

Ariane Burgess MSP
Convener
Local Government Housing and Planning
Committee

By email: localgov.committee@parliament.scot

November 2024

Dear Convener,

Thank you for inviting me to give evidence to the Committee on 10 September about the Housing (Scotland) Bill. In this reply I seek to provide further information about specific issues raised.

I am pleased the Social Justice and Social Security Committee has considered the provisions in the Bill specifically relating to homelessness prevention and fuel poverty and as a result have endorsed the general principles set out in the Bill.

I have set out at Annex A further details on issues we discussed 10 September.

I trust my reply will help inform the committee's considerations, and I would of course be available to provide further evidence to the Committee on the specific amendment if needed.

Yours sincerely,

PAUL MCLENNAN
Minister for Housing

Issue raised at the LGHP meeting on the Housing (Scotland) Bill on 10 September	Scottish Government response
Size of the rented sector	<p>The private rented sector has a vital role in the Scottish housing market and in delivering the housing Scotland's communities need.</p> <p>The latest Scottish Landlord Register data show the number of registered properties for rent in Scotland between August 2022 (339,632) and September 2024 (350,129) has increased by 3%. There are some limitations of this management information, as registrations last for a period of three years and there are potential time lags in landlords de-registering properties which are no longer available for rent.</p> <p>As indicated at Committee, the appropriate size of the private rented sector will differ across Scotland depending on local circumstances. There are a number of mechanisms in place aimed at ensuring an evidence based and strategic approach is taken, including through duties on Local Authorities to carry out a Housing Needs and Demand Assessment in their area and for this to inform their Local Housing Strategy (LHS). Local Housing Strategies play a fundamental part in informing housing investment and service delivery, supporting equality and place-making and ensuring the delivery of the right homes in the right places.</p> <p>We are currently refreshing LHS guidance with a view to publishing updated guidance in Spring 2025.</p>
Housing national outcome	<p>On 1st May 2024, Scottish Ministers laid before Parliament the following report containing proposals on changes in NPF National Outcomes : Consultation with Parliament in connection with the Review of National Outcomes.</p> <p>This includes a new National Outcome on Housing, described below:</p>

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	<p>Housing: We live in safe, high-quality and affordable homes that meet our needs</p> <p>We ensure that everyone has housing that is safe, secure, accessible and affordable. Homelessness and the causes of homelessness are addressed. There is availability of housing of all tenures, including social housing, in our urban and rural areas.</p> <p>We plan our communities sustainably to ensure there is suitable, good quality housing for all types of households and access to local services. Housing is sustainable, energy efficient, resilient and well maintained.</p> <p>Housing meets everyone’s needs, throughout all stages of life. We are supported to live independently within our communities.</p> <p>Work on the specific National Indicators to support this new Housing Outcome is on-going, but will not be able to be completed until Parliament has considered and made recommendations on the new set of National Outcomes for Scottish Government to consider. This Parliamentary inquiry is due to close with a debate by the end of this year.</p>
<p>Housing Investment Taskforce Reports</p>	<p>The Housing Investment Taskforce will identify actions that will unlock both existing and new commitments to investment in housing by bringing together key interests of investors and investees. I can confirm that the Taskforce will provide a final report by end of March 2025.</p> <p>The minutes of the meetings of the Housing Investment Taskforce are published online: Housing Investment Taskforce - gov.scot (www.gov.scot)</p>
<p>Changes to section 9(3) of the Bill as introduced</p>	<p>As set out in my statement to Parliament on 31 October and letter of the same date, the Government will bring forward an amendment at Stage 2 that will set out that in any area where rent control applies rent increases will be limited to CPI+1% up to a maximum of 6%.</p>

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<p>Mid-market rent (MMR) properties</p>	<p>Scotland needs a thriving rented sector that offers good quality, affordable housing options and values the benefit that investment in rented property delivers.</p> <p>We want to see continued investment in the rented sector – including in Mid-Market Rent – to grow the supply of good quality rented property that offers choices for tenants.</p> <p>The Bill contains powers for Scottish Ministers to make Regulations that allow for certain types of property to be exempted from rent control and for rents to be increased above the level of the rent cap in some circumstances.</p> <p>The Bill currently sets out that any such exemptions or modifications on how the cap will apply shall be supported by consultation with tenants, landlords and others who may have an interest.</p> <p>A consultation on certain types of property to be exempted from rent control and for circumstances where rents may be increased above the level of the rent cap will take place in early Spring 2025.</p>
<p>Grounds for repossession</p>	<p>I can confirm that in the past some eviction grounds for private residential tenancies were mandatory, such as in cases where a tenant was in rent arrears over three consecutive months.</p> <p>The Coronavirus (Scotland) Act 2020 temporarily made all grounds for eviction in the private rented sector discretionary and subsequently, through the Coronavirus (Recovery and Reform) Act 2022 this protection was made permanent. This means that the First-tier Tribunal (Housing and Property Chamber) can use discretion and consider all circumstances of a case when deciding whether or not to grant an eviction for all eviction grounds.</p>
<p>Unclaimed tenancy deposits</p>	<p>You asked about the increase in the number of deposits that have not been claimed noting that the value of unclaimed deposits in March 2021 was £3.3 million; but this increased to £5.4 million in March 2024. You also highlighted a big increase between March and September 2023.</p> <p>At present, there is no legal definition of when a tenancy deposit is considered unclaimed, and as such, the three tenancy deposit schemes may collate this information differently. In August 2023,</p>

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Letting Protection Service Scotland advised officials that they had reviewed the criteria that they use to report on unclaimed deposits and this resulted in a fluctuation in their figures. The change in reporting resulted in an increase in unclaimed deposit figures from £712,427 in July 2023 to £1,698,713 in August 2023, which therefore increased the total unclaimed deposit value pool amongst the three schemes.

Provisions within the Housing (Scotland) Bill will create a legal definition of when a tenancy deposit can be considered unclaimed, ensuring there is consistency in reporting on unclaimed deposits once commenced.

We have also contacted SafeDeposits Scotland and MyDeposits Scotland regarding the increase in their figures from March 2021 onwards, with both schemes citing similar reasons for increase.

Both schemes indicated that the size of their scheme has grown which has also resulted in an increase in unclaimed deposit figures consistent with this growth. Both schemes also noted that a large proportion of unclaimed deposits result from international students returning to their home countries at the end of their tenancies, without access to their provided University email account and it was noted that there can also be challenges transferring funds to certain countries. SafeDeposits Scotland also advised that most of their unclaimed deposits are historic, with newer unclaimed deposits generally easier to reunite with tenants.

As previously advised, to address some of these issues and help reunite tenants with their deposit, the Scottish Government intend to use existing regulatory powers so that tenancy deposit schemes collect more than one contact detail when a deposit is lodged. As part of implementation of provisions within the Bill, we will also undertake a general public awareness raising as part of a communication strategy this provides another opportunity to reunite tenants with their unclaimed deposits

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Tenancy deposit schemes	You asked whether the tenancy deposit schemes operate with regard to the same demographic. We contacted the schemes to discuss this further. This is not something that the schemes hold concrete data on, however, one of the schemes noted that the deposits they protect tend to include a higher proportion of student tenancy deposits.
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