences of EU exit • overseeing constitutional affairs and maintaining the integrity of the Union • oversight of all CO policies
SoS for Defence	Penny Mordaunt	Ben Wallace	<p>The Secretary of State for Defence has overall responsibility for the business of the department including:</p> <ul style="list-style-type: none"> • strategic operations and operational strategy, including membership of the National Security Council • defence planning, programme and resource allocation • strategic international partnerships: US, France, Germany, Saudi Arabia, NATO • nuclear operations, policy and organisations • strategic communications
SoS for International Trade and President of the Board of Trade	Liam Fox	Liz Truss	<p>The Secretary of State has overall responsibility for the business of the department.</p> <p>The Secretary of State is the Departmental lead on trade and investment promotion in the defence and security sector.</p>
SoS Health and Social Care	Matt Hancock	Matt Hancock	<p>The Secretary of State is responsible for the work of the Department of Health and Social Care, including:</p> <ul style="list-style-type: none"> • overall financial control and oversight of NHS delivery and performance • oversight of social care policy
SoS for Environment, Food and Rural Affairs	Michael Gove	Theresa Villiers	<p>The Secretary of State has overall responsibility for the Department for Environment, Food and Rural Affairs.</p> <ul style="list-style-type: none"> • Specific responsibilities include:

			<ul style="list-style-type: none"> • departmental administration • emergencies • international relations • oversight of EU exit work and post-EU policy programme
SoS for Education	Damian Hinds	Gavin Williamson	<p>The Secretary of State is responsible for the work of the Department for Education, including:</p> <ul style="list-style-type: none"> • early years • children's social care • teachers' pay • the school curriculum • school improvement • academies and free schools • further education • higher education • apprenticeships and skills
SoS for Digital, Culture Media and Sport	Jeremy Wright	Nicky Morgan	<p>The Secretary of State has overall responsibility for strategy and policy across the Department for Culture, Media and Sport.</p> <p>The department's main policy areas are:</p> <ul style="list-style-type: none"> • arts and culture • broadcasting • creative industries • cultural property, heritage and the historic environment • gambling and racing • libraries • media ownership and mergers • museums and galleries • the National Lottery • sport • telecommunications and online • tourism
SoS Business, Energy and Industrial Strategy	Greg Clark	Andrea Leadsom	<p>The Secretary of State has overall responsibility for the Department for Business, Energy and Industrial Strategy which brings together responsibilities for business, industrial strategy, science, innovation and energy. This includes:</p> <ul style="list-style-type: none"> • developing and delivering a comprehensive industrial strategy and leading the government's relationship with business

			<ul style="list-style-type: none"> ensuring that the country has secure energy supplies that are reliable, affordable and clean ensuring the UK remains at the leading edge of science, research and innovation tackling climate change
SoS for Housing, Communities And Local Government	James Brokenshire	Robert Jenrick	The minister is responsible for the overall leadership and strategic direction of the department.
SoS for Work and Pensions And Minister for Women and Equalities	Amber Rudd	Amber Rudd	<ul style="list-style-type: none"> The Secretary of State has overall responsibility for the Department for Work and Pensions (DWP). They have direct responsibility for departmental expenditure and departmental management. DWP is responsible for the administration of the State Pension and working age benefits system, providing support to: <ul style="list-style-type: none"> people of working age employers pensioners families and children disabled people Minister for Women and Equalities role still to be updated
Lord Chancellor and SoS for Justice	David Gauke	Robert Buckland QC	<ul style="list-style-type: none"> The Secretary of State for Justice has oversight of all Ministry of Justice (MoJ) business. His specific responsibilities include: <ul style="list-style-type: none"> Oversight of all portfolios and MoJ strategy Resourcing of the department Functions of the Lord Chancellor EU exit and international business Judicial policy including pay, pensions and diversity Corporate Services He receives a salary as Lord Chancellor and is unpaid as Secretary of State for Justice.
SoS for International Development	Rory Stewart	Alok Sharma	<ul style="list-style-type: none"> The Secretary of State leads the DFID ministerial team, sets the overall strategy and direction of the department. <ul style="list-style-type: none"> Cabinet and Cabinet Committees National Security Council All major spending decisions and overall delivery and management of 0.7% Africa strategy and overview Asia

			<ul style="list-style-type: none"> • Humanitarian response and reform • Global Britain and European Union exit • ODA reform • UN reform • World Bank, IMF and other IFIs • Communications • Economic Development (including CDC, trade policy and private sector) • Modern Slavery
SoS for Transport	Chris Grayling	Grant Shapps	The Secretary of State has overall responsibility for the policies of the Department for Transport.
SoS for Wales	Alun Cairns	Alun Cairns	<ul style="list-style-type: none"> • The Secretary of State is responsible for the overall strategic direction of the UK Government in Wales. • Responsibilities include: <ul style="list-style-type: none"> • Welsh Government and Assembly Liaison • Constitutional and Electoral issues • Economy, Business & Inward Investment • Exiting the EU • Infrastructure • Welsh Budget • Foreign Affairs • Steel • Swansea City Deal • Public Appointments • Royal Matters • Welsh Language
SoS for Northern Ireland	Karen Bradley	Julian Smith	<ul style="list-style-type: none"> • The Secretary of State has overall responsibility for the Northern Ireland Office, advances UK government interests in Northern Ireland and represents Northern Ireland interests in the Cabinet. • The Secretary of State leads on: <ul style="list-style-type: none"> • Political stability and relations with the Northern Ireland Executive • National security and counter-terrorism • Implementation of the Stormont House and Fresh Start Agreements, including legacy of the past • Representing Northern Ireland in the Cabinet on EU exit, including new economic opportunities

