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Bob Doris, MSP
Convener
Local Government and Communities Committee
The Scottish Parliament
EDINBURGH
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Dear Bob

HOUSING (AMENDMENT) (SCOTLAND) BILL

I am writing to give you advance notice that the Scottish Government has today introduced the Housing (Amendment) (Scotland) Bill. The Parliament will publish the Bill tomorrow.

The Bill is needed following the decision in September 2016 by the Office for National Statistics (ONS) to classify registered social landlords (RSLs) as public sector bodies in the UK national accounts. Until then RSLs had been classified as private sector bodies.

Left unchanged, the classification would require all new net borrowing by RSLs, which currently is private borrowing, to be counted as Scottish Government expenditure. That would mean the £300 million a year that RSLs borrow to augment Scottish Government investment of £3 billion in affordable housing between 2016 and 2021 would count as borrowing by the Government.

The purpose of the Bill, therefore, is to enable the ONS to revisit its decision and return RSLs to the private sector.

The ONS decision was taken in light of some of the powers that the Scottish Housing Regulator can exercise over RSLs. Consequently, the Bill achieves its purpose by reducing or removing those powers.

It also gives Ministers the power to make regulations that will ensure that local authority influence over a RSL, for example by nominating members to a governing body, is not so great that it counts as public sector control.

The Bill, though a technical measure, is essential to protect the Scottish Government's budget and support the delivery of 50,000 new affordable homes. I hope that it will be welcomed and supported by all parties in the Scottish Parliament.

I look forward to assisting you and your colleagues on the Committee scrutinise the Bill in the coming months. Meantime, if you would find it helpful, I would be pleased to meet you to discuss the Bill in more detail.

Kind regards

KEVIN STEWART