

HOUSING (SCOTLAND) BILL

FINANCIAL MEMORANDUM

INTRODUCTION

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Housing (Scotland) Bill, introduced in the Scottish Parliament on 26 March 2024.
2. The following other accompanying documents are published separately:
 - Explanatory Notes (SP Bill 45–EN);
 - a Policy Memorandum (SP Bill 45–PM);
 - a Delegated Powers Memorandum (SP Bill 45–DPM);
 - statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 45–LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

BACKGROUND

4. The Bill is ambitious in responding to the need to improve the housing outcomes in Scotland for people who live mainly in rented accommodation or face homelessness. At the same time, it continues to safeguard the proportionate use of a landlord's property for rental purposes, seeking to deliver a fair balance between protection for tenants and the rights of landlords.
5. The Bill contains a package of reforms which will help ensure people have a safe, secure, and affordable place to live. It also helps to deliver the Scottish Government's 'New Deal for Tenants' and some aspects of 'Housing to 2040', while contributing to the ambition to end homelessness in Scotland.
6. The Bill has 7 Parts which are summarised below. Further information about the background and the policy intention behind the Bill is set out in the Policy Memorandum which accompanies the Bill.
7. Part 1 makes provision about rent including the designation of rent control areas.

8. Part 2 makes provision about dealing with evictions, including duties to consider delaying evictions and the amount of damages for unlawful evictions.
9. Part 3 makes provision about residential tenants keeping pets and making changes to let property.
10. Part 4 makes provision about other matters relating to tenants including unclaimed tenancy deposits, registration of letting agents, ending joint tenancies, delivery of notices and converting assured tenancies into private residential tenancies supporting tenants affected by domestic abuse.
11. Part 5 makes provision about homelessness prevention including duties of relevant bodies, assessment of housing support services and tenants affected by domestic abuse.
12. Part 6 makes provision about other housing matters including mobile homes, fuel poverty and disclosure of information to the new homes ombudsman.
13. Part 7 makes provision about commencement and other ancillary matters.
14. While further details are provided throughout the Financial Memorandum including but not limited to the indicative costs and savings generated by the Bill for the Scottish Administration, Table 1 below provides an overall summary of the total identified estimated costs of the measures in the Bill for the Scottish Administration; local authorities; and other bodies, individuals and businesses. Subject to parliamentary approval, the Bill's earliest commencement is expected to be from 2025-26 onwards. Table 1 therefore sets out the costs for the first 3 years after the earliest commencement. For some of the more complex measures the identified estimated costs are set out beyond these first 3 years. For example, some specific sections go on to provide estimates for years 4 and 5 when necessary.
15. Table 2 then goes on to breakdown the Scottish Administration figures between resource and capital.
16. Full implementation of the Bill is not expected to be realised until 2028 at the earliest, when most of the measures would move to the operational phase. This is because a phased approach will need to be taken with some of the provisions, due to the complex nature of the measures within this framework Bill.
17. It is important to note this Financial Memorandum provides the best estimates for identified costs and savings for the Bill. A small number of costs cannot be estimated at this time as these will depend on decisions taken after the legislation has passed. This is because some parts of this legislation have purposefully been designed to respond to future needs and conditions which cannot be foreseen. For example, rent control measures have been designed to take account of local circumstances through a cyclical assessment process, which will determine where and when rent control areas will be designated, and as such the scale of associated costs is uncertain. As a result, where costs cannot be estimated at this time further details are provided within the individual sections that set out the costs for that policy.

Table 1: Total identified estimated costs for the Bill

Total estimated costs for the Bill	2025-26 £m	2026-27 £m	2027-28 £m
Costs for measures requiring collective implementation across Part 1, Part 2, Part 3, and Part 4	£0	£0.382 to £0.632	£0.123 to £0.171
Part 1 - Rent	£0.722	£3.541 to £9.516	£1.509 to £4.943
Part 2 - Dealing with evictions	£0.089 to £0.116	£0.386 to £0.696	£0.386 to £0.696
Part 3 - Keeping pets and making changes to let property	£0	£0.138	£0.138
Part 4 - Other matters relating to tenants	£0.034 to £0.054	£0.088	£0.106
Part 5 - Homelessness prevention	£2.868	£2.835	£2.229
Part 6 - Other housing matters	£0.340	£0.430	£0.530
Total estimated costs for the Bill	£4.053 to £4.100	£7.800 to £14.335	£5.021 to £8.813

Table 2: Resource and capital breakdown of identified total estimated costs for the Scottish Administration

Resource and capital breakdown for the Scottish Administration estimates	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£1.748 to £1.775	£2.696 to £3.336	£2.080 to £3.057
Of Scottish Administration costs estimated: capital	£0.344	£0.394	£0.065 to £0.080
Total estimated costs for the Scottish Administration	£4.053 to £4.100	£3.090 to £3.730	£2.145 to £3.137

COSTS FOR MEASURES REQUIRING COLLECTIVE IMPLEMENTATION ACROSS PART 1 – RENT; PART 2 - DEALING WITH EVICTIONS; PART 3 - KEEPING PETS AND MAKING CHANGES TO LET PROPERTY; AND PART 4 - OTHER MATTERS RELATING TO TENANTS

Costs on the Scottish Administration

Scottish Government

18. While specific costs associated with implementation and operation have been included within the cost estimates for each individual measure there are some costs to the Scottish Administration only which will need collective implementation. These collective costs are set out here.

19. One-off costs will include changes to the suite of online tools and information which the Scottish Government provides to support landlords and tenants to understand their rights and

responsibilities, and help ensure compliance with legislative requirements. Awareness raising to ensure that landlords and tenants are aware of the implementation of the changes will also be essential.

20. The cost to the Scottish Government for awareness raising and providing tools and support to tenants and landlords has been collectively estimated for the package of measures included in the Bill at Parts 1, 2, 3, and 4 rather than for individual measures. This is particularly important given the shared audience and the use of the tools to support a range these measures that are being brought forward.

21. These estimates have been developed taking account of costs for delivering previous work of a similar nature and are based on information on costs that is relevant at the current time, which may be subject to change.

22. A range of costs for information and tools to support landlords and tenants has been estimated, from a minimal approach (essential updates to existing information, model documents and tools only) to a more robust approach, that would allow for the development of new tools.

23. Whilst the activities to support awareness raising are yet to be determined they will require to be comprehensive, given the scale and scope of the package of reform and that they have the potential for impact on all landlords and tenants, to some extent. As an illustration of likely cost, there is included an estimate for delivering a national campaign that would have the sort of reach that would be required.

Table 3: Costs to Scottish Government for measures requiring collective implementation across Part 1, Part 2, Part 3, and Part 4

Costs	Cost estimate*
Information and tools to support landlords and tenants	£82,000 to £332,000
Awareness-raising of new rights and responsibilities - tenants, landlords and letting agents	£300,000
Total costs	£382,000 to £632,000

*These costs are anticipated to fall in 2026-27

24. The Scottish Government also anticipates working with stakeholders to develop a coordinated programme of monitoring and evaluation of all measures in the Bill. Although this work is still in the early stages of development, it is anticipated that could incur costs of around £400,000 in total across multiple years of policy implementation (see Table 5A), to better understand the implementation and impacts of the Bill measures on the housing system and key stakeholders. It is expected that evaluation activities could cover up to an 8-year period, with £50,000 allocated per annum from 2028-29, to allow for impacts to be seen and evidenced, with interim reporting built in at key stages.

25. There are several approaches to evaluation being considered as part of this programme including analysis of routinely collected internal data, learning from external data and research, and bespoke new research (which could include surveys and mixed methods research). However, the final design will be proportionate to the scale of the measures, and the Scottish Government

will actively look to make cost savings by synthesising learning across multiple different sources to minimise the need for new data collection wherever possible.

First-tier Tribunal (Housing and Property Chamber)

One-off costs for the Tribunal for setting up new application routes

26. There will potentially be a cost to the First-tier Tribunal (Housing and Property Chamber) (“the Tribunal”) associated with the collective implementation of the tenant protection measures. These will include updates to existing case management systems and amendment of websites and forms, which are estimated at £50,000 capital costs in total.

27. There could also be costs associated with recruitment and induction training of new Tribunal Members and costs of equipment for new staff. These costs would be dependent on whether there is a requirement for additional members and, if so, the level of recruitment required to meet any increases in caseload across all provisions in the Bill that impact on the operation of the Tribunal.

28. Should the new application routes under the Bill result in a significant increase in caseload beyond the capacity of current resources of the Tribunal, then it may be necessary to recruit additional legal and ordinary members. Total additional caseload resulting from the measures in the Bill is uncertain because it would depend on when each of the measures come into force and, in relation to rent control, the total number and timing of rent control areas introduced. It is therefore not possible to accurately predict what, if any, increase in the number of members may be required. However, by way of providing indicative costs for this, the Judicial Appointments Board for Scotland has estimated the additional costs of recruiting members as £50,000 to recruit 10 members and £75,000 to recruit 20 members (based on 55% legal members and 45% ordinary members).

29. If new members are recruited there would be training costs which will vary depending on whether they relate to a legal or ordinary housing member. Based on the daily fee for each member type these costs are estimated at £1,073 for a legal member and £574 for an ordinary housing member for 3 days training. Equipment costs are approximately £1,500 per member.

30. For illustrative purposes, these potential costs are included in the 2027-28 year (Table 5A) although in practice they could be incurred in subsequent years once the measures become more established and caseloads stabilise.

31. All other costs for the Tribunal, which relate to the potential for an increase in case numbers, have been included in the cost estimates for each individual tenant protection measures.

Costs per application to the Tribunal

32. For all types of cases that would go the Tribunal in relation to all tenant protection measures, the cost per application is estimated to be £1,093, which has been derived as set out in the table below. This has been used as the per application cost in the estimates for each individual tenant protection measures laid out in the sections below.

Table 4: Indicative cost per application for Tribunal

Type of cost	£	Basis of costing
Staff	495	Based on PRS staffing requirement of 46 FTE and 2022-23 caseload. Incorporates 2024-25 pay award
Members fees:		
Caseload related	277	Includes interlocutory/decision fees along with in-house convener time. Based on PRS 2022-23 actual
Training	6	Based on 2022-23 training costs but may fluctuate depending on member recruitment
In-person hearings:		Based on 2023-24 forecast as activity starting to increase with return to in-person hearings
Venues	3	
Security	3	
Office costs	4	Based on 2023-24 forecast as costs inflated in 2022-23 due to additional conferencing costs
Sheriff Officers	61	Based on 2022-23 actual
Registers of Scotland	3	Based on 2022-23 actual
Interpreters	3	Based on 2022-23 actual
Total	855	
Corporate overhead	222	Corporate overhead is calculated at 26% of running costs
Upper Tribunal	16	Based on 2024-25 estimated cost per HPC application
Total	1,093	

Scottish Legal Aid Board

33. Views on the potential impact of new application routes to the Tribunal were sought from the Scottish Legal Aid Board (“SLAB”). SLAB indicated that it is difficult to assess the likely impact on legal aid applications given the level of uncertainty on future Tribunal caseload from introduction of the measures under the Bill.

34. SLAB noted in their response that they do not currently see many applications for legal aid in relation to Tribunal cases. Information from SLAB indicates that, for the three years to January 2024, there were 1,206 Civil Advice and Assistance granted applications only in the “Landlord and tenant” category. There were only three cases where Private Residential Tenancy was mentioned in 2021 and one in 2022 out of a total number of 22 that mentioned Tribunal in the subject matter.

35. In SLAB’s view, the measures would lead to a modest increase in legal aid applications, or would involve additional procedure, and in turn cost, on applications that they would otherwise be anticipating anyway. However, in the absence of contrary information as to volumes, their view is that any cost increase would probably not be significant.

Summary of costs

36. The tables below provide a summary of the costs for the work needed to support the collective implementation of the tenant protection measures for the Scottish Administration. It

should be noted Tables 5A and 5B show the figures within each financial year, whereas Table 5C shows the figures for the multiple years that figures have been provided for and split by the indicative costs and savings.

Table 5A: Collective costs to the Scottish Administration for the implementation of measures at Part 1, Part 2, Part 3, and Part 4 – summary of total identified costs

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Costs on Scottish Government	£0.382 to £0.632	£0	£0.050	£0.050
Costs on the Tribunal	£0	£0.123 to £0.171	£0	£0
Total estimated costs on the Scottish Administration	£0.382 to £0.632	£0.123 to £0.171	£0.050	£0.050

Table 5B: Collective costs to the Scottish Administration for the implementation of measures at Part 1, Part 2, Part 3, and Part 4 – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Of Scottish Government Administration costs estimated: resource	£0.382 to £0.632	£0.058 to £0.091	£0.050	£0.050
Of Scottish Government Administration costs estimated: capital	£0	£0.065 to £0.080	£0	£0

Table 5C: Collective costs for the implementation of measures at Part 1, Part 2, Part 3, and Part 4 – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Collective implementation costs (Table 3)	£0.382 to £0.632		
Collective annual running costs (26)		£0.050	

PART 1 - RENT

CHAPTER 1 DESIGNATION OF RENT CONTROL AREAS ETC.; AND CHAPTER 2 RENT CONTROL AREAS: CHANGES TO THE 2016 ACT

RENT CONTROL

37. This section on rent control policy sets out the costs associated with Chapter 1 on designation of rent control areas; and Chapter 2 on rent control areas: changes to the 2016 Act. While the measures in the Bill are set out separately these provisions are explained and costed below as a package of reforms as they introduce a legislative framework to support the implementation of an effective national system of rent controls in the private rented sector, with an appropriate mechanism to allow local authorities to introduce local measures.

38. Where a rent control area is introduced, there would be a restriction on the amount by which private sector rents can be increased in that area. This restriction would apply to increases in rent that take place both during a tenancy, and where the rent is set for a new tenant.