			<ul style="list-style-type: none"> International interest in Northern Ireland, including relations with the Irish government
SoS for Scotland	David Mundell	Alister Jack	<p>The main role of the Scottish Secretary is to promote and protect the devolution settlement.</p> <p>Other responsibilities include promoting partnership between the UK government and the Scottish government, and relations between the 2 Parliaments.</p>
Lord Privy Seal and, Leader of the House of Lords	Baroness Evans of Bowes Park	Baroness Evans of Bowes Park	<p>The Lord Privy Seal is responsible for the organisation of government business in the House, providing assistance to all Lords and offering advice on procedure. The Lord Privy Seal also expresses the collective feelings of the House on formal occasions, such as motions of thanks or congratulations.</p> <p>The Leader of the House of Lords is responsible for the organisation of government business in the House, providing assistance to all Lords and offering advice on procedure. The Leader also expresses the collective feelings of the House on formal occasions, such as motions of thanks or congratulations.</p>
Attorney General	Geoffrey Cox QC	Geoffrey Cox QC	<ul style="list-style-type: none"> The Attorney General is chief legal adviser to the Crown and has a number of independent public interest functions, as well as overseeing the Law Officers' departments. These are: <ul style="list-style-type: none"> the Crown Prosecution Service the Serious Fraud Office Her Majesty's Crown Prosecution Service Inspectorate the Government Legal Department Other responsibilities include: <ul style="list-style-type: none"> acting as principal legal adviser on questions of EU and international law, human rights and devolution issues referring unduly lenient sentences to the Court of Appeal bringing proceedings for contempt of court intervening in certain proceedings to protect charities dealing with questions of law arising on government Bills legal aspects of all major international and domestic litigation involving the government

			<ul style="list-style-type: none"> The Attorney General also holds the separate office of Advocate General for Northern Ireland. The Advocate General for Scotland has specific responsibility for Scottish law matters.
Chief Secretary to the Treasury	Liz Truss	Rishi Sunak	<ul style="list-style-type: none"> The Chief Secretary (CST) is responsible for: <ul style="list-style-type: none"> public expenditure, including: <ul style="list-style-type: none"> spending reviews and strategic planning in-year spending control public sector pay and pensions Annually Managed Expenditure (AME) and welfare reform efficiency and value for money in public service procurement capital investment infrastructure spending housing and planning spending issues related to trade transport policy, including HS2, Crossrail 2, Roads, Network Rail, Oxford/Cambridge corridor Treasury interest in devolution to Scotland, Wales and Northern Ireland women in the economy childcare policy, including tax free childcare tax credits policy labour market policy The Chief Secretary should be engaged on all issues of public spending.
Minister without Portfolio (and Conservative Party Chair)	Brandon Lewis	James Cleverly	The Minister without Portfolio is responsible for Cabinet Office Brexit preparedness and legislation and attends several committees in this capacity. He also attends Cabinet
Ministry of Housing, Communities and Local Government (will attend Cabinet)		Esther McVey	Not yet updated

Lord President of the Council, and Leader of the House of Commons	Mel Stride	Jacob Rees-Mogg	The Leader of the House of Commons organises government business in the House of Commons and works closely with the government's Chief Whip. Lord President of the Council role not yet updated
Minister of State for the Home Department (will attend Cabinet)		Brandon Lewis	Not yet updated
Minister of State for Department For Business, Energy and Industrial Strategy and Department for Education		Jo Johnson	Not yet updated
Paymaster General and Minister for the Cabinet Office (will attend Cabinet)		Oliver Dowden	Paymaster General role not yet updated
Minister of State Department for Business, Energy and Industrial Strategy (will attend Cabinet)		Kwasi Kwarteng	Not yet updated
Minister of State (Northern Powerhouse) (will attend Cabinet)		Jake Berry	Not yet updated

BIOGRAPHIES AND PHOTOS OF CHAIRS OF MEETING

MILLER MATHIESON (CHAIR)

Chairman, SPF and Managing Director, CBRE Scotland & Northern Ireland Miller is the Managing Director of CBRE for Scotland and Northern Ireland with responsibility for offices in Edinburgh, Glasgow, Aberdeen and Belfast. He is a Chartered Surveyor with over 30 years' experience of the Scottish property market. He advises many UK corporate, institutional, public sector and pension fund clients on strategic investment matters. Recent projects have included the sale of both Westway Park in Renfrew and EcoCampus in Hamilton as well as the acquisition of 229-249 Buchanan Street, Glasgow. Development projects have included the new HQ for Aker Solutions in Aberdeen and the sale of over 1000 acres of land at Heartlands, West Lothian.



ROBIN BLACKLOCK (VICE CHAIR)

Managing Director, Dowbrae Property Consultancy Robin has been involved in commercial property in Scotland for over 20 years, initially in agency with positions at CBRE and Savills, before shifting his focus to development with Grosvenor. In 2012 he was one of the first in Scotland to focus on residential Build to Rent, when he introduced the concept at Grosvenor's Springside development at Fountainbridge in Edinburgh. Here he led the successful planning application for a mixed-use project anchored by 400+ build-to-rent units, before managing the sale of the asset to Moda Living in 2017. He has been instrumental in raising the profile of Build to Rent in Scotland, both promoting the concept to the industry, but also in the political arena around planning and tenancy reform. After leaving Grosvenor, Robin set up his own consultancy firm, Dowbrae, and one of his first commissions was to look after Interserve's interest at The Haymarket in Edinburgh, leading the successful sale to M&G in spring 2018. Robin continues to focus on development, and in particular Build to Rent, working with a variety of public and private sector clients.



DAVID MELHUISE (DIRECTOR, SCOTTISH PROPERTY FEDERATION)

Director with SPF, and nearly twenty years of experience in Government, Policy and Public Relations activities for both public and private sector focussed organisations. David's skills include policy and political analysis, property industry-related policy research and membership organisation and motivation to contribute to a variety of policy making agenda. His biggest achievement is to have been lead executive tasked with establishing the Scottish Property Federation in 2006-07 and since as a voice for the property industry in Scottish public affairs, both on behalf of BPF members with Scottish interests and for Scottish members of the Federation. His previous roles include Director of Finance and Investment with the British Property Federation and a Senior Policy Officer with the Royal Institution for Chartered Surveyors.



LOGISTICAL DETAILS, MAPS AND GOOGLE STREET VIEW OF VENUE

Logistical detail

The meeting will take place at the Pinsent Masons Building. Please report to reception and ask for 'Scottish Property Federation Policy Committee Meeting'.

