



## Festive Greetings from us all at Mackinnons and a warm welcome to the latest edition of our Highlight magazine.

As 2015 draws to a close we reflect on a challenging year for our local economy in Aberdeen and the North East of Scotland as well as a year of change for Mackinnons, but a successful one as we continue to move ahead both in our Private Client operations at Cults and Aboyne and our Shipping, Commercial and Employment law services in Carden Place. At a time when 'big is beautiful' seems to be the mantra for many in the legal profession, we have retained our shape and our belief that the key to success is the connection between our individual Partners and fee earners and the clients they act for. We value greatly the clients we serve and our thanks go out to them all for their support in 2015.

This issue has a Christmas cocktail of items ranging from a review of state of the Aberdeen office and property markets to a summary of some of the major employment law changes in 2015. Also look out for news of some new arrivals in the Mackinnons family, and of accolades for some of our core services.

So to all our clients, friends and readers, we hope you have a happy and relaxing festive season and our very best wishes for 2016.

**Keith MacRae**, Partner  
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# The Tide is Turning for the Aberdeen Office Market

**The continuing low oil price of below \$50 per barrel and the increasing supply of high quality office space are together turning the tide away from the Landlord biased scenario that has been a feature of the Aberdeen commercial property market over recent years.**

Re-appraisal of investment strategies in the North Sea is resulting in a decrease in the demand for office space and an increase in the supply of space that is coming onto the market. Three new landmark office developments are due to be completed over the next 18 months (The Capitol on Union Street at the beginning of 2016 and Silver Fin on Union Street and Marischal Square, both in mid-2017) offering a total of approx. 370,000 sq. ft. of new grade A office space. Additionally, there is still significant activity on the outskirts of Aberdeen including development at ABZ Business Park in Dyce, Prime Four in Kingswells, City View and Balmoral Business Park in Altens, City South Business Park in Portlethen and Kingshill Business Park in Westhill. Relocations to such new developments in 2014 and 2015 and general downsizing have already had an effect on the secondary property market which will now have to work harder to attract the attention of potential tenants.

Despite all of this, rental levels in 2015 remained consistent, with headline rental levels of £32 per sq. ft., however, increased incentive packages are now being offered to tenants such as rent-free periods, shorter lease durations and the option of early termination. This is bringing Aberdeen more in line with the rest of the Scottish market.

2016 will continue to see an improvement in the bargaining position of tenants and now is the time that landlords and tenants should be checking the terms of their leases to ensure they are aware of their lease obligations and any break options that may be approaching. If you require any advice in respect of your current lease obligations, are looking to enter into a new lease or relocate on more preferential terms please contact our commercial property team.



Caroline E. Cumming - Partner

## Good News For The Consumer

The Consumer Rights Acts 2015, which came into force on 1st October 2015 and replaced a considerable part of the Sale of Goods Act 1979, covers all purchases of goods and services including electronic data in digital form and is a long overdue piece of consolidation legislation fit for 21st century commerce. Our Court Partner, Martin Sinclair, provides a summary of the key updates in this area in his News article on our website. For more information, please contact our dispute resolution team.



Martin Sinclair - Partner

# The Crown and the Glasgow Bin Lorry Crash

On Monday 22nd December 2014 Glasgow city was busy with Christmas shoppers when tragedy struck. Without warning a bin lorry went out of control in Queen Street, struck pedestrians and crashed into the Millennium Hotel. Six people were killed and a number were injured.

Following an investigation into the circumstances, a Fatal Accident Inquiry was held at Glasgow

Sheriff Court in July and a Determination by the Sheriff was issued in December 2015. The case has raised issues not only about the accident itself but about how our criminal law and our Fatal Accident Inquiry system operates. Mackinnons Partner, Keith MacRae, examines the issues and the background to them in an article on our website.



Keith MacRae - Partner



# Mackinnons in 2015

We were very pleased to once again receive top rankings in two of the UK's most prestigious law guides, the Chambers UK guide and the Legal 500. The firm and two of our Shipping partners received top rankings and we are very proud to remain the only Scottish firm with two partners, Graham Jones and Keith MacRae, receiving such an award in this category.