39. The rent control measures in the Bill are being brought forward as enabling provisions, with the details of some aspects subject to further consultation, prior to being brought forward in secondary legislation at a later date. The costs outlined below are, therefore, best estimates based on the information available at this time and are subject to a significant level of uncertainty. To reflect this uncertainty, in most cases the Scottish Government has provided a range of estimates, accompanied by details of the basis on which the potential scenarios have been developed.

Costs on the Scottish Administration

40. Costs to the Scottish Administration will include a range of one-off costs for the work needed to implement the framework that will allow for rent control areas to be established. Following on from this, there will be operational costs related to the introduction of rent control areas – arising from the work to establish those areas and to meet the operational requirements once they come into force. The operational costs will apply across different time periods, with the costs of establishing rent control areas recurring on a cyclical basis and the costs of meeting operational requirements, whilst rent control areas are in force, being ongoing.

Scottish Government

Implementation of rent control framework – one-off costs

41. One-off costs associated with implementing the rent control measures will include initial costs to set up the framework which will support the introduction of rent control areas, such as the public consultation and administrative costs for the required secondary legislation. The Scottish Government has allowed for a number of Scottish Statutory Instruments (“SSIs”) to reflect the potential for both the use of delegated powers that Scottish Ministers in the Bill and ancillary changes that may be required to existing legislation as a result of the implementation of the rent control measures.

42. These estimates have been developed taking account of costs for delivering previous work of a similar nature, for example the implementation of the Private Housing (Tenancies) (Scotland) Act 2016 (“2016 Act”) and the recent Cost of Living (Tenant Protection) Act 2022 (“2022 Act”) and are based on information on costs that is relevant at the current time, which may be subject to change.

43. Some savings in implementation costs for rent control may be realised through joint delivery with other rented sector reform measures. For example, a number of measures will require further public consultation and secondary legislation, and it may be possible to undertake combined consultations.

44. However, this will depend on the timescales for implementation, which may differ across the measures. As such, the implementation of rent control measures has been costed separately for the purpose of this Financial Memorandum.

45. Staff time will be required to deliver the implementation of rent control and the costs for this have been estimated using 2022-23 staffing costs, as follows: 0.25 FTE C2 officer and one FTE C1 officer, two FTE B3 officers and one FTE B2 officer. These costs are calculated at £214,923 per annum.

Table 6: Rent control – implementation of rent control framework – one-off costs (anticipated to fall in 2026-27)

One-off implementation costs	Cost estimate
Public consultations	£50,000
3 SSIs (negative procedure)	£1,245
4 SSIs (affirmative procedure)	£2,460
Staff costs	£214,923
Total costs	£268,628

Operation of rent control

46. Once the framework has been implemented, staff will move to support the ongoing operation of rent control. For the first year of operation, anticipated as 2027-28, staffing costs are estimated as being in line with those for implementation (£214,923).

47. There will also be a small cost for publication of Scottish Ministers’ report(s) setting out whether or not they propose to lay a draft of an SSI designating the area as a rent control area after consideration of assessments by local authorities. A cost for the publication of the first report, anticipated to be in 2026-27, has been included in the final costs to the Scottish Administration. This is estimated at £870.

Costs for imposition of rent control areas

48. There will be costs to the Scottish Government for imposing rent control areas. These will include costs for consultation and secondary legislation needed to impose rent control. Consultation costs have been estimated in line with the costings for recent consultation exercises,

including those that have supported the development of the measures in the Bill and allowing for three SSIs to reflect the potential need at various stages of the process, including to support the transition away from rent control. There will also be costs for awareness raising to ensure that landlords and tenants in the areas affected by rent control are informed, which will be an essential part of ensuring effective implementation.

49. Given that rent control areas will be designated on a locally specific basis, based on assessment of conditions in relation to rent carried out by local authorities, there is uncertainty about the number of rent control areas that will be designated. Estimates have, therefore, been developed of the costs for imposition on the basis of three scenarios in terms of the number of rent control areas that may be created: Low – 5, Medium – 10 and High – 20. Further information on how these three scenarios have been developed can be found in the section “Costs to local authorities” (paragraphs 108-130).

50. In terms of awareness raising, a uniform cost across all scenarios is included. Whilst the activities that will be taken forward to support awareness of rent control coming into force will be determined taking account of the number, scale and location of rent control areas, it may be that an overarching approach that encourages all tenants and landlords to check the status of their rented property would be most effective.

51. In estimating the cost of imposing rent control areas, 1 year of staff costs in line with the costs for implementation (£214,923) is included based on the likely staffing resource needed to support the work to deliver the first cycle of local authority assessment and designation of rent control areas.

52. The intention is that rent control areas will be designated for a fixed period (5 years) unless there is a change in circumstances that requires an earlier review. Extension of rent control beyond the 5-year period will be subject to imposition costs, although the awareness raising costs would likely be reduced where rent control is being re-applied in an area where it has already been in place.

Table 7: Rent control – imposition of rent control areas – one-off costs (anticipated to fall 2026-27)

	Low – 5 rent control areas	Medium – 10 rent control areas	High – 20 rent control areas
Consultation	£20,000	£25,000	£30,000
SSIs (affirmative procedure)	£9,225	£18,450	£36,900
Awareness-raising	£125,000	£125,000	£125,000
Staffing	£214,923	£214,923	£214,923
Total costs	£369,148	£383,373	£406,823

Ongoing costs for rent control

53. From 2028-29, the main ongoing costs for Scottish Government after rent control areas are imposed will be staff costs. Staff costs for the operational phase have been estimated using 2022-

23 staffing costs, as follows: 0.25 FTE C2 officer and one FTE C1 officer, one FTE B3 officer and 0.5 FTE B2 officer. These costs are calculated at £105,118 per annum.

Rent Service Scotland

54. There may be additional costs to Rent Service Scotland (“RSS”) in relation to the operation of rent control. These will include one-off costs to set up new routes of application for tenants/landlords as well as ongoing costs for meeting the operational requirements associated with these application routes. Use of the new application routes will be demand-led, and only tenants/landlords in areas where rent controls will be eligible to apply. There may also be some savings e.g. the current rent adjudication route under the 2016 Act for tenants with private residential tenancies will be suspended within any areas where rent controls apply.

New routes of application

55. Two new routes of application to RSS under the measures are anticipated. These routes will only be open to landlords and tenants of a let property which is in an area subject to rent control and let under a private residential tenancy.

56. The first is a route for a tenant to apply to RSS for verification of whether a proposed rent increase is within the rent cap for the area where the let property is situated.

57. The second route relates to a power created in the Bill which allows the Scottish Ministers to modify how the rent control requirements apply in specific circumstances. This could involve individual landlords seeking prior approval where they wish to apply such a modified requirement. Either a Rent Officer, or the Tribunal, are likely to be the decision-maker in respect of such approvals, and costs have been estimated for providing a route for landlords to apply to a Rent Officer in respect of such a modified requirement.

58. Below are set out estimates of the potential costs of setting up and operating verification and approval routes. Given the approach to rent control is based on local circumstances with a cyclical assessment process determining where and when rent control areas will be designated, and by extension how many tenants and landlords will be able to utilise these routes, there is a high degree of uncertainty inherent in these estimates. To reflect this uncertainty, the scenarios provided below show a range of costs where different shares of tenancies are subject to rent control.

One-off costs for RSS for setting up new application routes

59. It is anticipated that RSS will incur one-off set up costs to support the verification and approval routes, including IT upgrades, based on the anticipated changes required.

Table 8: Rent control – one-off set-up costs for RSS (anticipated to fall in 2026-27)

One-off set-up costs	Cost estimate
IT upgrades will be required to add additional functions to process new application types - estimated cost of all changes required to process new applications following the introduction of Rent Control	£50,000

Initial set up cost to develop the verification application process (one-off cost based on the cost of 0.5 FTE B1 officer)	£20,000
Initial set up cost to develop the basic process of evaluating landlord applications to raise rent above a rent cap (one-off cost based on the cost of 0.5 FTE B1 officer)	£20,000
Total one-off costs	£90,000

Ongoing costs for RSS for data collection

60. The assessment process that local authorities will undertake will require to be supported by data. One option under consideration is additional Rent Officers to allow the RSS to collect more data on advertised rents so that representative rents can be published at a local authority area level and not just at broad rental market area (BRMA) level, as is currently the case. This information could potentially support the first stage of the rent control area assessment. This has been estimated as £400,000 per annum to extend current data collection to deliver this additional information. These costs would be anticipated on an annual basis from 2026-27.

Ongoing costs for RSS – application route for tenants to apply to RSS for verification

61. Under the 2016 Act, RSS can determine rent adjudication applications for tenants with private residential tenancies (“PRTs”). The intention is that, although tenants in a rent control area will not be able to apply for rent adjudication whilst the rent controls are in force, they will instead be able to apply to RSS for verification of whether a proposed rent increase is within the rent cap for the area where the let property is situated. Landlords and tenants will also be able to request a review of the outcome of such a verification by a different Rent Officer.

62. In considering the likely costs of this for RSS, data on rent adjudication cases under the 2016 Act has been considered, as well as rent verification cases under the temporary Cost of Living (Tenant Protection) (Scotland) Act 2022 (“2022 Act”). Under the 2022 Act the adjudication process was similarly suspended and replaced with a verification process.

63. From the beginning of 2022 to 6 September 2022, when rent adjudication was suspended by the 2022 Act, RSS received 96 rent adjudication applications. Assuming that this rate of applications had continued for the rest of the year, this would have led to a projected caseload of 144 applications in 2022.

64. Before the emergency rent controls came into force, the number of rent adjudication applications received by RSS had been increasing year-on-year. It is anticipated that this pattern would continue in future years, as the share of PRTs in the private rented sector increases and tenants with PRTs become more familiar with their rights.

65. Under the 2022 Act, following the raising of the rent cap to 3% as from 1 April 2023,¹ RSS had received 81 rent verification applications by 5 February 2024, which scales to an annual rate of 105. This is lower than the number of rent adjudication applications that would have been

¹ Prior to this, landlords could not increase rents under the 2022 Act unless applying on the grounds of an increase in prescribed property costs.

anticipated in 2023-24 if the 2022 Act had not come into force. This suggests that, in a future rent control area, the number of rent verification applications will be lower than the number of rent adjudication applications would have been for that area in the absence of a cap.

66. Whether this will be the case would depend on a number of factors, including how aware landlords and tenants are of the rent cap, how easy it is for them to understand the impact of any rent cap on the rent for their tenancy and how aware tenants are of their right to challenge a proposed increase under the rent cap. The rent verification statistics under 2022 Act set out above also relate to a rent cap that applied universally across Scotland and it is possible that, as rent control areas will be designated at a local level, tenants may be more likely to apply to confirm that they are in a rent control area.

67. It is possible that, depending on the processing requirements for verification cases, there may be a lower per-case cost in relation to staff time when compared to requirements for rent adjudication cases, for which the level of market rent must be determined as part of the process.

68. Trends under the 2022 Act therefore suggest that there could be net savings to RSS if rent verification applications replace rent adjudication applications in a rent control area. However, due to the uncertainties about the exact form of a future rent cap, and how many tenants might apply when rent controls apply at a local rather than national level, it has been assumed that the impact on RSS will be broadly cost neutral.

Ongoing costs for RSS – applications for approval to apply a modified requirement (“safeguards”)

69. As set out above, Scottish Ministers could modify how the rent control requirements apply in specific circumstances. In particular, Ministers can set out circumstances where the landlord may increase the rent above the level of the cap by seeking approval through either a Rent Officer or the Tribunal. Such modifications, which for simplicity are termed “safeguards”, will be set out in secondary legislation which will be subject to consultation and approval by Parliament. Accordingly, it is not possible to estimate costs on the basis of the specific form of the safeguards. Experience under previous legislation to provide indicative costs has, therefore, been considered.

70. Schedule 1 of the 2022 Act contained provisions allowing a landlord to apply to a Rent Officer to increase rent above the permitted rate in relation to certain prescribed property costs they had incurred. Over the period from 1 March 2023 to 5 February 2024, 1,384 applications were received by RSS in relation to prescribed property costs, which equates to 1,631 at an annual rate². This level of applications (rounded to 1,600) serves as the basis for the scenarios presented below.

71. It is possible that the safeguards will cover different circumstances than those covered by prescribed property costs, which could give rise to greater or smaller numbers of applications than

² The cap for prescribed property costs was raised from 3% to 6% from 1 April 2023. Data for the period of the 6% cap is used, rather than the earlier 3% cap, because landlords might be more likely to apply under a higher cap, and because in the earlier stages of the operation of the emergency legislation landlords might have been less aware of the prescribed property ground or might have been anticipating that the emergency legislation would not be extended beyond the initial period. This is supported by the number of applications received during the period that the 3% cap on prescribed property costs was in force, which was equivalent to only 111 at an annual rate.

those made under the 2022 Act. A number of scenarios are, therefore, presented to show a range of costs for different numbers of applications. The low scenario is set as 800, which is half the level of prescribed property cost applications, the central scenario is set at 1,600 to reflect the number of prescribed property cost applications and the high scenario is set at 3,200, double the central scenario.³

72. Given that rent control areas will be designated on a locally specific basis, based on assessment of conditions in relation to rent carried out by local authorities, there is uncertainty about the number of private rented properties that will be covered by rent control at any one time. Estimates on the basis of the three scenarios of the share of private rented properties that would be covered by rent control have been developed: Low – 5% of the Private Rented Sector (“PRS”) covered by rent controls, Medium – 10% of the PRS covered by rent controls, High – 20% of the PRS covered by rent controls. Further information on how these three scenarios have been developed can be found in the section “Costs to local authorities” (paragraphs 108-130).