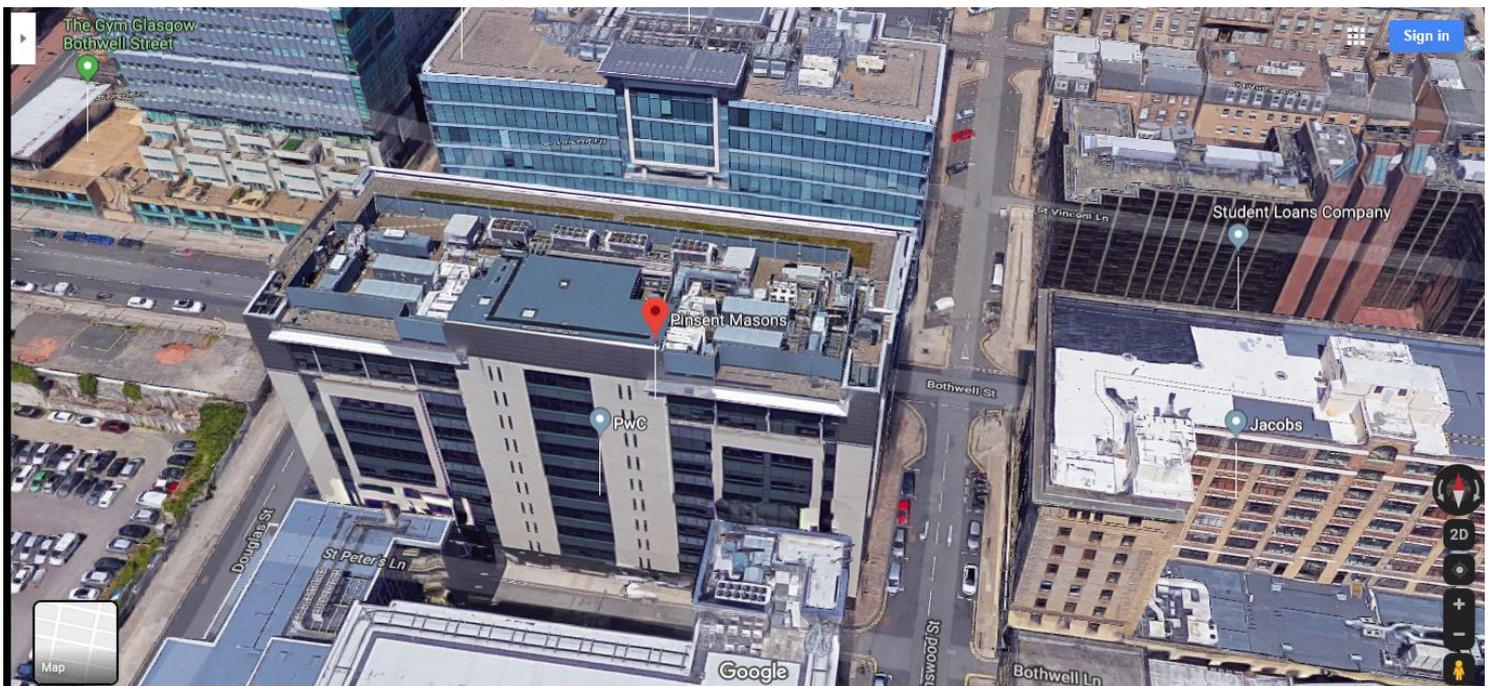
Brief refreshments will be available upon arrival.

Maps

The full address for the building is Pinsent Masons, 141 Bothwell Street, Glasgow, G2 7EQ.

Map: [click here](#)

Google Street View of Venue



MINISTERIAL ENGAGEMENT BRIEFING: DEREK MACKAY

Engagement title	Meeting with Kevin Whittaker, CALA Group	
Engagement timings	1500-1545, Wednesday 13 November	
Organisation	CALA Group	
Venue and full address	4W.01, Scottish Parliament	EH99 1SP
MACCS reference	N/A	
Background/Purpose (including invitation history)	<p>This is an introductory meeting which Scottish Government have asked for.</p> <p>As identified in our recent strategic business engagement analysis sectors you have had relatively few engagements with businesses from sectors that are the biggest employers in Scotland – therefore we have reached out to the construction sector to have initial discussions. We identified CALA Group following advice from housing colleagues and factoring in your list of industry leaders you wish to meet with.</p>	
Relevance to core script	Scottish Government works to drive sustainable and inclusive economic growth, working in partnership with businesses. Scottish Government regularly engages with businesses to co-create policy.	
Meeting attendees	Kevin Whittaker, Chief Executive Officer, CALA Group	
Supplementary information	<p>Annex A: Suggested points to make</p> <p>Annex B: Company information and Kevin Whittaker biography and photo</p> <p>Annex C: Construction Sector</p> <p>Annex D: Housing markets brief</p> <p>Annex E: Housing FMQ</p> <p>Annex F: Housing to 2040</p> <p>Annex G: Help to Buy (Scotland)</p> <p>Annex H: New First Time Buyer Scheme</p> <p>Annex I: Decarbonisation of new buildings</p> <p>Annex J: National Planning Framework 4</p>	
Twitter handles of main representatives and organisations	<p>CALA Homes @CALAHOMES</p> <p>No personal Twitter account</p> <p>Suggested Tweet: 'Interesting meeting with Kevin Whittaker of @CALAHOMES to discuss house-building and construction in Scotland'</p>	
Official support:	[REDACTED]	

SUGGESTED POINTS TO MAKE

There is no set agenda for this meeting. The letter you sent to Mr Whittaker gave the following context:

Scottish Government regularly engages with businesses on economic policy and I would like to invite you to meet for an informal discussion.

With the recent publication of the Programme for Government and emphasis on Global Climate Emergency, along with the construction sector being a large employer in Scotland, now is a good opportunity to discuss the future of the sector.

I would particularly like to speak with you about growing and supporting the construction sector; the ambitions of your company and, how we can work together to deliver our mutual goals.

Points you may wish to make:

- You may wish to set out your vision for the Scottish economy and ask for reflections.
- You may also wish to highlight support Scottish Government offers for the economy and business, as detailed in the Economic Action Plan (EAP). The EAP will be refreshed and relaunched in January 2020.
- The Climate Change (Emissions Reductions Targets) (Scotland) Bill Stage 3 passed in September. This Bill sets the following targets: 75% reduction in emissions by 2030 and net zero by 2045. The construction industry has an important role to play. The Programme for Government committed to working with the construction industry (consultation this year) on new standards in order to meet our ambition to phase out fossil fuel heating systems from new residential buildings from 2024.
- There will be a wide engagement on the development of the National Planning Framework 4 in early 2020.
- There are potential skills issues for the construction sector, particularly factoring in the potential ramifications of Brexit on workforce. You may wish to flag the publication of the Future Skills Action Plan and that the next series of propositions will be tested at the National Economic Forum in December, and invite Mr Whittaker to attend.