Our Property team also received well deserved recognition by being listed as finalists within the Residential Property at the Scott & Co Legal Awards in May 2015.

During the year, the firm grew with the appointment of four new members of staff – our Commercial Property partner Caroline E Cumming, trainee Fiona Cheyne and two support staff to our Property and Private Client teams, Wendy Stewart and Vivienne Bell. These teams also added some organic growth through the safe arrival of our Private Client Partner Ashleigh McConnell's son Rory and our Property Administrator Deborah Edmond's daughter Robyn.

## The 2015 Employment Round Up

**This year saw a number of key employment law changes come to pass, both through the Government's law making and from the judges at court.**

The most publicly heralded "new law" from the Government was the introduction of shared parental leave (SPL) for all babies born or adopted on or after 5th April 2015. SPL allows mothers to curtail their statutory maternity leave in order to share the balance of their statutory leave/pay with her partner. Adoption rights were also extended in April and prospective parents having a child through a surrogacy arrangement are also now able to participate in adoption leave/pay, paternity leave/pay and shared parental leave/pay if they meet the respective eligibility criteria.

May 2015 saw the introduction of the Fit For Work service, tasked with providing occupational health assessments to employees absent from work due to sickness for periods in excess of 4 weeks, and the outlawing of exclusivity clauses in zero hours contracts so that employers cannot prohibit employees engaged under zero hours contract from working elsewhere.

Some of the highlights delivered by the courts this year, included receiving confirmation that an employee's overtime must be considered when calculating the employee's holiday pay. The fear that this decision would allow employees to make a sizeable claims for backdated holiday pay was allayed by both the courts

(which confirmed that where more than 3 months had elapsed between any "underpayment of holiday pay", the employee could claim no further back) and also by the Government who introduced a 2-year cap on any backdated claim lodged after 1st July 2015 through the Deduction from Wages (Limitation) Regulations 2014.

The European Courts also provided confirmation that travelling time for peripatetic workers (workers who are not assigned to a fixed place of work) should be counted as working time. The European court elected not to give any direction to the national courts on whether/how this time should be paid, but employers of such workers must consider this time when arranging working/rest time.

Looking forward to 2016, one of the hot topics on the horizon is the Government's proposals to reform trade union law under the Trade Union Bill 2015-16. Some of the key reforms proposed by the Government relate to the legality of trade union backed strike action (by increasing the minimum level of support from trade union members for authorised strike action and increasing the period of notice which must be given ahead of any strike action) and allowing employers to be able to use agency staff to cover for striking employees.

We also await the outcome of the Government's consultation on proposals to simplify the tax treatment of termination payments. One change we can be sure of though is the introduction of the new National Living Wage (NLW) in April 2016 for workers aged 25 and over which will add a 50p premium to the over 21 National Minimum Wage fixing the first NLW at £7.20.

For more information on any of these topics, please contact our Employment Law team.



Nicola Gray - Associate

## Employment Signet Accreditation – Nicola Gray

We are really pleased to announce that Nicola Gray has attained Signet Accreditation in Employment Law with the prestigious WS Society in Edinburgh.

The achievement is richly deserved after completing a series of exam papers in September.

As well as enhancing Nicola's growing reputation, this qualification will provide our clients with the added assurance that they are

receiving expert advice and guidance in an ever evolving legal field.

"Nicola's achievement is well merited and acknowledges her hard work and expertise within the employment department at Mackinnons. She has an ability to understand clients' needs quickly and to offer pragmatic solutions. Well done!"

*Martin Sinclair, Employment/Court Department*

# 2015 is almost over... what will 2016 bring for the Property market?



Pat Gray - Partner

This year has been a challenging one on many levels for a large number of our clients especially those who are either employed in or in some way connected to the oil industry. Not only have private individuals faced redundancy situations but many who have been fortunate to retain their jobs have seen their terms and conditions dramatically altered. Local hotels have seen occupancy rates drop and many businesses which "spin off" from the oil industry have found themselves in precarious positions. Many "expensive" expats have been sent home by their employers, up market restaurants are almost empty and some parts of the local economy have been experiencing almost "depression" like conditions.