73. The 2022 Act applied across the whole of Scotland. However, the number of rent safeguard applications will also depend on how many tenancies are covered by rent control at any time, which in turn will depend on the number and location of rent control areas designated at that point. Scenarios have been combined relating to the application rate at the Scotland level with scenarios relating to the share of tenancies covered by rent control to derive indicative estimates of rent safeguard applications by landlords.

Table 9: Rent control – total number of safeguards applications

		Application rate		
		Low	Medium	High
Share of tenancies in rent control area	5%	40	80	160
	10%	80	160	320
	20%	160	320	640

74. The caseload and costs relating to such safeguards will depend not only on the final design of the safeguards, but also on the application process – in particular, whether applications are made directly to RSS, potentially with a right of appeal to the Tribunal, or directly to the Tribunal. This may depend on the type of safeguard; for example, those that have limited discretion by the decision-maker could be dealt with by RSS, while those which require greater discretion may require to go directly to the Tribunal. Before secondary legislation relating to safeguards is progressed, the proposed application process will be subject to consultation, along with the specific form of the safeguards, and more refined estimates of caseloads and costs will be developed. For the purposes of the indicative cost estimates provided below, it is assumed that 90% of the safeguard applications in each scenario set out in Table 9 will be made to RSS in the first instance on the basis that they are likely to be subject to an administrative determination process.

³ Note that these rates are expressed at the Scotland-level, i.e. what the rate would be if all of Scotland were in an rent control area.

Table 10: Rent control – number of safeguard applications to RSS

		Application rate		
		Low	Medium	High
Share of tenancies in rent control area	5%	36	72	144
	10%	72	144	288
	20%	144	288	576

75. The cost to the RSS of hearing the caseload is calculated using a cost per case of £697, based on the current cost per case for rent adjudications by RSS.

Table 11: Rent control – cost to RSS from safeguard applications (anticipated to apply from 2027-28)

		Application rate		
		Low	Medium	High
Share of tenancies in rent control area	5%	£25,092	£50,184	£100,368
	10%	£50,184	£100,368	£200,736
	20%	£100,368	£200,736	£401,472

First-tier Tribunal for Scotland (Housing and Property Chamber)

76. There may be additional costs for the Tribunal due to new application routes arising from rent control, as well as potential increases in numbers of applications for some existing case types. The new application routes will involve some initial set-up costs, which are captured in paragraphs 26 to 31 in addition to recurring costs for hearing cases. Increases in the number of cases under existing routes, while not requiring set-up costs, will likely have an impact on the recurring costs of the Tribunal.

Operational costs for the Tribunal – new application routes

77. Due to the nature of the rent control provisions, the number of cases taken to the Tribunal will be demand-led, as cases will only be able to be referred in specific circumstances. Given the approach to rent control is based on local circumstances with a cyclical assessment process determining where and when rent control areas will be designated and, by extension how many tenants and landlords will be able to utilise these routes, there is a high degree of uncertainty around the level of cases that could be expected.

78. For applications relating to safeguards, the same methodology as set out above relating to safeguard applications to RSS has been used. For other new application routes, where possible, available data on existing Tribunal cases which are of a comparable nature to estimate costs across a range of scenarios has been used. Based on historical numbers of similar cases and considering that rent controls will be designated on a locally specific basis, the Scottish Government estimates that these new Tribunal routes will result in relatively low numbers of cases.

79. After determining scenarios for the caseload for each type of application, the Scottish Government estimates the total cost by multiplying the number of cases by an indicative cost per case which is calculated as £1,093, as set out in Table 4.

80. It is anticipated there will be three new routes of application to the Tribunal under the rent control measures. These routes will only be open to landlords and tenants of a let property which is in an area subject to rent control and let under a private residential tenancy.

Costs to the Tribunal – applications for approval to apply a modified requirement (“safeguards”)

81. In estimating the costs to the Tribunal from safeguard applications, the Scottish Government has taken the same approach as set out above in the section on costs to the RSS. In particular, the Scottish Government has used the same total number of applications by landlords (whether to the RSS or Tribunal in the first instance) which were set out in Table 9 to develop the caseload estimates for the Tribunal set out below.

82. Since the Scottish Government had assumed that 90% of landlord applications are heard by the RSS, the remaining 10% will be heard by the Tribunal in the first instance. The Scottish Government also assumed that there will be a right to appeal a decision by a Rent Officer to the Tribunal. Around 10% of all rent adjudications decided by RSS since the PRT was introduced in December 2017 have been appealed to the Tribunal. The Scottish Government applied the same appeal rate for decisions by RSS under this new route. The table below shows the estimated total caseload for the Tribunal, i.e. the sum of the applications heard directly (10% of overall projected number of applications) as well as appeals from Rent Officer decisions.

Table 12: Rent control – number of safeguard applications and appeals to the Tribunal

		Application rate		
		Low	Medium	High
Share of tenancies in rent control area	5%	8	15	30
	10%	15	30	61
	20%	30	61	122

Table 13. Rent control – total costs to the Tribunal from direct applications and appeals from RSS in relation to safeguards (anticipated from 2027-28)

		Application rate		
		Low	Medium	High
Share of tenancies in rent control area	5%	£8,307	£16,614	£33,227
	10%	£16,614	£33,227	£66,454
	20%	£33,227	£66,454	£132,909

Costs to the Tribunal – applications for determination of whether the previous rent increase took effect less than 12 months earlier or whether the rent payable at the start of the tenancy was not in accordance with rent control provisions

83. A tenant would be able to apply to the Tribunal under this route if they considered that a rent increase proposed by their landlord would take effect less than 12 months after the most recent rent increase under the previous tenancy.

84. A tenant would also be able to apply to the Tribunal under this route if they considered that the rent payable at the start of their tenancy (used as the base rent on which a rent increase under the rent cap was to be determined) had not been determined in accordance with rent control requirements. In both cases this route would only be available for the first rent increase notice issued after the tenancy starts.

85. Both of these case types would only be applicable where a tenant considered that their landlord was proposing a rent increase which was not compliant with rent control legislation. The Scottish Government consider that cases where tenants applied to a Rent Officer under the amended procedure brought in by the 2022 Act for verification of whether a proposed rent increase was within the amount allowed by the rent cap are comparable. Under those measures, Rent Officers received 81 rent verification applications between 1 April 2023 and 13 December 2023. This would be equivalent to an annual rate of 105 cases.

86. The measures under the 2022 Act applied to all PRT tenancies and the Scottish Government considered that case numbers would be smaller as rent control areas will be designated on a local basis. In addition, the measures in the Bill require tenants to give their landlord the opportunity to resolve any issue with the rent-increase notice before an application can be made to the Tribunal and cases of genuine error would be resolved without Tribunal involvement.

87. Additional costs on the basis of these two provisions have therefore been estimated on the basis of the following three scenarios: Low – 2 applications, Medium – 4 applications, High – 6 applications.

Table 14: Rent control – costs to Tribunal for applications related to first rent increases in the tenancy (anticipated from 2027-28)

	Scenario 1 (low)	Scenario 2 (medium)	Scenario 3 (high)
Determination of whether the previous increase in the rent payable under the previous tenancy took effect less than 12 months earlier	2 applications	4 applications	6 applications
Determination of whether the rent payable at the start of the tenancy was not in accordance with rent control provisions	2 applications	4 applications	6 applications
Costs	£4,372	£8,744	£13,176

Local authority’s application to the Tribunal for a payment order where a landlord has failed to provide information sought by local authority

88. The provisions in the Bill give local authorities a power to request information from a landlord for the purposes of assessing rent conditions in their area. In cases where a landlord fails to provide the information requested, a local authority may apply to the Tribunal for a payment order.

89. While the Scottish Government was not aware of comparable case types in Scotland, figures published by the Republic of Ireland’s Residential Tenancies Board (RTBI) were considered.

90. The Republic of Ireland has a similar proportion of households in the private rented sector – with 330,632 households from a population of 5,149,139 as of the 2022 population census. The Private Sector Rent Statistics, Scotland 2010-2022, estimates that the PRS in Scotland now accounts for around 340,000 households from a population of 5,436,600.

91. RTBI figures for Alleged Improper Conducts for Investigations Approved in 2022⁴ include 36 investigations into non-registration of tenancies, and 6 alleged failures to notify RTBI of changes to a tenancy within a required period. As these are cases where a landlord is required to provide an authority with specified information a tenancy, the Scottish Government considers that these may be useful comparisons.

92. However, the requirements on landlords in the Republic of Ireland to provide information are arguably wider, as they generally apply to landlords across the PRS and not just in relation to rent control. The provisions in the Bill which would enable local authorities to require information from landlords are discretionary, and local authorities who use these powers may not consider it necessary to require information from every landlord within their local authority area, as any information gathered this way can only be used to support their assessment of rent conditions.

93. For these reasons, while the Scottish Government set the high scenario at 40 applications (approximately in line with the experience in Ireland), since fewer cases were expected in Scotland given the scope of applications in Republic of Ireland is wider, the Scottish Government has set central scenario at 20 applications and also include a low scenario of 5 applications.

*Table 15: Rent control areas – costs to Tribunal for applications for a payment order where a landlord has failed to provide information sought by local authority**

Scenario 1 (low)	Scenario 2 (central)	Scenario 3 (high)
5 applications	20 applications	40 applications
£5,465 per annum	£21,860 per annum	£43,720 per annum

*These costs would be in relation to the cyclical assessment process that local authorities will undertake the first iteration of which is anticipated to be undertaken in 2026-27.

⁴ [RTBI Annual Report 2022](#) (Figure 1, p91)

Operational costs to the Tribunal – existing application routes

Application for payment order where landlord has failed to provide information

94. As well as the new application routes to the Tribunal set out in the Bill, the Scottish Government is proposing to modify the landlord’s duty to provide specified information under section 11 of the 2016 Act using the regulation-making powers available to Ministers under section 12 of the 2016 Act.

95. This expanded requirement would only apply to landlords of a tenancy which is in an area where rent controls apply and would require landlords to provide tenants with details of the previous rent for the property and the date of the last rent increase. If the landlord does not provide the required information timeously, the tenant will be able to make an application to the Tribunal for a payment order. The Scottish Government has considered whether this may lead to an increase in cases under Rule 107 of The First-tier Tribunal for Scotland Housing and Property Chamber Rules of Procedure (‘Application for payment order where landlord has failed to provide information’).

96. A tenant will be required to give their landlord notice before making any application to the Tribunal with respect to the landlord’s failure to provide the required information, and the Scottish Government considers that landlords will take this opportunity to provide the missing information in most cases, resolving the issue without the need for a tenant to apply to the Tribunal for remedy. For this reason, the Scottish Government would anticipate only a small number of extra applications to the Tribunal as a result of this new provision, comparable to the number of cases which are made under the existing provision in the 2016 Act.

97. Figures provided by the Tribunal for 2022-2023 indicate that six applications were received under Rule 107 during that period. The Scottish Government estimates a low number of additional cases, particularly given the requirement to provide this extra information at the beginning of a tenancy will apply only in areas where rent control is in place.

98. Additional cases on the basis of this provision have been estimated on the basis of the following three scenarios: Low – 5, Central – 10, High – 15.

Table 16: Rent control – increased costs to Tribunal in relation to applications for a payment order where a landlord has failed to provide information to the tenant (anticipated from 2027-28)

Scenario 1 (low)	Scenario 2 (central)	Scenario 3 (high)
5 applications	10 applications	15 applications
£5,465 per annum	£10,930 per annum	£16,395 per annum

Application for civil proceedings in relation to a private residential tenancy

99. There may be cases where a tenant in an area where rent controls are applied fails to challenge a rent increase when it is proposed but wishes to do so at a later date. For example, where the tenant is not aware at the time of a rent increase that the increase was higher than allowed or where the rent payable at the start of the tenancy (which was used as the base rent on which a

subsequent rent increase was applied) had not been determined in accordance with rent control requirements.

100. A tenant in these circumstances may be able to make an application to the Tribunal for civil proceedings in relation to a private residential tenancy, seeking to claim rent which was overpaid because it was not lawfully due in terms of the rent control requirements in place at the time. The Scottish Government has therefore considered whether there may be an increase in applications to the Tribunal under Rule 111 which relates to applications which can be brought for civil proceedings in relation to a private residential tenancy.

101. As with other case types discussed in this section, any increase in cases under Rule 111 for the reasons set out above would only apply to tenancies which are (or which previously were) in an area where rent controls were applied. Where rent control areas are designated there will be awareness raising to ensure landlords and tenants understand how the requirements apply to their tenancy and information and tools will be available to support landlords and tenants in rent control areas. As described above, there will be specific routes for tenants to challenge a rent increase notice that does not meet the requirements. The Scottish Government therefore considers that it is likely that potentially unlawful increases will be resolved at the time they are proposed. Although a civil application could be made up to five years after an alleged overpayment, there may be complexities for a tenant in gathering evidence to demonstrate that they have historically overpaid rent. Taking these factors into account, the Scottish Government does not anticipate a high number of cases of this type.

102. The Tribunal received 981 applications under Rule 111 in 2022-23, arising from a number of causes, including recovery of rent arrears from tenants, and the Scottish Government does not consider that this figure is a comparable basis for applications by tenants in a rent control area to recover overpaid rent. Overpayment applications may be more comparable in scale to applications for damages for unlawful eviction under Rule 69, and the Scottish Government has provided an estimate on case numbers on that basis.

103. There were 14 applications to the Tribunal in relation to unlawful evictions in 2020-21 (Summary of Work of the Housing and Property Chamber)⁵, five applications received in 2021-22⁶, and nine applications received by the Tribunal in 2022-23. From April – December 2023 there were nine applications received. Assuming the same rate for the rest of the year, the Scottish Government would estimate around 12 applications will be made in 2023-24.

104. The low estimate has therefore been based around the predicted level of applications in 2023-24, the central around a 100% increase on this and high around a 200% increase. Additional cases on the basis of this provision have therefore been estimated on the following three scenarios: Low – 15 applications, Central – 30 applications, High – 45 applications.

