



The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

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Infrastructure and Capital Investment
Committee

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Dear Maureen,

Housing (Scotland) Bill: Financial Memorandum

The Finance Committee issued a [call for evidence](#) on the Housing (Scotland) Bill's Financial Memorandum (FM) on 11 December 2013 giving a deadline of 31 January 2014 for responses. A total of thirteen responses were received and [these are attached](#).

Short Scottish Secure Tenancies: provision of housing support

The FM estimates that the cost of providing housing support to individuals who have their tenancies converted to short Scottish Secure Tenancy on the basis of antisocial behaviour will be £764,000 per year across Scotland.

Some local authorities have questioned whether these assumptions provide an accurate reflection of costs at a local level. North Lanarkshire Council's view is that the assumptions "should be viewed with some caution since it is based on national costs and statistics from earlier years as well as assumptions on the type and provider of support". South Lanarkshire Council makes a similar point stating that, with regard to the assumptions made in the FM, "we believe there are some limitations with them, and in particular, with the data used to support them".

The City of Edinburgh Council's response sets out its own estimate of the potential annual cost of providing housing support, estimating that cost at £270,000. This estimate is based on two assumptions. The first is that all tenants with Scottish Secure Tenancies who receive a final warning over their antisocial behaviour will convert to a SSST with support. The second is that where a homelessness assessment has been carried out and there has been a history of significant

antisocial behaviour within the previous three years, a SSST with support would be appropriate. The response does, however, also note that its estimate “is dependent on any Scottish Government guidance”.

Costs relating to the establishment of the Private Rented Sector tribunal

The FM states that “It is expected that there will be no additional costs for local authorities from proposals for a Private Rented Sector (PRS) tribunal.” However, some local authorities consider that costs may arise in relation to this provision. For example, Renfrewshire Council notes that “as the provider of housing services, the local authority will need to train relevant staff and update existing information to reflect the new changes.”

The City of Edinburgh Council also comments on the FM’s assumption, stating that “it is anticipated that the creation of such a tribunal will generate a significant increase in enquiries to the Council and appeals against landlord registration decisions, Rent Penalty Notices and various HMO decisions resulting in increased pressure on existing staff resources.”

Third party applications to the Private Rented Housing Panel

Some responses addressed the discretionary power to enable local authorities to make an application to the Private Rented Housing Panel (PRHP) in respect of the repairing standard.

The Association of Local Authority Chief Housing Officers (ALACHO) comments that “it is particularly difficult to estimate the costs of any increased duties arising from the measures in the Bill especially those pertaining to new duties towards the private rented sector.” In relation to third party applications, ALCAHO notes “that several ALCAHO members have drawn attention to the fact that the need to gather evidence on property condition, the processing of applications and defending a case (on appeal of a decision in court) could give rise to significant and potentially onerous new duties to local authorities.” Similar comment was made by the City of Edinburgh Council.

South Lanarkshire Council states that “while we support the intention of the Bill’s approach that local authorities can act as a third party to the PRHP, and consider that the approach could increase flexibility to address poor standards in the PRS, we have some reservations...regarding the resourcing of it.” The Council considers it important that “further work is carried out to establish resource requirements” to support councils in relation to this power.

Landlord registration

Table 2 of the FM sets out (at page 43 of the Explanatory Notes) that the costs to other bodies, individuals or businesses arising from Part 4 of the Bill will be in the form a registration fee set at £250 per letting agent on a three year basis. Paragraph 192 of the Bill identifies that this level of fee would result in income to the Scottish Government of £180,000 in the first year of operation of the register with a similar fee for re-registering meaning a similar level of income in the fourth year of the register. This is based on an analysis of UK wide data that suggests there are around 719 letting agents operating in Scotland.

However, in its response, the Royal Institute of Chartered Surveyors (RICS) comments that the number of letting agents businesses is likely to be “much higher” than may be suggested in the FM. The response from the City of Edinburgh Council would appear to support this comment given that it states there are “currently 774 letting agents registered” through its own Landlord Registration Scheme.

The RICS response notes that to realise the desired outcome of introducing a registration system “it is absolutely vital that there is a consistent approach to enforcement of the proposed registration arrangements and associated code of practice.”

The FM states that the estimate of costs to other bodies, individuals and businesses does “not include any potential training costs or costs to alter business practices that a letting agent may have to undertake to comply with a code of practice” and that the estimate may therefore be subject to change. RICS sets out its view that the provisions of the Bill “have been designed to eliminate poor or mal practice and raise standards in the sector” and that “the raising of standards can only be achieved through ongoing training”. On that basis, RICS suggests that the estimate will be subject to change “unless the Scottish Government is willing to remunerate the costs of training all letting agent business staff, which would likely eclipse the monies accumulated from the three-yearly £250 per business registration fee”.

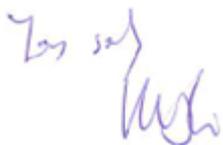
Mobile home licensing

Angus Council has commented on the provisions in relation to the licensing of mobile home sites with permanent residents, noting that the Bill “does not address the issue of ‘holiday’ sites” and that it “is also currently unclear where migrant worker sites sit”. The Council notes that to police licensing and planning permission issues can be very difficult and resource intensive and that it is “not convinced that the Bill has sufficient cost efficient tools and penalties to deter and tackle misbehaviour” until legislation is introduced to address holiday and migrant worker sites.

Conclusion

Your committee may wish to consider the above information along with the attached submissions in its evidence session with the Minister.

Yours sincerely,



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Convener