Questions you may wish to ask

- What are the biggest challenges and opportunities facing your company, and more widely for the sector?
- What are your preparations for Brexit? What are the biggest issues in a No Deal scenario?
- What is your experience of the Scottish business environment, for example, agency (e.g. SDS) support?
- What does the decarbonisation of buildings by 2024 mean for your company?
- Scottish Government consults widely with businesses. We also work closely with the Construction Scotland Industry Leadership Group (ILG). What is your view on, or engagement with, the Construction Scotland ILG?
- Given the CALA operates across Scotland and England you may wish to ask Mr Whittaker about his views (and any potential impacts) of tax differentiation.

COMPANY INFORMATION AND KEVIN WHITTAKER BIOGRAPHY AND PHOTO

Company background

- CALA operates in Scotland, Midlands and South East of England.
- CALA was the first Scottish company listed on the London Stock market
- CALA began in Aberdeen as the City of Aberdeen Land Association in 1875. By acquisition and organic growth the company moved into Edinburgh (1978), Glasgow (1987) and then into England.
- In March 2013 CALA secured the backing of Patron Capital Partners (pan-European institutional investor focussed on property and property-backed investment) and Legal & General plc.
- In March 2018 Legal & General plc increased their shareholding in CALA to 100% - the 52.1% it did not previously own was acquired in a deal that valued CALA at £605 Million.
- The two head offices are in Edinburgh and Buckinghamshire with eight regional offices (3 in Scotland)
- The ambition is to generate annual revenue of around £1 Billion by 2020. This is intended to be delivered via scaling up the existing regional presence (with an emphasis on the affluent markets in South East England).
- In the 18 months to December 2018, CALA contracted 41 new sites to deliver over 4500 new homes. 22% (by value) of the land contracted in this period is in Scotland.
- In the 18 months to December 2018 CALA sold 3049 homes, a 21.2% increase in annual terms and saw record turnover of £1.22 Billion, up 9% in annual terms

Recent news

- In March 2019 CALA won an appeal for 85 homes to be built in Aberdour. Councillors had rejected the plans (Fife Council supported) in July 2019. The rejection was due to traffic congestion.
- West Coast Capital (WCC) and CALA Homes agreed (January 2019) a joint venture to invest in the development and delivery of Winchburgh (West Lothian) with Winchburgh Developments Limited (WDL) being jointly owned. There is a tripartite agreement between Scottish Government, West Lothian Council and WDL. This is one of the UK's largest developments which will include 3450 new homes, new schools and infrastructure (improved transport links, a new marine, 75 acre district park and 35 acres of employment land). The Building Scotland Fund is lending the joint venture £26.8M towards the development on a secured and interest bearing basis. Sir Tom Hunter is the Founding Partner of WCC.

Kevin Whittaker biography

Kevin attended Napier University and gained a BEng (Hons) in Engineering with Management in 1994 before joining United Biscuits as a Project Engineer. He joined Yuill Homes as a Land Development Manager in 1996 before leaving to join CALA Homes Scotland as a Land Manager in 1999.

Since joining CALA, Kevin has advanced through a number of positions including promotion to Land Director in 2001, Development Director in 2003 and Managing Director for CALA Homes (East) in 2007. In June 2013, Kevin took on the role of Regional Chairman with overall responsibility for four of CALA's regional businesses. Following which, with eleven years' experience as a key member of the senior management team, Kevin's promotion to Chief Executive Officer for the Group took effect from 1 August 2018.



CONSTRUCTION SECTOR

Construction Sector - Key Stats

- Output in Scotland's construction sector expanded by 0.4% over the latest quarter (Q4 2018 to Q1 2019). (Scottish Government Quarterly GDP Index).
- On an annual basis, output in the construction sector in Scotland expanded by 2.7% (between 2018 Q1 and 2019 Q1). (Scottish Government Quarterly GDP Index).
- More recent survey data indicates that sales and new orders remained positive in Q2 2019, as did expectations of sales revenue in Q3, while business confidence remained largely steady. However, a majority of firms reported no change to investment activity in Q2 and they also do not expect investment to increase in Q3, suggesting they have put investment on hold. Cost pressures remain significant with more than half of firms reporting cost pressures arising from raw material prices (Scottish Chambers of Commerce Quarterly Economic Indicator).
- Survey data relating to the overall UK construction sector suggests that there has been a slowdown in activity levels at the UK level recently. In each of the four months to August 2019, the index was below 50 (the no-change threshold), which means that more respondents had experienced a decrease in activity than had experienced an increase (IHS Markit / CIPS UK Construction PMI).
- In 2017 total employment in the construction sector was 147,000, accounting for 5.7 per cent of all construction jobs in Scotland.

Construction Sector Support – General

- Our Economic Action Plan highlights our commitment to take steps to form a refreshed and stronger relationship between government and the construction sector around a set of common goals to help the sector grow.
- We are working with Construction Scotland through the Scottish Government/Construction Scotland Leadership Forum to form an action plan that will deliver on both the ambitions of the Construction Scotland Industry Strategy 2019-2022 and the Scottish Government's economic infrastructure and built environment aims.
- We recognise that public sector investment continues to be important for sustaining output and key skills in the construction sector and we are committed to infrastructure investment as a key factor in securing economic growth. This is reflected in our Economic Strategy, Programme for Government and Infrastructure Investment Plan.
- Our £5 billion commitment to infrastructure investment in 2019-20 will support 50,000 new homes, delivery of the extension of early learning and childcare, new roads and railways, electric vehicles and delivery of 100% superfast broadband across Scotland. It will support around 35,000 full time equivalent jobs across Scotland both directly and through supply chain.

Construction Sector – Innovation

- We know that efficiencies can be made in the sector through innovation in product and process and even relatively small improvements in construction productivity can drive significant gains for the Scottish economy.
- That is why we established the Construction Scotland Innovation Centre (CSIC). We are continuing to support the CSIC. Mr Lochhead announced phase two funding for CSIC on 28 February 2019 (£10.98 million over five years from various sources – Scottish Funding Council (SFC) £7.98m, SE £2.5m, HIE £0.5m) This builds on previous core funding from SFC of £7.5m with an additional £1.8m of capital funding.

- We are working with the Construction Scotland Innovation Centre to ensure our £150 million Building Scotland Fund acts as a catalyst for skills development and innovation across the sector. This aims to support the development of housing across all tenures, industrial and commercial property, and R&D led-projects.
- We have welcomed the UK Government's £170 million investment through the Industrial Strategy Challenge Fund via the Transforming Construction programme (announced by UK Business Secretary, Greg Clark on 27 November 2017) to support innovation in the construction sector. There are examples of businesses in Scotland accessing funding for collaborative R&D projects, most notably Stewart Milne Group who are leading on the £6.5 million Advanced Industrial Methods for the Construction of Homes project funded by Innovate UK.
- We want to make sure Scottish companies are well placed to take advantage of the opportunities that are available both through the Building Scotland Fund and through the Transforming Construction programme. Applications are currently open to both and details on how to apply can be found on the Scottish Government website for the Building Scotland Fund and the UK Government website for the Transforming Construction programme.