⁵ [Summary of Work of the Housing and Property Chamber 2021-2021](#)

⁶ [Summary of Work of the Housing and Property Chamber 2021-2022](#)

Table 17: Rent control – increased costs to Tribunal in relation to applications for civil proceedings in relation to a private residential tenancy (anticipated from 2027-28)

Scenario 1 (low)	Scenario 2 (central)	Scenario 3 (high)
15 applications	30 applications	45 applications
£ 16,395 per annum	£ 32,790 per annum	£ 49,185 per annum

Other existing case types

105. It is considered that there may also be a general increase in other types of Tribunal cases resulting from the proposed rent control and private rented sector reform measures. These include a possible general increase in appeals of cases heard by the Tribunal, as well as other cases such as applications to enforce the letting agent code of practice.

106. As the Scottish Government considers that these case types may be impacted by many of the rented sector reforms, a possible range of caseload impacts were considered which could result from all rented sector reforms together. These are considered at table 35, below.

Total caseloads

107. Across all case types considered in relation to rent control, the Scottish Government has therefore estimated that annually from 2027-28, overall increases in demand-led case costs for the Tribunal in respect of rent control measures may fall within the following ranges.

Table 18: Rent control – maximum cumulative costs for Tribunal of all applications in relation to rent control

Scenario 1 (low)	Scenario 2 (central)	Scenario 3 (high)
£40,004 per annum	£107,551 per annum	£255,385 per annum

Costs on local authorities

108. Local authorities may incur costs for collecting and assessing data and evidence around rent conditions as part of the assessment process. If rent controls are implemented within a local authority’s area, there may be additional costs to the local authority in raising awareness of rent controls and their effect on landlords and tenants within the relevant area. However, this is not considered to represent significant costs as it is anticipated that the Scottish Government will lead awareness raising as part of the designation process and the costs of this has been captured above.

109. Information was sought from local authorities to support consideration of additional costs to meet the new duties as part of the rent control measures and indicative costs have been estimated based on the following stages.

110. Initial Screening Assessment (stage 1) – All local authorities will complete a screening exercise based on an initial consideration of information. The outcome will inform a decision on whether conditions in relation to rents in the private sector are such that further, detailed assessment is required.

111. Detailed Assessment (stage 2) – where the outcome of Stage 1 indicates that further assessment is required, detailed work will be undertaken. This work could consider some or all parts of the local authority and will allow additional evidence to be gathered and analysed.

112. Both these stages will require resources and will place additional costs on local authorities.

113. The assessments of rent conditions in a local authority area will be carried out on a cyclical basis, with a further assessment being conducted every 5 years. There will also be potential for assessments outwith this cycle, for example, if there are any relevant significant changes, such as a major employer entering or leaving the area, which may have an impact on demand for PRS properties and corresponding rental prices.

114. For the Initial Screening Assessment (stage 1) taking account on engagement with local authorities, it is estimated that initial assessment will cost around £21,500 for each local authority and the task will take around 60 days over a 4-month period, regardless of the size of the authority. This £21,500 is entirely staff costs. The total cost for this element is, therefore, around £688,000, based on 32 local authorities. There are series of tasks involved in stage 1. This includes review of data supplied by Scottish Government, informal evidence gathering, reporting writing and internal presentations. These tasks would involve a range of staff at different grades. Most of this work would be completed by staff broadly equivalent to a Scottish Government C1. Support would be provided by staff on lower grades and sign-off would be completed by senior officers.

115. For the Detailed Assessment (stage 2), any further work would generate additional costs, including for requesting information from landlords and collating, validating and analysing the data provided. There could also be administrative and governance costs for local authorities e.g. senior level oversight, approval through committee etc along with costs if applications were to be made to the Tribunal, if the landlord does not comply with a request for information.

116. At this time it is uncertain how many rent control areas could be designated, given rent control could be applied to all, part or several parts of a local authority's area or how many local authorities would undertake further detailed assessment into the rent conditions in their area. For illustrative purposes, cost estimates were based on the work related to a nominal "intermediate - sized hotspot", with an assumption of 3,000 PRS properties. In Table 20 below, "small-sized hotspot" has 1000 and "large-sized hotspot" has 6000. In this context, the term "hotspot" refers to an area identified by the local authority through the initial assessment as requiring further investigation through detailed assessment.

117. Based on the feedback from local authorities, the estimated costs for the detailed assessment will be around £333,000 for one local authority with a "intermediate-sized hotspot". The costs for a small and large sized hotspot are estimated at around £188,000 and £552,000 respectively.

118. In estimating these costs, staff costs were based in line with those included in paragraph 114 with the overall time taken for this work estimated at 9 months.

119. Based on these estimates, if a local authority undertakes both the Initial Screening Assessment (stage 1) and the Detailed Assessment (stage 2), this would cost around £355,000 on the basis of an intermediate hotspot.

120. Landlords within any area subject to detailed assessment could be contacted by the local authority for information relating to the tenancy and the let property. Although landlords may have more than one property in that area, they will be contacted only once for all their properties per cycle of assessment.

121. The number of properties in ‘hotspots’ could vary, with the overall size and population of the local authority influencing the number of private rented properties in any area being assessed. To take account of this variability, the costs presented in the table below reflect a range of scenarios that allow for the uncertainty in both the number of local authorities that take forward further detailed assessment and the number of private rented properties that would be in any area, which will influence the work required.

122. Scenarios were based on a mix of small, intermediate and large local authorities, on the basis that this is more likely to reflect the number of properties and the corresponding requirement in terms of carrying out the detailed assessment.

123. The low scenario is based on 1 small, 3 intermediate and 1 large local authority, totalling 5 local authorities, with the medium and high scenarios being 2 and 4 times these figures respectively. This gives three scenarios: Low – 5, Medium – 10, High – 20 local authorities. These scenarios are broadly comparable with the scenarios presented in other sections relating to the share of total private rented tenancies in Scotland covered by a rent control area at any one time. Table 19 presents cost estimates for the Initial Screening Assessment (stage 1) for all 32 local authorities and cost estimates for the Detailed Assessment (stage 2) for the number of local authorities included in each scenario. The costs for the Detailed Assessment (Stage 2) reflect one hotspot being examined by a local authority. The cost for the Detail Assessment (stage 2) for a local authority will depend on the size of the “hotspot” considered.

Table 19: Rent control – costs to local authorities

	Scenario 1 (low) – 1 small, 3 intermediate and 1 large (5 local authorities in total)	Scenario 2 (medium) – 2 small, 6 intermediate and 2 large (10 local authorities in total)	Scenario 3 (high) – 4 small, 12 intermediate and 4 large (20 authorities in total)
Stage 1	£0.69m	£0.69m	£0.69m
Stage 2	£1.74m	£3.48m	£6.95m
Total	£2.43m*	£4.16m*	£7.64m*

*Totals may not sum due to rounding

124. The above costs are estimated on the basis of a local authority collecting data from all landlords within a given hotspot area as part of the detailed assessment. In practice, a local authority may choose to sample a proportion of landlords which would result in lower costs than estimated.

125. As local authorities will be asked to undertake assessments every 5 years, these costs will be incurred on a cyclical basis, with costs included for the initial assessment anticipated as being 2026-27.

126. The Bill provides that a local authority may request, from a person who is entered in the authority's landlord register, specified information to support the exercise of its functions in relation to rent control. Where a local authority issues such a request for information to a landlord and that landlord fails to provide all of the information requested, then the local authority may apply to the Tribunal for an order requiring the landlord to pay the local authority an amount not exceeding £1,000 and to provide any information requested by the local authority. The Tribunal may make such an order if it considers that the landlord has still not provided the local authority with all of the information requested at the time the application was made and they are satisfied that the landlord does not have a reasonable excuse for failing to do so. Before making such an application to the Tribunal, the local authority must give the landlord 28 days notice of the intention to apply for an order. The local authority can only make the application when this period expires and they are satisfied that the landlord has not provided the information requested and does not have a reasonable excuse for not doing so.

127. Given that the information that local authorities may require landlords to provide is limited in nature and relates to details of let properties that all landlords will hold, meeting the requirements is not anticipated to represent a difficulty or give rise to a significant impact on landlords. The requirement for notification of the intent to apply to the Tribunal for an order also allows any landlord who has not complied with a request for information to do so or to ask the local authority to carry out a review, should they think the request or the intent to apply to the Tribunal is erroneous, for example if they did not receive the original request or have just sold the property and are no longer the landlord. Given the ease with which landlords can provide the information and the steps local authorities must take ahead of applying to the Tribunal for an order, it is anticipated that most landlords will comply with the requests for information.

128. Table 15 sets out 3 scenarios in relation to the number of new applications to the Tribunal for cases where a landlord has failed to provide information sought by local authority. These are estimated giving consideration to figures published by the RTBI, as there is no awareness of comparable case types in Scotland. Based on these scenarios, the potential revenue that could be generated by local authorities is in the range £5,000 to £40,000, which would be distributed across the number of local authorities that made a successful application. Whilst there is uncertainty in terms of the number of local authorities who would request information from landlords, Table 19 sets out estimates on overall costs to local authorities and includes a range of scenarios for the number of local authorities that could take forward detailed assessments where they are likely to request information. These scenarios show the number of local authorities to be in the range of 5 to 20 and, as such, it is likely that any new revenue for individual local authorities as a result of applications to the Tribunal for an order on the grounds that a landlord has not provided information would be insignificant.

129. The Bill also provides that, where a local authority issues a request for information to a landlord and the landlord provided information in response which the local authority considers must have been known by the landlord to be false in a material way, then the local authority may apply to the Tribunal for an order requiring the landlord to pay the local authority an amount not exceeding £1,000. Before making such an application to the Tribunal, the local authority must give

the landlord 28 days notice of the intention to apply for an order and can only make the application when this period expires. A landlord who receives a notice of intent to apply for an order can ask the local authority to carry out a review and the local authority can only proceed to make an application to the Tribunal if, after this review, is satisfied that the landlord provided information in response to its request that the landlord knows to be false in a material way.

130. It is not possible to estimate how many cases where a landlord knowingly provides false information are likely to occur but paragraphs 89 to 92 above give consideration to information from the RTBI. The low number of cases of Alleged Improper Conducts for Investigations Approved in 2022 by the RTBI, in relation to what are arguably far wider requirements, indicates that cases where a landlord will knowingly provide false information will be rare and that the measures are unlikely to generate new revenue for local authorities.

Costs on other bodies, individuals and businesses

131. Private sector landlords who are in an area designated for rent control will be restricted in terms of how much they can increase the rent for a let property whilst the rent cap is in place. The form and level of rent cap would be a key factor in determining whether an individual landlord is affected and, if so, the extent of the effect. The Bill includes a duty to consult with stakeholders (including landlord and tenant representatives) before a final decision is made on whether rent controls should be imposed, including on the level of the rent cap that would apply, and the cap would only be in place for a specified time.

Potential costs to landlords

Costs for familiarisation with new requirements

132. Landlords (or letting agents acting on their behalf) may incur costs as they take time to understand and familiarise themselves with the new legislation. To assist landlords and tenants understand the new requirements the Scottish Government will provide information, guidance and tools to support implementation.

133. A one-off familiarisation cost is included when the rent control legislation first comes into effect, but since staff training on business-critical matters would usually form part of routine staff training, the Scottish Government assumes that subsequent training for new staff, or refresher training for existing staff, would fall within business-as-usual ongoing costs. Allowing two hours of familiarisation time for each landlord, and an hourly cost of £25,⁷ gives a cost per landlord of £50.

⁷ Data from Table 16.5a of the 2023 Annual Survey of Hours and Earnings shows the median gross hourly pay for SIC (2007) code 68.31 “Real estate agencies”, which includes agencies involved in the renting of property, was £14.82 in April 2023. This pay is then uprated by the most recent annual growth rate in average weekly earnings in the real estate sector (7.5%, using the change in the average pay in the 3 months to December 2023 on the corresponding 3-month period in 2022) to get an approximate estimate for pay in 2024 of £15.93. This is multiplied by 1.4 to cover non-salary costs (e.g. employer NIC and pension contributions, contribution to overheads, etc) and then by a further 10% as a profit margin (since this cost is used as a proxy charge for using a letting agent) and then rounded to £25.

134. Taking account of the three scenarios developed to reflect the share of tenancies that could be covered by rent control, the potential overall one-off costs for familiarisation with the measures has been estimated.

Table 20: Costs to landlords for familiarisation (anticipated to fall in 2027-28)

		Cost
Share of tenancies in rent control area	5%	£895,000
	10%	£1,790,000
	20%	£3,580,000

135. In practice, this total cost is likely to be an overestimate since landlords who use letting agents would be able to reduce or eliminate the time they need to become familiar with the legislation, and a letting agent only has to become familiar with the legislation once on behalf of all their clients. Letting agents can recoup the costs of familiarisation through the usual process of setting fees for landlords, so assumed that familiarisation is cost neutral for letting agents.

Costs for providing information to local authorities

136. As part of the assessment process, local authorities will be able to request data related to the tenancy and the let property from landlords. The requested information could include the type of property, the amount of rent charged, the date of the last increase, the number of bedrooms, and the type of rented property. This request for information, for most landlords, will not represent a significant additional cost as they will only be asked for information that they already hold, with minimal need for work to comply with the request. Assumed it will take 30 minutes per property, which at a cost of £25 per hour⁸ is a cost of £12.50 per property.

137. Taking account of the three scenarios developed to reflect the potential number of local authorities that take forward further detailed assessment and the number of private rented properties that there could be in any area (Low – 5 local authorities, Medium – 10 local authorities, High – 20 local authorities). As noted at paragraph 117, cost estimates have been based on the work related to a nominal PRS properties in the different sized “hotspots”. In Table 21 below, this aggregates the “small-sized hotspot” (which has 1,000 PRS properties); “intermediate-sized hotspot”, (with an assumption of 3,000 PRS properties) and “large-sized hotspot” (with 6,000 PRS properties) by the Low, Medium, High scenarios.