But there are already some "early green shoots" emerging – some of our clients are being re-employed, details of new contracts ahead for late 2016 and deals starting to be done again are all filtering through.

Although Aberdeen and Aberdeenshire have both seen an increase in unemployment levels in 2015, in this part of the country the level is still very low. Property prices remain high compared to the rest of Scotland and although the volume of sales has dipped, which probably indicates less confidence in the market with many people choosing to "sit tight" rather than expose their home for sale, this has been felt primarily in the upper price ranges. In the market for the flats there is still good activity and the level of borrowing remains low. Overall, and given the difficulties which have been encountered in some areas of the economy, the local housing market is showing an increasing degree of resilience and it is hoped that, as it has done in past decades, this will continue to grow and develop in the months to come.

Our mid-high end property market has certainly been affected in 2015 by the introduction of Land and Buildings Transaction Tax (LBTT) by the Scottish

Government which makes the cost of purchasing a residential property in excess of approximately £350,000 considerably more expensive than in the rest of the UK and more so than had previously been the case under the old Stamp Duty Land Tax in Scotland. Although perhaps unlikely, it would be a very positive move for the Aberdeen property market, especially at the higher end, if these tax rates were to be revisited by the Government in 2016.

As the oil companies have shed many of their contractors over the last year, we have seen a corresponding drop in rental prices with many Landlords now routinely accepting a 10 – 15% drop in rental income. For many of our clients

in times of low investment returns, owning buy to let property has become an increasingly appealing proposition. Next year, however, will see available tax reliefs on rental income restricted, "Wear and Tear" Allowance for furnishings withdrawn and tax relief for mortgage interest payments restricted.

Adding to that, new legislation was introduced in December 2015 meaning that all Scottish privately rented property covered by the Repairing Standards will be required to comply with the new laws, regardless of tenancy type. This has already proved expensive for some landlords whose leases will start after 1st

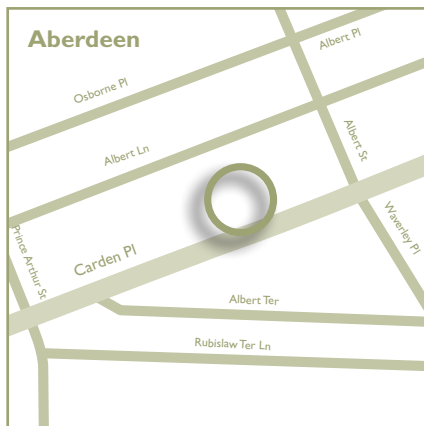
December 2016 and the legislation will extend to all existing leases from 1st December 2016.

These are undoubtedly challenging times but we do not have to dig terribly deep to see some signs of encouragement and positivity around us. The oil price will not soar any time soon but things certainly do not appear to be nearly as bleak as they did two decades ago!

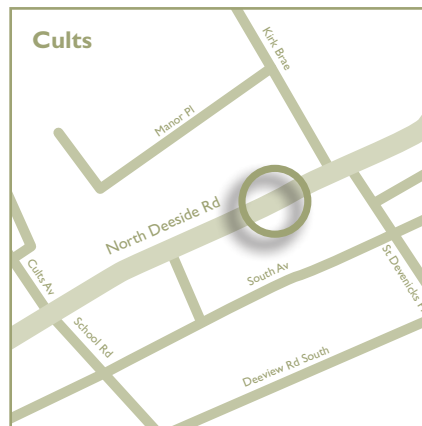
Should you wish to discuss or receive any further information regarding the above, please contact our Property team.



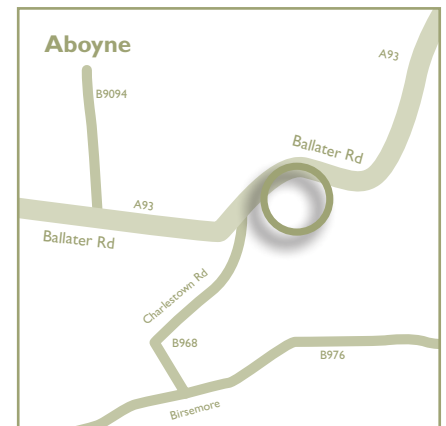
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