[REDACTED]

1. Housing Markets

ISSUE: Housing market affordability and housing delivery targets

Background:

Affordability

1. The average (mix adjusted, geometric mean) Scottish house price in Q1 was £149k.¹
2. Scottish house building still not fully recovered from 2007 peak:

	2007/08	2011/12	2018/19 ²
Private	21,663	10,144	15,710
All	25,594	17,016	22,273

Housing delivery targets:

- There are occasional calls from industry and others for Ministers to set housing targets for private developers/delivery.

Top Lines:

- Access to good quality housing is a vital part of our drive to secure economic growth, promote social justice, strengthen communities and tackle inequality.
- We are determined to increase and accelerate housing supply across all tenures and support the industry and local authorities to deliver their housing priorities with quality homes in mixed communities that fit local needs.
- We have provided a range of support, from Help to Buy, to our LIFT schemes for first time buyers and through schemes like the Rural and Island Housing Funds.
- We are also working with industry to identify what further support can be provided to support SME growth, development and expansion – partly to help ensure delivery of homes across all Scotland and to increase resilience in the sector.
- Local authorities undertake housing needs and demands assessments to establish the number of homes that are required for their area, and this is used to inform the setting of housing supply targets and housing land requirements in development plans.
- Ministers are not willing to set targets for areas beyond control of Government.

¹ [Scottish Housing Market Review - Q2, 2019](#)
[Housing Statistics for Scotland 2019](#)

ISSUE: Market capacity and skills requirements

Background:

- Some industry concerns have been raised regarding current and future availability of skilled staff within the housing construction workforce, and that stresses could intensify due competition from other industries and from Brexit.
- Last year Construction Industry Training Board (CITB) published a report estimating £8bn is being spent in 2018 on building projects (**across all construction**).³ The report indicates requirement for 247,400 workers, with a current shortfall of 6,400. This varies regionally, with excesses and deficits in different areas.
- However, the construction workforce tends to be more flexible and mobile than other industries, with trades and specialisms capable of moving project to project. Many are also able to stretch into other areas of construction.

Top Lines:

- Ministers are aware that any shortage in skills will be a concern for the sector. That is why the then Cabinet Secretary announced a Short-Life Working Group to work with industry to better understand the scale of the skills challenge and to recommend action.
- The Housing Construction Skills Short-Life Working Group, was made up of a cross representation from a range of organisations with an interest in housing construction skills and was chaired by Professor Sean Smith of Napier University.
- We are grateful to the members of the Working Group for their work on considering the issues and recommending solutions⁴.
- This is a critically important time for Scotland's skills system. We know the nature of work is changing, as is the make-up of Scotland's workforce, and our labour market faces potential disruption through a range of factors, including Brexit and technological advance.
- It is critical to base any actions on clear evidence for implementation and to fully understand it's links to other policy areas. Officials will be need to work across Directorates on this.
- Success will lie in there being genuine partnership working, industry support and ensuring organisations such as Construction Scotland's involvement.
- The progress being made in some areas already is encouraging.
- We cannot make any formal commitments at this stage. We would be looking to publish our official response to recommendations towards the end of the year.
- The Scottish Parliament Construction Sector Inquiry has also submitted their findings to SG, and it's interesting that others are also focusing on this area (albeit part of a wider all-construction context).
- Any recommendations must be considered alongside other policies. When considering recommendations Ministers will obviously have to consider wider range of interests for example - (i) Resources (ii) Impact on local authorities (iii) Impact on Further Education (iv) Impact on industry (including different delivery vehicles). As well as possibility of future legislative or process changes

³ [Local Construction Skills Needs for Scotland](#)

⁴ [New Housing - Future Construction Skills Adapting Modernising Growth](#)

ISSUE: Support for SMEs to improve market capacity and resilience

Background:

- For some time the house building industry has outlined concerns about the difficulties facing some SMEs. SME house builders were disproportionately hit by the financial crisis with numbers and output declining amongst smaller and medium-sized builders, while remaining more static in the volume sector.
- Whilst there has been overall recovery in the sector since the financial crisis, the recovery of larger builders has been stronger. The environment has been and remains tougher for smaller and medium size enterprises.

Top lines:

- The Scottish Government is well aware of the important role that SMEs play in both rural and urban communities in providing homes, supporting communities and supporting the economy.
- A stronger and larger SME sector will provide additional resilience in the overall market, securing more sustainable delivery of homes and provide homes in areas where volume house builders are unable to deliver due to business models and demand levels.
- Through our More Homes approach we already provide schemes that benefit SME house builders. These include: Help to Buy (Scotland) Small Developers Scheme; the Rural and Islands Housing Fund; and the Self-Build Loan Fund Highland Pilot and forthcoming National scheme.
- We are also happy to contribute to an industry-led (Homes for Scotland) working group on support and development of the SME sector - and will respond accordingly when this Group makes its recommendations later in the year.

ISSUE: Funding and financing issues facing SME home builders

Background:

- Some industry players have expressed the view that there is a lack of economies of scale and proportion affecting SMEs delivering smaller sites compared to those building out larger sites.
- Both the cost of accessing private finance, and the availability of funding has been raised as an issue affecting the viability of projects. There is also a hesitancy from some parts of the SME sector to borrow from commercial banks again as a result of the experience they had in dealing with these lenders during the financial crisis.
- LBTT Additional Dwelling Supplement has also been raised as an issue for those looking to buy small residential sites with existing properties on them (where these are to be demolished to make way for new homes). We expect these matters to be raised when the SME Working Group reports in later in the year.

Top lines:

- We need more homes in communities across Scotland. What is clear though is that while the larger builders have been in a stronger position to recover and return to delivering volumes of houses, the environment has been tougher for smaller and medium size enterprises.
- We lost a number of smaller enterprises during this time. We know we have always relied on smaller builders to deliver homes, but especially in rural and small town Scotland.
- We are currently engaged in work with Homes for Scotland on how to grow and encourage new entrants back into the housebuilding sector. This process, chaired by Andy Pearson (formerly Tweed Homes and past Chair of Homes for Scotland), involves builders from across Scotland, and Ministers look forward to seeing the results of that later in the year.