*Table 21: Rent control – costs across all landlords of providing data to local authorities**

Number of properties	16,000	32,000	64,000
Total cost	£200,000	£400,000	£800,000

*These costs would be in relation to the cyclical assessment process that local authorities will undertake the first which is anticipated to be undertaken in 2026-27.

⁸ See footnote 7.

138. In practice, local authorities may not request information for every property included within an area where further detailed assessment is being carried out, which would result in lower costs for landlords.

Costs for applications for approval to apply a modified requirement (“safeguards”)

139. The Bill allows for safeguards to take into account the interests of landlords, through exceptions or relaxations where rent increases above the level of the rent cap would be permitted in certain circumstances. These safeguards will be made through secondary legislation, which will be subject to consultation. The potential costs to landlords associated with the safeguards are not an integral part of the rent control system and will depend on the landlord’s circumstances and whether they seek to utilise these routes. Given the proposed approach, based on local circumstances, landlords may find that only some of their properties are in a rent control area or covered under the terms of the exception or relaxation.

140. Feedback through the questionnaire⁹ found high levels of support for both improvements to the quality of properties and to the energy efficiency of the property as circumstances where an exception or relaxation could be considered.

141. To estimate costs to landlords of utilising potential safeguards, the process costs for a landlord to prepare for an eviction application have been looked at. Based on a cost of £25 per hour¹⁰ and an average preparation time of 2 hours, this could result in a cost of £50 per application.

142. The level of rent control safeguard applications will depend on how many tenancies are covered by rent control at any time. Scenarios relating to the application rate at the Scotland level have been combined with scenarios relating to the share of tenancies covered by rent control to derive estimates of potential numbers of rent safeguard applications by landlords and present a range of costs on that basis. Further details on this approach to estimating the potential number of applications are included above as part of the section on costs to the RSS from safeguard applications (paragraphs 69-75).

Table 22: Rent control – costs to landlords for making an application in relation to safeguards (anticipated from 2027-28)

		Application rate		
		800	1,600	3,200
Share of tenancies in rent control area	5%	£2,000	£4,000	£8,000
	10%	£4,000	£8,000	£16,000
	20%	£8,000	£16,000	£32,000

Foregone rent

143. If a landlord owns a property within a rent control area that is rented out under a PRT, their ability to raise the rent will be limited to the level of the cap set for the rent control area. The difference between this capped rent and what the market rent for that area would have been

⁹ <https://consult.gov.scot/better-homes-division/rented-sector-reform-landlord-and-tenant/>

¹⁰ See footnote 7.

represents a loss to the landlord in the form of foregone rent, but also represents a benefit to the tenant. The total amount of foregone rent across the whole private rented sector would depend on a variety of factors, including the number of rent control areas established and their locations, the level at which the rent cap is set, the length of the rent control area designation, and trends in market rents.

144. Given that rent control areas will be designated on a locally specific basis, it will be possible to take into account relevant local circumstances when setting the cap as part of the designation process. Rent control areas would be designated for a maximum of five years, with any extension beyond this period being on the basis of a further assessment, consultation and secondary legislation.

145. Since the potential amount of foregone rent depends on a wide range of factors, it is not possible to set out an estimate of the overall level of the foregone rent, since that would pre-empt future decision-making based on local circumstances and the information that is relevant at that point. However, it is possible to use historical data to provide indicative scenarios which illustrate the potential foregone rent to a landlord under different levels of a rent cap in different parts of Scotland.

146. Scottish Government private rent statistics are currently published at the level of broad rental market areas (BRMAs), so data have been used as the basis for the scenarios. However, it should be noted that rent control areas will be set at a local-authority or sub-local-authority level (procedures for collecting rent data at that level are set out above). The purpose of rent control is to respond to local pressures, and the maximum length of time that an area can be designated for is five years, before conditions must be reassessed. For each BRMA, therefore, over the period for which data is available (2010 to 2023), the five-year period in which rental growth was the highest in that particular BRMA is used for the illustrations below. There could though have been other periods where market rental growth was above some of the rent cap scenarios presented.

147. The calculations set out below are for the average two-bed private rented property in each BRMA, since this is the most common property size. Since the examples are drawn from different time periods, foregone rent is inflated using the Consumer Price Index so that all monetary values are shown in 2023 prices. As set out above, because the rent cap will be set as part of the local designation process, the level of the cap shown in these illustrative estimates should not be seen as an indication of future decisions in relation to the location of rent control areas or the level of any cap which could be set. For this reason, a wide range of example rent caps is presented.

Table 23: Estimate of average monthly rent foregone for a range of example rent caps

Broad Rental Market Area	Highest 5-year rent growth period		Average monthly rent foregone over 5-year period (2023 prices)				
	Average annual rent growth	Years	2% cap	4% cap	6% cap	8% cap	10% cap
Aberdeen and Shire	6.3%	2010 - 2015	£146	£91	£59	£37	£26
Argyll and Bute	6.2%	2018 - 2023	£44	£20	£15	£13	£10

Ayrshires	2.8%	2018 - 2023	£16	£10	£6	£3	£1
Dumfries and Galloway	1.5%	2014 - 2019	£1	-	-	-	-
Dundee and Angus	5.8%	2018 - 2023	£40	£25	£17	£9	£7
East Dunbartonshire	5.6%	2018 - 2023	£54	£31	£21	£12	£8
Fife	5.0%	2018 - 2023	£45	£13	£2	-	-
Forth Valley	4.9%	2018 - 2023	£42	£20	£9	£1	-
Greater Glasgow	6.7%	2018 - 2023	£42	£32	£25	£19	£16
Highland and Islands	2.6%	2018 - 2023	£11	£1	-	-	-
Lothian	5.4%	2013 - 2018	£103	£42	£9	-	-
North Lanarkshire	5.0%	2018 - 2023	£32	£17	£11	£4	£1
Perth and Kinross	3.2%	2018 - 2023	£16	£4	£0	-	-
Renfrewshire / Inverclyde	4.7%	2018 - 2023	£24	£18	£12	£10	£7
Scottish Borders	4.1%	2018 - 2023	£17	£8	£6	£4	£2
South Lanarkshire	5.0%	2018 - 2023	£33	£22	£15	£8	-
West Dunbartonshire	6.3%	2018 - 2023	£49	£36	£22	£12	£8
West Lothian	3.0%	2014 - 2019	£24	-	-	-	-

Notes: “-” means that there is negligible rent foregone (rounds to £0); an empty cell means there is no foregone rent at all.

Table 24: Estimate of % of rent foregone for a range of example rent caps

Broad Rental Market Area	Highest 5-year rent growth period		% of rent foregone over 5-year period				
	Average annual rent growth	Years	2% cap	4% cap	6% cap	8% cap	10% cap
Aberdeen and Shire	6.3%	2010 - 2015	13.7%	8.5%	5.6%	3.5%	2.4%
Argyll and Bute	6.2%	2018 - 2023	6.3%	2.9%	2.2%	1.8%	1.5%
Ayrshires	2.8%	2018 - 2023	2.9%	1.7%	1.0%	0.5%	0.1%
Dumfries and Galloway	1.5%	2014 - 2019	0.2%				
Dundee and Angus	5.8%	2018 - 2023	5.6%	3.4%	2.4%	1.3%	0.9%
East Dunbartonshire	5.6%	2018 - 2023	6.3%	3.6%	2.5%	1.4%	0.9%
Fife	5.0%	2018 - 2023	6.4%	1.9%	0.3%		
Forth Valley	4.9%	2018 - 2023	5.6%	2.7%	1.2%	0.1%	
Greater Glasgow	6.7%	2018 - 2023	5.8%	4.4%	3.3%	2.5%	2.2%
Highland and Islands	2.6%	2018 - 2023	1.5%	0.2%			
Lothian	5.4%	2013 - 2018	9.4%	3.9%	0.9%		

North Lanarkshire	5.0%	2018 - 2023	5.2%	2.9%	1.8%	0.7%	0.2%
Perth and Kinross	3.2%	2018 - 2023	2.3%	0.6%	-		
Renfrewshire / Inverclyde	4.7%	2018 - 2023	3.9%	2.8%	1.9%	1.5%	1.2%
Scottish Borders	4.1%	2018 - 2023	2.9%	1.3%	1.0%	0.6%	0.3%
South Lanarkshire	5.0%	2018 - 2023	5.0%	3.3%	2.2%	1.1%	0.1%
West Dunbartonshire	6.3%	2018 - 2023	7.7%	5.6%	3.5%	1.8%	1.3%
West Lothian	3.0%	2014 - 2019	3.1%				

Notes: “-” means that there is negligible rent foregone (rounds to 0.0%); an empty cell means there is no foregone rent at all.

Rent control – summary of identified costs

148. Tables 25A and 25B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 25C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 25A: Rent control – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Costs on Scottish Administration	£0.668	£0.869 to £0.906	£0.570 to £1.161	£0.530 to £1.162	£0.530 to £1.162
Costs on local authorities	£0	£2.430 to £7.640	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0.200 to £0.800	£0.897 to £3.612	£0.002 to £0.032	£0.002 to £0.032
Total rent control costs	£0.668	£3.499 to £9.346	£1.467 to £4.773	£0.532 to £1.194	£0.532 to £1.194

Table 25B: Rent control – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Of Scottish Administration costs estimated: resource	£0.668	£0.819 to £0.856	£0.570 to £1.161	£0.530 to £1.162	£0.530 to £1.162
Of Scottish Administration costs estimated: capital	£0	£0.050	£0	£0	£0

Table 25C: Rent control – Indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs	Annual running costs £m	Potential annual savings £m
Implementation of rent control framework - one-off costs (41-45, Table 6)	£268,628	£0	£0
Costs for imposition of rent control areas (48-52, Table 7)	£369,148 to £406,823	£105,118	£0
One-off set-up costs for RSS (55-59, Table 8)	£90,000	£0	£0
Ongoing costs for RSS for data collection. (60)	£0	£400,000	£0
Cost to RSS from safeguard applications (65-74, Table 11)	£0	£100,368 to £401,472	£0
Total costs to the Tribunal from direct applications and appeals from RSS in relation to safeguards (76-82, Table 13)	£0	£33,227 to £132,909	£0
Costs to Tribunal for applications related to first rent increases in the tenancy (83-87, Table 14)	£0	£4,372 to £13,176	£0
Costs to Tribunal for applications for a payment order where a landlord has failed to provide information sought by local authority (88-93, Table 15)	£0	£5,465 to £43,720	£0
Increased costs to Tribunal in relation to applications for a payment order where a landlord has failed to provide information to the tenant (94-98, Table 16)	£0	£5,465 to £16,395	£0
Increased costs to Tribunal in relation to applications for civil proceedings in relation to a private residential tenancy (99-104, Table 17)	£0	£16,395 to £49,185	£0
Maximum cumulative costs for Tribunal of all applications in relation to rent control (105-107, Table 18)	£0	£40,004 to £255,385	£0

CHAPTER 3 OTHER RESTRICTIONS ON RENT INCREASES

149. These provisions introduce changes to:

- section 19 of the 2016 Act to provide that the rent payable under a PRT may not be increased in the first 12 months of a tenancy;
- the rent adjudication procedures for those with a PRT under the 2016 Act and an Assured Tenancy under the Housing (Scotland) Act 1988 (“1988 Act”). These changes would remove the ability of the Rent Officer or the Tribunal to determine a rent increase above that requested by the landlord.

Costs on the Scottish Administration

150. The main additional costs to the Scottish Administration from these provisions relate to the potential for increased use of the rent adjudication processes by tenants prompted by this change. In addition, there will be small staffing and other costs associated with implementing the provisions in relation to the changes in relation to rent adjudication procedure.

Scottish Government

151. Implementation of these measures will result in some, though minimal, additional Scottish Government one-off staffing costs associated with updating online information and guidance for tenants and landlords, as well as taking forward the required consequential changes to regulations required through secondary legislation. These have been estimated as follows:

- Staffing costs of £54,009 based on 0.1 FTE C2 officer, 0.2 FTE C1 officer, 0.3 FTE B3 officer, and 0.2 B2 officer using 2022-23 costs; and
- Scottish statutory instrument (SSI) costs for a negative procedure of £415.

Rent Service Scotland

Implementation costs for RSS

152. There are no changes to the RSS rent adjudication process except that the Rent Officer cannot set the rent above that requested by the landlord. As such, minimal costs to RSS from implementing this change are anticipated.

Operational costs for RSS

153. The RSS could, however, incur significant additional operational costs due to increased rent adjudication applications. Over the period from the introduction of the PRT in December 2017 up until early September, only two rent adjudications out of a total of 181 applications to RSS set a rent higher than that requested by the landlord, one by RSS and one following an appeal to the First-tier Tribunal. However, RSS did receive a number of enquiries from tenants asking whether an adjudication could result in the rent being increased above the level requested by the landlord, and these enquiries were not followed by an application. This suggests that concerns about this possibility could be having a significant impact on the number of applications.

154. Given the uncertainty about how many tenants could be dissuaded from submitting an application due to such concerns, a range of scenarios were costed. The central scenario is based on a 50% increase in applications, with a low scenario of a 25% increase and a high scenario of an increase of 100%.

155. The number of rent adjudications has been increasing each year since 2018, and, as set out above, in 2022 RSS received around 144 rent applications at an annual rate¹¹. Drivers for this increasing trend include the greater share of the sector that is on a PRT, as well as greater tenant

¹¹ There were 2 applications in 2018, 19 in 2019, 20 in 2020, 44 in 2021, and 96 (equivalent to 144 at an annual rate) in 2022.

awareness of their rights¹². Both these drivers are likely to continue, although the increasing trend is likely to level off at some point. It has been assumed that the business-as-usual caseload in the future will be around 200 cases.

156. The potential costs related to an increase in applications due to these provisions are derived by applying the percentage increase in each scenario to the business-as-usual caseload of 200, and then multiplying the additional cases by a cost per case of £697 based on current costs.

Table 26: Additional operational costs for RSS from increased rent adjudications due to capping rent increase on referral

Scenario	Low scenario (25% increase, 50 additional cases)	Central scenario (50% increase, 100 additional cases)	High scenario (100% increase, 200 additional cases)
Cost	£34,850	£69,700	£139,400

157. RSS do not have a role in rent adjudication for Assured Tenancies.

First-tier Tribunal for Scotland (Housing and Property Chamber)

Implementation costs for the Tribunal

158. It is not anticipated that the measures in the Bill will result in any additional implementation costs, or higher costs per case, for the Tribunal in their role in processing appeals against a Rent Officer’s decision in adjudication cases. This is because the overall process remains unchanged with the Tribunal being restricted from setting a rent higher than that proposed by the landlord. However, the Tribunal may see additional costs should this change result in a significant increase in the number of applications made to the Rent Officer, with a corresponding increase in cases referred on to them for additional consideration.

Operational costs for the Tribunal

159. As set out above, approximately 10% of RSS decisions have been appealed to the Tribunal. Applying this appeal rate to the low, central and high scenarios for increased applications to the RSS, this could result in an additional 5, 10 or 20 appeals to the Tribunal. The Scottish Courts and Tribunals Service estimate that an average rent adjudication appeal costs £1,511, which leads to the estimated additional costs set out in the following table.

Table 27: Additional operational costs for the Tribunal from increased rent adjudications due to capping rent increase on referral

Scenario	Low scenario (5 additional appeals)	Central scenario (10 additional appeals)	High scenario (20 additional appeals)
Cost	£7,555	£15,110	£30,220

¹² The significant increase in applications in 2022 (prior to the introduction of protections under the 2022 Act) may also have been in part due to higher rental growth.

160. Appeals in relation to a proposed rent increase for an Assured Tenancy are made directly to the Tribunal. Data provided by the Tribunal indicates that in 2022-23 there were only four applications made for an assured tenancy rent adjudication. Published decisions show that two of these applications were rejected on the basis that they were not assured tenancies. Given the low number of applications and that no new Assured Tenancies have been able to be created since the introduction of the PRT under the 2016 Act, it is not anticipated that any increased costs to the Tribunal from these changes in relation to Assured Tenancies.

Costs on local authorities

161. No costs on local authorities are anticipated as these changes only apply to the private rented sector.

Costs on other bodies, individuals and businesses

Private landlords

162. Changes in relation to rent increases in the first 12 months of a tenancy are not anticipated to give rise to additional costs for landlords. Whilst some landlords may have sought to increase rents shortly after a tenancy starts, this approach does not appear to be widespread in practice and the potential for impact in terms of foregone rent is considered to be minimal.

163. Changes to rent adjudication do not amend the rent adjudication administrative process for landlords, or their agents and there is no fee for landlords when appealing a determination of rent by RSS or to the Tribunal. No additional costs for private landlords, or their agents are expected, related to restricting the Rent Officer or the Tribunal from determining a rent above that requested by the landlord.

164. While the proposal in relation to rent adjudication may result in the Rent Officer or the Tribunal determining a rent lower than would have been possible under the current rent adjudication processes, the financial impact on private landlords of this change has been assessed as minimal. As set out above, in only two out of 181 rent adjudications for PRTs has the rent been set above that requested by the landlord. Furthermore, if the change results in more tenants requesting rent adjudications, if the rent is reduced by the RSS or Tribunal due to exceeding the market level, then the landlord was not justified in asking for that increase - and if the rent is set in line with that requested by the landlord due to the market rent being the same or higher, then the landlord is no worse off than if the tenant had not applied for a rent adjudication.

Private tenants

165. Rent increases in rent in the first 12 months of a tenancy do not appear to be widespread, so it is not considered that there will be a significant impact in terms of costs for tenants in relation to this change.

166. Changes to rent adjudication do not amend the rent adjudication administrative process for tenants and no fee applies for making a rent adjudication to RSS or to the Tribunal. No additional costs for tenants are expected in relation to a rent adjudication application, or an appeal to the

Tribunal. Indeed, removing the concern that the rent might be raised above that asked for by the landlord following adjudication should give tenants greater confidence to challenge rent increases which they feel are not justified, and this could lead to a benefit to tenants.

Costs summary

167. Tables 28A and 28B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 28C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 28A: Other restrictions on rent increases – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0.054	£0.042 to £0.170	£0.042 to £0.170
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.054	£0.042 to £0.170	£0.042 to £0.170

Table 28B: Other restrictions on rent increases – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£0.054	£0.042 to £0.170	£0.042 to £0.170
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 28C: Other restrictions on rent increases – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (151)	£0.054	£0	£0
Additional operational costs for RSS from increased rent adjudications due to	£0	£0.035 to £0.139	£0

capping rent increase on referral (153-156, Table 26)			
Additional operational costs for the Tribunal from increased rent adjudications due to capping rent increase on referral (159, Table 27)	£0	£0.007 to £0.030	£0

PART 2 – DEALING WITH EVICTIONS

EVICTIONS: DUTY TO CONSIDER DELAY

168. These provisions introduce a specific requirement on both the Tribunal and the Scottish Courts that where an eviction order/decree is granted in relation to a tenancy under the 2016 Act, the Housing (Scotland) Act 2001 (“2001 Act”), the 1988 Act and the Housing (Scotland) Act 1987 (“1987 Act”), the Tribunal or court is required to consider whether there should be a delay to the enforcement of that eviction order/decree based on the individual circumstances of the case and taking into account the impact of a delay to enforcement on the tenant and landlord.

Costs on the Scottish Administration

169. It is anticipated that there will be both additional one-off and ongoing costs for the Scottish Administration to both Scottish Government and the Scottish Courts and Tribunals Service (“SCTS”).

Scottish Government

170. There will be some additional costs for the Scottish Government associated with staffing costs for implementation of the measures and secondary legislation costs for changes to Tribunal rules (see Tables 30A to 30C) estimated as follows:

- Staffing costs (based on 0.1 FTE C2, 0.1 FTE C1, 0.2 FTE B3, and 0.1 FTE B2 using 2022-23 costs) of £35,167; and
- Secondary legislation costs under negative procedure of around £415; however, there may be costs savings if changes to Tribunal rules are made alongside changes required for other provisions outlined in the Bill.

171. Any additional costs for the Scottish Government related to staffing costs for the initial implementation of this provision for social sector eviction cases are expected to be very minimal.

Scottish Courts

Operational costs

172. Additional SCTS costs primarily result from the training of members on the new measures as well as costs relating to the additional hearing time required for Tribunal members and Sheriffs to consider ordering a delay in the enforcement of an eviction Order/Decree. SCTS have provided

estimates for the additional time required for Tribunal members and Sheriffs to consider ordering a delay in the enforcement of an eviction order. These are set out below.

First-tier Tribunal for Scotland (Housing and Property Chamber)

Implementation costs for the Tribunal

173. For private rented sector cases heard by the Tribunal it is expected that there will be some small additional set-up costs as well as ongoing costs for this provision. One-off set-up costs for this provision mainly relate to the training of Tribunal members. These costs are accounted for in paragraphs 26 to 31 which looks at total Tribunal set-up costs from all measures in this Financial Memorandum.

Operational costs

174. Additional ongoing costs of this provision result from the additional time a case will take to determine. This will lead to an increase in members fees as well as having potential impact for the Upper Tribunal from an increase in potential caseload. The estimate of costs is based on the new requirement being considered on the same day as the eviction hearing. As there is no certainty over the impact on members fees at this time, the potential increase in costs have been estimated to range from £103 - £190 per application.

175. Based on the current level of eviction caseload for 2023-24 (adjusted for the full year) of 2,286 this would result in an additional Tribunal cost of between £235,458 and £434,340 per annum.

Scottish Courts and Tribunals Service

176. For the SCTS, the additional operational cost of this provision for social rented sector eviction cases is estimated to be a total additional cost per annum of £122,000. This is based on 12,400 eviction cases, with this caseload figure being taken from 2018-19 given fluctuating caseload resulting from temporary measures introduced in response to the Coronavirus and subsequently the 2022 Act. The costing is also made on the assumption that these are dealt with by summary sheriffs and based on current salaries as of January 2024. There will also be costs involved in preparing guidance for sheriff court staff on the new provision and changes to relevant training courses, it is estimated by SCTS that these can be absorbed in current budgets. There may also be IT change costs which may be required to update the civil case management system but SCTS were not in a position to provide a cost estimate.

Costs on local authorities

177. No additional costs are anticipated for local authorities in respect of the application of this provision to private rented sector tenancies.

178. No additional costs are expected for local authorities where they act as a social sector landlord, from preparing for the court to consider a delay to the enforcement of an eviction order. The court already considers a wide range of factors, including the tenant's personal circumstances and the consequences of eviction for the tenant and/or their family when deciding whether it is

reasonable to grant an eviction order and social landlords currently prepare their cases for court on this basis.

179. Some costs to local authorities are expected where they act as a social sector landlord, from increased rent arrears in any individual cases, where a delay to the enforcement of an eviction order is granted by the court. The cost to local authorities is however expected to be very small and will depend on how the judiciary, who are independent of Scottish Ministers, use the new provisions.

180. Data from the Scottish Housing Regulator shows that in 2018-19 there were 1,353 local authority tenancy terminations (evictions or abandonments) following an eviction decree from the court. This tenancy terminations figure is taken from 2018-19, given fluctuation in the figures resulting from the temporary measures introduced in response to the Coronavirus and the 2022 Act. The vast majority (97%) of these tenancy terminations in 2018-19 were for rent arrears.

181. As a delay to the enforcement of eviction in all individual cases will be dependent on the grounds for eviction used, circumstances of the case, and the judgment of the Sheriff, it is not expected that this provision will be used very often. It will not be in the best interests of a tenant or their landlord for the court to continue to allow rent arrears to accrue by granting a delay to the enforcement of an eviction order, unless there are exceptional reasons for doing so.

182. Both the Sheriff Court and the Tribunal currently have discretion to grant a delay to the enforcement of an eviction order where they consider it appropriate to do so. No data is available from SCTS on whether this discretion is currently used in practice. Review of published Tribunal decisions during 2022-23, that fall outwith the 2022 Act emergency measures, shows that the Tribunal used their discretion to delay the enforcement of an eviction order in a small number of cases. The length of delay given was between 2 and 8 weeks.

183. Scottish Housing Regulator data shows that the average local authority rent for a 2 bedroomed property is currently £81.02 per week. Based on a delay to the enforcement of an eviction decree of between 2 and 8 weeks this would mean that the additional rent arrears per case, where rent is not being paid, would be in the range of £162.04 and £648.16. As discretion to delay enforcement of an eviction order already exists and based on the internal analysis of published Tribunal decisions, it is not anticipated that this new provision will be used very often.

184. Tenants will remain liable for any rent arrears accrued during the tenancy and landlords may seek to use existing legal mechanisms to recover these funds.

185. Where the provision is used, however, there could be some savings to local authorities as giving tenants more time to find suitable alternative accommodation could result in a reduction in the need for temporary accommodation.

Costs on other bodies, individuals and businesses

Registered social landlords

186. No additional costs are expected for registered social landlords from preparing for the court to consider a delay to the enforcement of an eviction order. The court already considers a wide range of factors, including the tenant's personal circumstances and the consequences of eviction for the tenant and/or their family when deciding whether it is reasonable to grant an eviction order and social landlords currently prepare their cases for court on this basis.

187. Some costs are expected to registered social landlords from increased rent arrears in any individual cases where a delay to the enforcement of an eviction order is granted by the court. The cost to registered social landlords is however expected to be very small and will depend on how the judiciary, who are independent of Scottish Ministers, use the new provisions.

188. Data from the Scottish Housing Regulator shows that in 2018-19 there were 948 registered social landlord tenancy terminations (evictions or abandonments) following an eviction decree from the court. This tenancy terminations figure is taken from 2018-19 given fluctuating terminations figures resulting from temporary measures introduced in response to the Coronavirus and subsequently the 2022 Act. A large majority (87.6%) of these terminations were for rent arrears.

189. As a delay to the enforcement of an eviction in all individual cases will be dependent on the grounds for eviction used, circumstances of the case and the judgement of the sheriff, this provision is not expected to be used very often. It will not be in the best interests of the tenant or their landlord for the court to continue to allow rent arrears to accrue by granting a delay to the enforcement of an eviction order, unless there are exceptional reasons for doing so.

190. As with local authority costs, the estimates have been based on a delay to the enforcement of an eviction as between 2 and 8 weeks. Scottish Housing Regulator data shows that the average registered social landlord rent for a 2 bedroomed property is currently £94.05 per week. Based on a delay to the enforcement of an eviction decree of between 2 and 8 weeks, this would mean that the additional rent arrears per case would be between £188.10 and £752.40.

191. Tenants will remain liable for any rent arrears accrued during the tenancy and landlords may seek to use existing legal mechanisms to recover these funds.

Private sector landlords

192. Any additional costs for private landlords resulting from a requirement on the Tribunal will depend on current practice. The Scottish Government does not expect any significant additional costs to private landlords in relation to this measure as the overall eviction process remains the same. There is no fee for landlords making an eviction application to the Tribunal and legal representation is not a mandatory part of the process.

193. Any additional costs for landlords will depend on the individual circumstances of the case but are expected to be minimal and relate to the additional preparation time and paperwork required

in relation to consideration by the Tribunal of a delay to enforcement, and any additional Tribunal hearings. Current assumptions are that this additional consideration will not usually require an additional hearing. Using an hourly cost of £25 and based on an additional 2 hours of case preparation time, this could result in an additional cost of £50.