[REDACTED]

HOUSING FMQ

ISSUE: 25 Sept – Greenock Telegraph – Councillor would have rejected application for proposed affordable homes development at former Ravenscraig Hospital if he had known toxic land truth

- Article refers to tests at the former Ravenscraig hospital which claim to show the site is contaminated, despite previous reassurances provided by the developer.
- Site at former Ravenscraig Hospital is earmarked for large-scale social housing.
- Link Group is set to receive £15 million grant from Scottish Government and is committed to a remediation strategy on the site.

ISSUE: 24 Sept – Homes for Scotland and Scottish Federation of Housing Associations responded positively to latest Housing Statistics

- However, both organisations called for future funding certainty after 2021 to ensure affordable housing delivery after the current Parliamentary period.

ISSUE: 24 Sept - Latest Scottish Government Quarterly Housing Statistics show:

- Total housing supply in 2018-19 is up 15% on the previous year to 22,273 homes, driven by increases in private-led and housing association new build completions, although there are ongoing risks of Brexit related impacts on this area, in particular the private housing sector and workforce.
- A total of 9,128 affordable homes have been delivered in the latest year to June 2019, an increase of 7% on the previous year, and 26% more than 2017.
- 26,581 affordable homes have now been delivered in the first 3¼ years of the 5 year 50,000 target period, equating to 53% of the homes required at a point in time in which 65% of the target period has elapsed.
- The number of households on local authority or common housing register housing lists as at March 2019 has increased slightly in the latest year by 633 (0.4%) to stand at 158,439, although this is 22% below the figure of 202,235 recorded in 2008.
- Local authorities reported 7,409 units of vacant stock as at March 2019, an increase of 4% (269 units) on the 7,140 units in the previous year.

TOP LINES – Ravenscraig: The Scottish Government’s role in this development is to help fund much-needed social housing – if and when Inverclyde Council decides it is happy with the remediation strategy for the site proposed by Link Housing.

- The development will only go ahead once Inverclyde Council, as the statutory body, is satisfied that all the correct procedures are in place to ensure remediation is handled appropriately.

TOP LINES - Homes for Scotland and SFHA funding certainty March 2021.

- As the latest housing statistics show we have now delivered over 87,000 affordable homes since 2007.
- Our record investment of £3.3 billion over this Parliament is keeping us on track to deliver our ambitious target of 50,000 affordable homes.
- As part of ongoing engagement on our Housing to 2040 plans, we want to ensure supply across all tenures and build on our More Homes Scotland approach.
- We want to move away from parliamentary cycles and have a long term vision that everyone can support.
- Housing is a key component of Scotland’s infrastructure. We plan to publish a new Infrastructure Investment Plan and the Capital Spending Review by June 2020.

TOPLINES - Official statistics published on 24 September show that we have now delivered more than 87,000 affordable homes since 2007.

- Nearly 60,000 [59,783] were for social rent, including 12,219 council homes.

- Across all sectors, there were 21,292 new build completions in 2018-19, an increase of 3,669 homes (21%) on the 17,623 completions in the previous year.
- Total housing supply (new builds, conversions, and rehabilitations) in 2018-19 totalled 22,273 homes, an increase of 15% on the previous year.
- In the latest year to June 2019, we have delivered 9,128 affordable homes - an increase of 633 homes, or 7% on the previous year.
- Our spend per head on the Affordable Housing Supply Programme is three times higher than UK Government spending on their Affordable Homes Programme.
- Housing makes a valuable economic and social contribution to Scotland and we have a number of measures in place to support the provision of affordable, social and private homes and we work in partnership with industry to deliver these.
- Whilst it is disappointing to see an increase in Council housing lists - the first increase we have seen since 2008, it is encouraging to see Local Authority sector vacant stock has fallen significantly since 2001.

Brexit impact on affordable housing delivery

- I am deeply concerned that all our good work towards increasing Scotland's housing supply could be significantly undermined by a no-deal Brexit.
- Private house builders are particularly vulnerable to the implications of Brexit. Construction material imports to the United Kingdom from European Union member countries accounted for more than 60% of the total value of construction material imports to the United Kingdom in 2018.
- Furthermore, 7,000 EU nationals were employed in the Scottish construction sector in 2017 and a no-deal Brexit could pose significant risks to builders' supply chains and the Scottish construction workforce.
- The Scottish Government is committed to providing stability and certainty in the housing sector, so everyone can have a safe, warm, affordable place to call home.
- We remain committed to delivering 50,000 affordable homes by 2021.
- We will continue to engage directly on Brexit related issues with the construction, housebuilding and mortgage lending industries in Scotland, as well as through the Joint Housing Policy and Delivery Group and Ernst and Young's sectoral analysis.
- We will consider what sector specific support could be useful.
- We are also considering labour force issues as we take forward our Housing Construction Skills Working Group recommendations.

Our 50,000 affordable homes target is backed by more than £3.3 billion - a 94% increase on our previous 5-year investment.

- This is the single biggest investment in, and delivery of, affordable housing since devolution.
- From the £827 million budget available this year, a total of £633.602 million is being allocated to council areas across Scotland, taking the total for this year and the coming year to £1.3 billion.
- We have given councils and housing associations the long-term certainty they need by allocating full resource planning assumptions to March 2021.
- Our investment in housing, will, on average, leverage economic output in the region of £1.4 billion per year, supporting around 10,000 to 12,000 jobs per year in the construction and related industries in Scotland.

Programme for Government commitments

- As mentioned by Scottish Federation of Housing Associations this Programme for Government contains a number of measures to support the housing sector
- Housing is a key component of Scotland's infrastructure. We plan to publish a new Infrastructure Investment Plan and the Capital Spending Review by June 2020.

- At the end of April, I announced that the Scottish Government will create a £150 million national pilot scheme which will provide first-time buyers with loans of up to £25,000 to help fund or top up their deposit.
- The scheme will launch in December 2019 and will be open to all first time buyers, regardless of income or eligibility for other existing schemes.

Decarbonisation of New Buildings – Programme for Government

- The 2019 Programme for Government sets out the Scottish Government’s ambition to phase out fossil fuel heating systems from new residential buildings from 2024.
- The proposal will apply to all new buildings consented from 2024. The immediate next step is to work with the construction industry to develop the new standards, starting with a consultation in 2019-20.

Through the Affordable Housing Supply Programme we have various housing initiatives designed to increase the number of affordable homes for rent or purchase which will benefit rural Scotland.