194. To estimate the total potential additional sectoral costs to landlords, estimates have been based three scenarios - high, central and low. The high scenario is based on all landlords incurring additional costs in relation to the total current level of eviction for 2023-24 (adjusted for the full year) of 2,286. The central scenario is based on 50% of cases incurring additional cost and the low scenario on 25% of current caseload.

Table 29: Costs to private landlord from additional eviction case preparation time

Scenario	Low scenario – 572 x £50	Central scenario – 1,143 evictions x £50	High scenario – 2,286 evictions x £50
Cost	£28,600	£57,150	£114,300

195. This results in a sectoral cost for private landlords of between £28,600 and £114,300 per annum from approximately 2026-27 (see Table 30A). In practice whether a landlord incurs additional costs from this measure will depend on the individual circumstances of the case.

196. Where an eviction application is made due to rent arrears, a landlord may incur additional loss of rental income where the tenant is not making any rental payments during the period of any delay to enforcement. Given existing discretion to delay an enforcement, it is not anticipated that this provision will result in a significant increase in the number of evictions subject to an enforcement delay. While the overall impact in terms of number of cases is expected to be small, this measure provides an additional layer of protection for tenants where an eviction is granted to consider the impact of the timing of the enforcement on tenants and the landlord. Helping to lessen the negative impact of the eviction where possible.

197. Any additional rental loss will depend on the exact circumstances of the case and the length of any delay and whether the tenant is making any rental payments. Based on an average monthly rent for a PRS landlord of £841 (for a 2-bed property), this measure could result in an additional debt to landlord of £194.08 for every week that the enforcement is delayed.

198. Review of published decisions by the Tribunal indicates that there was a small number of delays to enforcement in eviction cases pre-dating the emergency measures under the 2022 Act. These ranged from 2 weeks to 8 weeks. Based on the average weekly rent of a 2-bedroom property this could result in an additional rent arrears debt of £388.16 to £1,552.64.

199. In making a decision to delay the enforcement of an eviction, the Tribunal will take into account all the circumstances of the case, compliance with pre-action protocols for rent arrears, as well as the negative impact of additional rent arrears on both the landlord and the tenant. It will not usually be in the best interests of the tenant or their landlord for the Tribunal to continue to allow rent arrears to accrue by granting a delay to the enforcement of an eviction order, unless there are exceptional reasons for doing so.

200. Tenants will remain liable for any rent arrears accrued during the tenancy and landlords may seek to use existing legal mechanisms to recover these funds.

Summary of costs

201. Tables 30A and 30B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. Cost tables do not include rent arrears debt from this provision. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 30C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 30A: Evictions: duty to consider delay – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0.035	£0.357 to £0.556	£0.357 to £0.556
Costs on local authorities	£0.00	£0.00	£0.00
Costs on other bodies, individuals & businesses	£0.00	£0.029 to £0.114	£0.029 to £0.114
Total costs	£0.035	£0.386 to £0.670	£0.386 to £0.670

Table 30B: Evictions: duty to consider delay – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: Resource	£0.035	£0.357 to £0.556	£0.357 to £0.556
Of Scottish Administration costs estimated: Capital	£0	£0	£0

Table 30C: Evictions: duty to consider delay – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (170-171)	£0.035	£0	£0
First-tier Tribunal costs (173-175)	£*	£0.235 to £0.434	£0
Scottish Court costs (176)	£0	£0.122	£0

* Tribunal one-off implementation costs are set out in paragraphs 26 to 31 under collective costs.

DAMAGES FOR UNLAWFUL EVICTION

202. These provisions change the way in which civil damages can be awarded for unlawful eviction making it easier for tenants to challenge an unlawful eviction and receive appropriate damages where one has occurred in a similar way to the temporary measures introduced under the 2022 Act.

203. The provisions amend the 1988 Act to replace the basis for the assessment of damages for an unlawful eviction with a calculation based on a multiplication of the monthly rent.

Costs on the Scottish Administration

Scottish Government

204. It is anticipated that there will be some minimal one-off costs to the Scottish Government associated with implementation of this measures resulting from staffing costs and secondary legislation required to amend Tribunal Rule Regulations as part of implementing this measure. These costs are estimated to be:

- Staffing costs - £54,008.50 based on 0.1 FTE C2 officer, 0.2 FTE C1 officer, 0.3 FTE B3 officer, and 0.2 B2 officer using 2022/23 costs; and
- Secondary legislation costs under negative procedure of around £415, however, there may be costs savings if changes to Tribunal rules can be made alongside changes required for other provisions outlined in the Bill.

First-tier Tribunal for Scotland (Housing and Property Chamber)

Implementation costs for the Tribunal

205. Costs to the Tribunal for initial set up as part of implementation costs are included in paragraphs 26 to 31.

Operational costs for the Tribunal

206. There may be some additional costs should the provisions result in additional applications being made to the Tribunal seeking damages for an unlawful eviction. The estimates have been based on data from the Tribunal in relation to similar temporary provisions implemented under the 2022 Act which saw an increase in applications.

207. Data provided by the Tribunal shows that there were four applications for unlawful eviction damages made in 2021-22, in comparison to nine applications seeking damages for an unlawful eviction from April to December 2023 under the temporary measures. Assuming the same rate of applications for the rest of the year, it is estimated around 12 applications in 2023-24, triple the number of applications in 2021-22.

208. Given applications for unlawful eviction damages are demand led, estimated costs have been based on three scenarios low, medium and high using the average cost of a Tribunal case of £1,093. The low estimate has been based on the predicted level of applications in 2023/24 (the

baseline cost), the medium around a 100% increase on this and high around a 200% increase. This results in additional costs to the Scottish Administration of between £0 and £26,232, taking account of the baselines costs.

Table 31: Costs to Tribunal from approximately 2025-26 in relation to damages for unlawful eviction

Caseload estimate	Total Tribunal cost	Additional cost to Scottish Administration
Low - 12	£13,116	£0
Medium - 24	£26,232	£13,116
High - 36	£39,348	£26,232

209. These provisions are not expected to increase the caseload on the Scottish Courts in relation to social sector cases. This is because there have been no known unlawful eviction damages cases raised in the Scottish Courts to date. The social rented sector is heavily regulated and the position regarding applications for unlawful eviction damages is not expected to change with this new provision.

Costs on local authorities

210. No additional costs are anticipated on local authorities from this provision. This is because there have been no known local authority unlawful eviction damages cases raised in the Scottish Courts to date. The social rented sector is heavily regulated and the position regarding applications for unlawful eviction damages is not expected to change with this new provision.

Costs on other bodies, individuals and businesses

Private landlords

211. There are no anticipated additional costs to private landlords in relation to measures to reform the way in which damages for unlawful eviction are calculated. Where a landlord is found by the Tribunal to have carried out an unlawful eviction, the cost to the landlord will depend on the individual circumstances of the case and the level of monthly rent of the let property. Under the measures, the Tribunal will be able to award damages of between 3 times and 36 times the monthly rent. The Tribunal can also award damages at a level lower than the minimum threshold where the circumstances of the case merit a lower award. Based on the average rent for a 2-bed private rented property¹³ (£841) in Scotland this could result in damages awarded of between £2,523 and £30,276.

Social rented sector landlords

212. There have been no known cases of unlawful eviction in the social housing sector to date. The social rented sector is heavily regulated and the position regarding applications for unlawful eviction damages is not expected to change with these new provisions, therefore no anticipated

¹³ [Private Sector Rent Statistics, Scotland, 2010 to 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/private-sector-rent-statistics-scotland-2010-to-2023/pages/10-introduction-and-key-facts.aspx)

costs to social housing landlords in relation to measures to reform the way in which damages for unlawful eviction are calculated.

Surveyors

213. The measures will result in professional surveyor valuations no longer being required as part of an application for unlawful eviction damages. Based on the low level of unlawful eviction applications made (only four in 2021-22) to the Tribunal the financial impact on surveyors is considered minimal.

Tenants

214. There are no costs for tenants associated with this provision.

215. The provisions mean that damages will be calculated based on a multiplication of monthly rent. This means tenants will no longer be required to get a professional surveyor valuation. Information provided by Legal Services Agency in 2022 found that two valuation reports commissioned by them for this purpose cost £840 and £960. The cost of this valuation is considered a significant barrier to tenants challenging an unlawful eviction, there is therefore a cost saving for tenants associated with this provision of approximately £1,000.

Summary of costs

216. Tables 32A and 32B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. Potential costs savings are not included in cost tables. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 32C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 32A: Damages for unlawful eviction – summary of total identified costs

	2025/26 £m	2026/27 £m	2027/28 £m
Costs on Scottish Administration	£0.054 to £0.081	£0 to £0.026	£0 to £0.026
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.054 to £0.081	£0 to £0.026	£0 to £0.026

Table 32B: Damages for unlawful eviction – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025/26 £m	2026/27 £m	2027/28 £m
Of Scottish Administration costs estimated: resource	£0.054 to £0.081	£0 to £0.026	£0 to £0.026
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 32C: Damages for unlawful eviction – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (204)	£0.054 to £0.081	£0	£0
First-tier Tribunal costs (205-209)	£*	£0 to £0.026	£0

* Tribunal one-off implementation costs are set out in paragraphs 26-31 under collective costs

PART 3 – KEEPING PETS AND MAKING CHANGES TO LET PROPERTY

KEEPING PETS

217. These provisions make changes to the 2016 Act and the 2001 Act so that private and social housing tenants have a right to request to keep a pet and for that request to not be unreasonably refused.

218. For the private rented sector, the provisions also set out powers for Scottish Ministers to prescribe, through regulations and subject to consultation, information that must be included within a request to keep a pet. Provisions will also enable Ministers to set out reasonable conditions for approval and reasonable reasons for refusal by the landlord. The provisions also set out a mechanism to hear disputes in relation to unreasonable refusal or conditions through the Tribunal.

Costs on the Scottish Administration

Scottish Government

219. It is anticipated there will be both one-off costs for implementation and ongoing operational costs (see Table 38A) to the Scottish Government for these provisions.

220. Estimated costs to the Scottish Government for awareness raising and tools and support for the implementation of pets are included in Table 3: Costs to Scottish Government for measures requiring collective implementation across Part 1, Part 2, Part 3, and Part 4.

221. Estimates of the costs to the Scottish Government for other implementation costs are set out in the table below, including staffing costs, costs associated with making secondary legislation and costs for consultation to inform the development of the secondary legislation. These are based on current secondary legislation and recent consultation costs.

222. Some savings to the implementation costs are expected by combining the work on pets and personalisation; for example, by having one public consultation, preparing one set of regulations for a range of rented sector measures included in the Bill and through joint awareness-raising on the changes. Costs have been based on combining such activities are combined, and then costs apportioned to pets (Table 33 below) and personalisation (Table 39) on a 50:50 basis.

Table 33: Private rented sector implementation costs for keeping pets

Activity – one-off implementation costs	Cost estimate
Public consultation to inform secondary legislation	£15,000
Public consultation on guidance on pets	£15,000
SSI reasonable refusal/conditions (affirmative procedure)	£307.50
SSI prescribed forms (negative procedure)	£207.50
Implementation staffing policy costs (based on 0.2 FTE C2 officer, 0.2 FTE C1 officer, 1 FTE B3 officer, and 0.5 B2 officer based on 2022/23 costs)	£108,155
Total one off-costs	£138,670

First-tier Tribunal for Scotland (Housing and Property Chamber)

223. Provisions in the Bill create new application routes for private sector tenants to the Tribunal in relation to applications to have a pet where:

- where the tenant believes the landlord has refused an application unreasonably; or
- where the tenant believes the conditions for approval are unreasonable.

224. These new application routes will result in both additional one-off and ongoing costs for the Tribunal. One-off costs include establishing the new application routes, training of staff and Tribunal members on the new jurisdiction, and digital costs to update systems.

Implementation costs for the Tribunal

225. These provisions are one of a number in the Bill that introduce new application routes for tenant and landlord disputes to be heard by the Tribunal. The Tribunal has estimated the initial set up costs for all new applications created under the Bill. These estimated set up costs are set out in paragraphs 26 to 31. Tribunal cost estimates are based on implementing multiple applications routes at same time, should this not be possible there may be some additional costs above current estimates.

Operational costs for the Tribunal

226. There will also be ongoing costs related to the level of applications for these new application routes. To estimate the potential number of applications two approaches have been used. The first approach uses existing caseloads at the Tribunal for enforcing the Letting Agent Code of Practice, given the similarities in the type of disputes. The second approach uses dispute levels for similar rental rights in Victoria State, Australia. Using these two approaches, three estimates have been created.

227. For the first approach, the starting point was the level of applications received by the Tribunal to enforce the Letting Agent Code of Practice in 2023-24 (81 applications)¹⁴. This was then scaled up to cover the whole sector since only 38% of households rent through a letting agent¹⁵; this gives an adjusted caseload of 213. Since there are a variety of reasons why a tenant might allege that there has been a breach of the letting code, it was assumed that the number of applications for pet and personalisation combined will be equal to this adjusted level. Making the further assumption there is an equal split between the pet and personalisation grounds gives the first estimate of 107 applications.

228. Alternatively, instead of assuming that applications relating to pets and personalisation combined are equivalent to applications to enforce the letting agent code, evidence on the extent of pet ownership relative to letting agent use can be used, as well as the likelihood of a problem arising under each ground, to scale the caseload estimates. The share of households across the UK who own a pet (57%)¹⁶ was used as an indicator of the share of privately rented households in Scotland who may wish to own a pet and compare this to the 38% who rent through a letting agent. Then, using data from a 2022 survey¹⁷, the 39% of tenants who had reported experiencing at least one problem with their landlord or letting agent¹⁸ was compared with the 37% of tenants who thought that their landlord would not be open to their keeping a pet¹⁹. Adjusting the 81 applications for these factors leads to a second estimate of 115 applications per annum²⁰.