- The Rural Housing Fund launched in February 2016, provides £25 million over five years (2016-17 to 2020-21) to increase supply of long term affordable housing in rural Scotland.
- A complementary £5 million Islands Housing Fund was announced in September 2016, to focus on the housing needs of our island communities.
- We exercise flexibility within our grant subsidy benchmarks for higher cost rural projects where justifiable, for Local Authority, Housing Association and Rural housing fund projects.

We are working to ensure those who aspire to home ownership are able to achieve it

- £80 million is available this year for our Open Market Shared Equity schemes to provide an up to 40% equity contribution for around 1,800 first time buyers on low to moderate income.
- £110 million is available for the Help to Buy scheme over two years to March 2021 to help over 4,000 more households into home ownership.
- Over 32,000 households supported via our home ownership schemes since 2007.
- Over 8 in 10 of Help to Buy (Scotland) households were first time buyers - an increase on the percentages seen in previous years.
- Nearly all (99%) of Open Market Shared Equity (OMSE) scheme purchasers were first time buyers.

[REDACTED]

HOUSING TO 2040

Top Lines

- In our 2019 Programme for Government, we re-affirmed our commitment to plan together with stakeholders for how our homes and communities should look and feel in 2040 and the options and choices to get there.
- We face a number of demographic, fiscal and environmental challenges which mean that **business as usual is not an option**.
- This is a time to shape a resilient housing system and create a vision for housing between now and 2040 – **nothing is off the table**.
- To do that, we need to build on the wisdom across the wide and varied housing sector – tenants and residents, academics, councillors, councils, housing associations, third sector, landlords, lenders and house builders.
- We need to challenge ourselves about what our vision is for housing in Scotland in 2040, and be ambitious in our aims.
- And we need to work together to ensure this is a shared vision for Scotland so that we can put a route map in place that will stand the test of time.
- We have been engaging extensively with a variety of stakeholders, including local government, businesses, the third sector, home owners, tenants and others to help shape a draft vision and principles for 2040
- The draft vision and principles, published in July, push us to think radically and differently about the housing system.
- **We be consulting on our draft vision and principles, and how to make them a reality, later this year.**

Stakeholder Engagement & Timings

- This first phase of stakeholder engagement, in Autumn 2018, attracted contributions from over 800 people representing more than 100 organisations, and has provided a comprehensive dialogue around the future of housing.
- In May 2019, we published our Housing to 2040 stakeholder engagement report which sets out what people told us in response to our 2018 discussion paper.
- In July 2019, we published a draft vision for 2040 and the principles which will underpin and inform the development of policy choices and options.
- The Scottish Government will continue to build on the knowledge and expertise of the wide and varied housing sector, as part of further consultation later this year on the draft vision and principles and outline policy options for the route map.
- We want to hear from a wide range of people across Scotland: rural, urban and island Scotland and communities of interest that face particular challenges when it comes to housing.
- The outputs from the next round of consultation will help us to inform the vision and a route map to 2040, which we will publish in spring 2020.
- The Housing to 2040 vision and route map will provide clarity on our long-term objectives to the housing sector for the next Parliament and beyond.

Housing Exhibition

- To support further consultation, a mobile housing exhibition is planned to run from 4 November to 16 December 2019, visiting 12 sites across Scotland, including urban, rural and island locations.
- The housing exhibition will help to convey some of the messages around Housing to 2040, as well as exploring themes through workshops.
- We will be engaging with communities, including young people, as part of the housing exhibition workshops.

Affordable housing supply beyond 2021

- We have provided record investment of £3.3 billion for affordable housing over this parliament to ensure delivery of our ambitious target of 50,000 affordable homes.
- We are committed to continuing to promote increased supply across all tenures, building on our More Homes Scotland approach. But we need to recognise that public resources are finite and face many competing priorities.
- As part of the Housing to 2040 discussion we recognise the importance of providing ongoing support for affordable housing. We will engage widely as we carefully consider the best balance of future housing priorities, and the best ways to ensure supply across all tenures and build on our More Homes Scotland approach.
- We know that we still need to deliver more affordable homes but we need to move away from numerical targets towards more of a focus on outcomes.
- It will be difficult to sustain the current level of spend (50,000 homes over the next parliament would cost £4 billion), which means we need to think carefully about our approach considering not just how to deliver new homes, but also how to maintain, look after, and improve the ones we've got.
- We need to consider how we will strike the balance of realising the fiscal challenges ahead along with keeping up a strong pace on the delivery of affordable homes.
- Housing is a key component of Scotland's infrastructure. The Scottish Government's aim is to publish a new Infrastructure Investment Plan and the Capital Spending Review by June 2020.

HELP TO BUY (SCOTLAND)

Top Lines

- A strong and growing house-building industry is key to Scotland's future economic prosperity. Help to Buy (Scotland) represents one part of a wider and substantial package to support home ownership more generally.
- Since 2013, Help to Buy (Scotland) has supported the purchase of over 15,000 new build properties and supported over £2 billion in sales.
- The current scheme focuses provision on more affordable housing with ongoing ring fenced support for houses built by smaller developers.
- To ensure continued investment by the house-building industry in Scotland, a further £110 million has been committed for Help to Buy (Scotland) from 2019-2021 - supporting over 4,000 households buy a new build home.
- We are committed to Help to Buy (Scotland) to 2021.
- A formal evaluation of our shared equity schemes, including Help to Buy, will take place over the summer and will seek input from owners, developers and lenders. We would encourage your full participation. This work is expected complete in December this year, and will inform decisions about the future of Help to Buy beyond 2021.
- **[If pressed:** a decision on the future of Help to Buy (Scotland) will be made in early 2020]

Sensitivities

- UK Government announced in October 2018 that they will extend Help to Buy in England to 2023. Builders and lenders are keen to see a similar commitment in Scotland.
- Concerns around the type of households receiving support – perception that wealthy households benefit at the expense of lower income households.
- Concern about the percentage share of sales by big builders. 47% of sales are with three large builder (Barratt, Taylor Wimpey and Persimmon).

Key Stats

- Over 8 in 10 of Help to Buy (Scotland) households were first time buyers and 79% were aged 35 or under in 2018/19
- The large number of sales by big builders in Help to Buy (Scotland) reflects market share. Shared equity support is provided directly to buyers and builders receive no support from the Scottish Government.
- Income levels for Help to Buy (Scotland) are based on household income not personal income. The average household income for recipients of the scheme in 2018/19 was £41,000 (a reduction from £46,000 in the first three years of the scheme).

Background

- Help to Buy (Scotland) is a shared equity scheme, launched in September 2013, which aims to support Scotland's house-building industry following the financial crisis as well as help people to buy a new build home in Scotland.
- It is made up of two parts - the Affordable New Build and the Smaller Developers Schemes. The scheme currently provides up to 15% equity towards the purchase of new build homes up to a value of £200,000. £18m of each year's budget is ring fenced for smaller developers.
- Over the next two years the funding commitment is
 - 2019-20 £60 m
 - 2020-21 £50 m (subject to review in next spending review)

NEW FIRST TIME BUYER SCHEME

Top Lines

- Alongside our existing shared equity schemes, we will create a £150 million national pilot scheme which will provide first-time buyers with up to £25,000 towards the purchase of a home.
- This new national pilot scheme will help first-time buyers purchase a property that meets their needs, is located in the area where they want to live and will help tackle intergenerational inequity.
- We are developing the details of the scheme with our stakeholders.
- The scheme will be launched as a pilot and will run from the end of the year until March 2021.
- We will have a robust and comprehensive evaluation in place throughout the pilot period which will help us make decisions on future support for home buyers in Scotland.

Background

1. On 28th April the First Minister announced that the Scottish Government will create a £150 million national pilot scheme, starting this year and running until the end of this parliament, to provide first-time buyers with up to £25,000 towards the purchase of a home.
2. Buyers will be required to fund a minimum of 5% of the value of their new house from their own funds as a deposit. The Scottish Government contribution will be secured on the equity of the home; is repayable in full at any time; and must be repaid if the home is sold. No monthly payments will apply.
3. The new scheme is to run in conjunction with the current shared equity schemes. While the scheme shares many aspects of the Open Market Shared Equity Scheme (OMSE) and Help to Buy (HTB), there will be clear public differentiation between the schemes.
4. Officials are working with stakeholders to develop the detail of how the scheme will operate, including determining the eligibility criteria.
6. The scheme will be funded using financial transactions.
7. The scheme will help fund the purchase of homes sold on the open market, and will include both existing properties and new builds.

[REDACTED]

DECARBONISATION OF NEW BUILDINGS

ISSUE: The 2019 Programme for Government sets out the Scottish Government's ambition to phase out fossil fuel heating systems from new residential buildings from 2024. For non-domestic buildings, our ambition is to **phase in** this approach from this date. The proposal will apply to all new buildings consented from 2024. The immediate next step is to work with the construction industry to develop the new standards, starting with a consultation in 2019/20.

ISSUE: UKG announced in March 2019 that it would begin developing a 'Future Homes Standard' that would in effect ban fossil fuel heating systems in new homes from 2025. Further details on exact operation have yet to be published. UKG have not yet announced any plans to require new non-domestic buildings to use low carbon/renewable heat.

ISSUE: The Climate Emergency Response Group of stakeholders has called on Scottish Government to ban fossil fuel heating systems in new buildings from 2021, and these calls are likely to be backed by Existing Homes Alliance, Scottish Renewables and other renewable heat stakeholders.

Top Lines:

- We must reduce emissions associated with heating our homes and buildings and we need to end the contribution that new buildings make to our changing climate.
- It is important that we design new standards in partnership with the construction sector to ensure that they are deliverable, lead to comfortable healthy buildings, and do not drive investment away from Scotland.
- New buildings are already very energy efficient and work is already underway to review and further improve energy standards for all new buildings, which will come into force from 2021.

Any new standard must be deliverable. We are committed to working with urgency in partnership with the construction sector to get it right.

- Many of the buildings that will be built in the early 2020s are already in planning and we must give the sector time to adjust and adapt to new standards.
- The scope of the new standard is yet to be determined and we will begin work with the sector this year on its development.
- New buildings are already built to be highly energy efficient and emit far less greenhouse gas emissions than existing buildings.

Low carbon and renewable heating technologies already are already being used in many buildings right across Scotland.

- The technologies already exist and include heat pumps and district and communal heating.
- In new buildings which are energy efficient, these can offer similar running costs to fossil fuel based heating systems like gas and oil.

We are already investing in reducing emissions from our existing buildings.

- We are on track to delivery our 2016 Programme for Government commitment to make half a billion pounds available during this parliament to improve the energy efficiency of Scotland's homes and buildings.
- Through Energy Efficient Scotland we are putting in place a framework of standards to make it the norm to invest in energy efficiency which will reduce emissions from our existing buildings.
- We will publish a Heat Decarbonisation Policy Statement in summer 2020 setting out the steps we will take to reduce emissions from heating our buildings.
- In the meantime we continue to support deployment of low carbon heating through our low cost loan schemes and the Low Carbon Infrastructure Transition Programme.

[REDACTED]

NATIONAL PLANNING FRAMEWORK 4

Top lines

- National Planning Framework 4 (NPF4) is highlighted as a major commitment in response to the climate emergency in the Programme for Government.
- NPF4 will look to 2050 and help to deliver development that meets our long term needs
- Work to prepare NPF4 has commenced and we aim to have a draft to Parliament in summer 2019. NPF4 will be approved by Parliament, before it is adopted by Scottish Ministers.
- NPF4 will for the first time incorporate Scottish Planning Policy (SPP) and will take into account regional spatial strategies which will be prepared by local authorities.

NPF4 will need to address a very different set of circumstances from NPF3 (adopted 2014)

- There is a shift from sustainable economic growth towards sustainable and inclusive growth that requires a fuller spatial understanding of our economy and communities.
- We need a spatial response to the climate emergency.
- There are opportunities to align with ongoing infrastructure and transport work and officials are liaising closely.
- There is a renewed focus on rural development and rural repopulation.
- We need to set targets for land for housing and update housing policy.
- We need to look beyond our boundaries and consider future connectivity, markets and investment to respond to Brexit and wider global change.

We are committed to ensuring we involve a wide range of stakeholders

- The development of NPF4 is reliant on strong collaboration with stakeholders.
- We will soon set out details of engagement opportunities in our Participation Statement.
- We will carry out extensive engagement in early 2020 and aim to involve a wide range of stakeholders including those who may not have had involvement in planning previously.

We aim to produce a draft NPF4 by late summer 2020

- We aim to do intensive early engagement from January to March/April 2020 in line with the participation statement.
- We will lay a draft in Parliament for consultation around September 2020.
- Public consultation will run alongside Parliament's consideration.
- Following this formal consultation, we aim to lay a final version in Parliament in 2021.

[REDACTED]