229. For the third approach, the applications to the Victoria Civil and Administrative Tribunal in Australia in relation to disputes between tenants and landlords about pets were used. In Australia, it is the landlord who must apply to the Tribunal if they want to refuse permission for their tenant to keep a pet. From 29 March 2021 until approximately 31 October 2023, there were 483 applications to the Tribunal where the main ground was an application to refuse to keep a pet, equivalent to an annual rate of 187. When adjusted to reflect the relative size of the rented sectors

¹⁴ 66 applications were received from 1 April 2023 to 24 January 2024. Adjusting for the number of days in this period gives 81 applications at an annualised rate. This compares with 69 cases in 2022-23.

¹⁵ See [2019 SHS data tables](#)

¹⁶ This is based on a survey by UK Pet Food which estimated that 57% of UK households own a pet (based on an online survey with 8,901 respondents). A breakdown by country or housing tenure is not published.

¹⁷ Simcock, T (2022), [Living in Scotland's private rented sector: A bespoke survey of renters' experiences](#)

¹⁸ See Table 3.9 in Simcock (2022). This is calculated as 100% less the 61% of tenants who had not experienced a problem with their landlord/letting agent. Since results are not broken down by landlord and letting agent, it is assumed that the likelihood of a complaint arising for a letting agent is the same as for landlords (and therefore the same as the overall rate).

¹⁹ See Figure 3.19 of Simcock (2022). 37% is the sum of those who tend to disagree (22%) and strongly disagree (15%) with the statement that their landlord would be open to their keeping a pet.

²⁰ 81 applications currently under letting code ground * 57%/38% (to adjust for different market share of households who have pets and those with a letting agent) * 37%/39% (to adjust for different likelihood of experiencing a problem with having a pet and a problem with the letting agent under current grounds).

in Scotland and Australia²¹ as well as the different pet ownership rates in the UK and Australia²², this results in the third estimate of 77 applications per annum²³.

230. Given the uncertainties about how the new application routes will be used, and in order not to underestimate costs, the central scenario was set at 125, which is slightly above the highest of the three estimates and include costs for a low scenario of 50 and a high scenario of 200. The total additional cost to the Tribunal is calculated by multiplying these caseload scenarios by the indicative cost per case of £1,093 as outlined in Table 4 under rent control of this Financial Memorandum.

Table 34: Costs from approximately 2028-29 to the Tribunal for applications in relation to keeping pets

Scenario 1 (Low)	Scenario 2 (Central)	Scenario 3 (High)
50 applications	125 applications	200 applications
£54,650 per annum	£136,625 per annum	£218,600 per annum

231. There may also be an increase in applications to the following existing Tribunal routes resulting from the new applications routes (rent control, pets and personalisation). These are in addition to those indicated above within the rent control section (see Tables 16 and 17). The existing application routes which may see an increase in applications are:

- Permission to Appeal (Rule 37) – under this rule a party to a case can seek permission to appeal.
- Reviews (Rule 39) – under this rule parties to an application can ask the Tribunal to review a decision.
- Application to draw up terms of tenancy where statutory term is unlawfully displaced (Rule 106) – A tenant may appeal to the Tribunal to request that one of the new statutory terms is added into a tenancy agreement where it has been omitted.
- Application to enforce the Letting Agent Code of Practice (Rule 95) – Where a letting agent is managing a property, cases may be brought against a letting agent by tenants or landlords, in relation to the new rights under these provisions. This could increase the overall volume of cases.

232. In addition, to the rules outlined above it was also expected that there may be some additional caseload to Rule 111 specifically in relation to pets and personalisation. Under this rule, landlords can apply to the Tribunal for a payment order to help recover costs, for example repairing damage, cleaning, or replacing items because of damage caused by a pet or through personalisation above the amount of tenancy deposit held.

²¹ The private rented sector is estimated to be 340,000 in Scotland. In Victoria, the provisions apply to both the social and private sector, and the total number of private and social rented households was 681,419 per the [2021 Australian census](#).

²² The desired pet ownership rate in the Scottish private rented sector is estimated at 57% as set out above, while a survey for Animal Medicines Australia estimates that 69% of all households have a pet.

²³ $187 \text{ (applications to VCAT per year)} * 57\%/69\% \text{ (pet ownership rate adjustment)} * 340,000/681,419 \text{ (sector size adjustment)} = 77 \text{ applications per year.}$

233. Given the range of variables which will affect the future caseload for these existing applications routes, costs have been estimated on the basis of an increase of current caseload of 5%, 10% or 15%, as outlined in the table below.

Table 35: Increased case numbers for the Tribunal in relation to existing case types from introduction of new case types under this Bill

Rule*	2023-24 caseload (based on caseload to date annualised)	5% increase	10% increase	15% increase
Rule 37	145	7	15	22
Rule 39	103	5	10	15
Rule 95	79	4	8	12
Rule 106	1	Less than 2	Less than 2	Less than 2
Rule 111 (excluding rent arrears payment orders)	621	31	62	93

* Caseload number for all rules except Rule 111 are based on application statistics. Rule 111 caseload is based on published Tribunal decisions data as it is not possible to disaggregate the application statistics by case type to exclude Repayment Orders on the grounds of rent arrears.

234. The table below sets out the potential additional costs, using the average per application costs provided by the SCTS, should these provisions result in additional applications. Again, the per case cost for the Tribunal is £1,093.

Table 36: Costs for the Tribunal in relation to existing case types

Rule	5% increase	10% increase	15% increase
Rule 37	£7,651	£16,395	£24,046
Rule 39	£5,465	£10,930	£16,395
Rule 95	£4,372	£8,744	£13,116
Rule 106	£0	£0	£0
Rule 111	£33,883	£67,766	£101,649
Total	£51,371	£103,835	£155,206

Costs on local authorities

235. No additional costs are anticipated on local authorities either from provisions for the private rented sector; or from the social rented sector. This is because current practice usually permits social tenants to keep pets and existing processes will largely remain unchanged.

Costs on other bodies, individuals and businesses

236. Costs of this provision to other bodies, individuals and businesses will depend on existing practice and individual circumstances. This includes the type and number of pets involved and the type and current condition of the let property, whether it is let furnished or unfurnished and whether it is self-managed or managed by a letting agent.

237. Information was sought from landlords and letting agents as part of the Business and Regulatory Impact Assessment (“BRIA”) engagement on the possible additional costs to their business for these provisions. Indicative costs have been estimated based on the following three areas of additional costs:

- Stage 1 - considering and responding to a written request to keep a pet.
- Stage 2 - managing and responding to a tenant’s application to the Tribunal to challenge a decision to refuse a pet request or the conditions for approval.
- Stage 3 - to repair damage caused to, or cleaning costs for, the let property resulting from the tenant keeping a pet.

Private landlords

Stage 1 costs

238. Powers in the Bill enable Ministers to prescribe the information that must be provided in a pet request. This aims to ensure that landlords have all the information required to consider and determine a request, helping to reduce the time required at stage 1.

239. Exact costs will depend on a landlord’s existing policies and practices. Engagement with landlords indicates that landlords already manage pet request from tenants. Given this and that dealing with any additional requests will result in only minor amounts of additional administrative time, any additional costs to landlords will be negligible.

Stage 2 costs

240. As with the first stage, costs will depend on the exact circumstances of the case. There may be additional time costs associated with managing and responding to a tenant’s application to the Tribunal to challenge a decision to refuse a pet request or the conditions for approval. Engagement with landlords and letting agents suggested that the time taken to manage an application to the Tribunal could take a number of hours. This would include emails, phone calls, the time taken to consider relevant documentation and attendance at a Tribunal case management discussion or hearing. Based on an hourly cost of £25²⁴, this could result in an additional cost for an individual landlord of approximately £125 per Tribunal application based on a total of 5 hours.

241. This average cost per application is then multiplied by the projected number of applications to the Tribunal relating to pets to derive estimates for the total cost to landlords from such applications.

Table 37: Costs from approximately 2028-29 for landlords for Tribunal applications in relation to keeping pets

Low scenario	Central scenario	High scenario
50 applications	125 applications	200 applications
£6,250 per annum	£15,625 per annum	£25,000 per annum

²⁴ See footnote 7.

Stage 3 costs

242. If the provisions result in more tenants keeping a pet in a let property, this could result in additional damage to the property, and thus costs for the landlord at the end of a tenancy. The costs will vary depending on the type of pet and property. Recent research conducted in the English PRS²⁵ into the renting to pet owners found that 76% of landlords surveyed reported no damage caused by pets. Moreover, when evaluating increased wear and tear due to pets, 73% of landlords stated that they did not observe any discernible increase. Additionally, 84% of landlords did not experience noise or other complaints from neighbours regarding these pets.

243. There are already existing protections in place for landlord to recover costs associated with damage to the let property through any tenancy deposit taken at the beginning of the tenancy. Current tenancy deposit requirements limit the deposit to a maximum of twice the monthly rent. Based on the average rent for a 2-bedroom property (the most common property size), the deposit would be around £1,682.²⁶ It is expected that the majority of additional damage caused by a pet could be accommodated within existing tenancy deposit limits.

244. Furthermore, provisions in the Bill also provide powers for Scottish Ministers, following further consultation, to set out reasonable conditions for approval. This could include enabling landlords to ask for a supplementary pet deposit above the current tenancy deposit limit. If following consultation, Ministers decide to exercise their power to allow for an additional supplementary deposit for pets, this would provide landlords with greater financial protection against any additional costs. A further Business and Regulatory Impact Assessment (BRIA) of the costs associated with the affirmative regulations and reasonable conditions for approval will be prepared to support this secondary legislation.

245. Where the costs to a landlord exceed the deposit (with or without a supplementary deposit), there are existing legal mechanisms to recover costs from tenants through making an application for a payment order through the Tribunal. In light of the existing protections and the provisions in the Bill to set reasonable conditions for approval, any additional costs for landlords associated with this measure are therefore considered to be negligible.

Social housing landlords

246. No additional costs are anticipated on social housing landlords from these provisions. Social housing tenants are currently allowed to keep pets with written permission from their landlord and social landlords set out any rules and processes for keeping pets in their pets' policy. Therefore existing processes will remain largely unchanged.

²⁵ Simcock, T., McCarthy, L., Kara, A., & Brown, P., (2024) The financial impact of pet ownership in rental properties: summary briefing. Huddersfield, UK: The University of Huddersfield.

²⁶ [2 Bedroom Properties - Private Sector Rent Statistics, Scotland, 2010 to 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/2-bedroom-properties-private-sector-rent-statistics-scotland-2010-to-2023/pages/2-1-introduction-and-key-findings.aspx)

Letting agents

247. Any additional costs to letting agents will depend on what services they provide to an individual landlord, the existing policies and practice of their business and the individual circumstances of any request to keep a pet and whether the request is approved or not.

248. Recovery of these additional costs will depend on the existing fee structures a letting agent has in place and whether these are based on the work undertaken or a percentage of rental income basis. Where the current business model does not enable the recovery of these costs from the landlord, letting agents may seek to make changes to account for this.

Tenancy deposit schemes

249. Should the provisions result in more private tenants keeping a pet, there may be additional use of the free tenancy deposit adjudication service. Information from the three approved tenancy deposit schemes suggest that the average cost of a tenancy deposit dispute is approximately £125. If the decision is then subject to a review request by either party, then that is a further approximately £50.

250. Information from the three approved tenancy deposit schemes shows that the current level of adjudications in 2022-23 is 4,671 and the average cost of a tenancy deposit dispute is £125. Based on a potential 10% increase in tenancy deposit adjudications resulting from pets and personalisation measures (5% for each), this could result in 234 additional adjudications relating to pets across the 3 schemes resulting in an additional of £29,250 per annum.

251. In 2022-23, the three schemes had 274 requests (6% of adjudications) for review. 31 reviews were accepted and 243 rejected. Based on the current level of accepted review requests a 10% increase in adjudications from pets and personalisation would result in minimal additional costs across the schemes of approximately £75 per annum in relation to pets.

252. More disputes will mean more attempts to resolve the dispute early, which may mean more Alternative Dispute Resolution staff are required. Any costs incurred would be offset by the uplift in interest revenue that could be generated from additional funds held, assuming that at least some landlords ask for an additional deposit due to a pet. For these reasons, it is not anticipated that there will be a significant increase in costs for tenancy deposit schemes.

Private tenants

253. Any additional costs for tenants relating to a request to keep a pet are likely to be minimal and associated with the time taken to make a pet request, and where necessary, an application to the Tribunal to challenge a decision to refuse, or a condition for approval by a landlord or agent that they think is unreasonable. These costs will depend on the individual circumstances of the tenant.

254. There may also be additional costs for tenants associated with any reasonable condition of approval made by the landlord, for example a supplementary deposit. This deposit, minus any reasonable deductions for damage, should be returned to the tenant at the end of the tenancy. In

deciding whether to agree to pay a supplementary deposit, the tenant would be able to challenge the reasonableness of this condition.

255. The tenant is able to take the time and financial costs into account when deciding whether to make a request. They would only have to incur these costs where the benefit to them from a pet exceeds these costs. It is therefore anticipated that the provisions will result in a significant net benefit to tenants.

Summary of costs

256. Tables 38A and 38B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 38C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 38A: Keeping pets – summary of total identified costs

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Costs on Scottish Administration	£0.069	£0.069	£0.106 to £0.374	£0.106 to £0.374
Costs on local authorities	£0	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0 to £0.054	£0 to £0.054
Total costs	£0.069	£0.069	£0.106 to £0.428	£0.106 to £0.428

Table 38B: Keeping pets – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Of Scottish Administration costs estimated: resource	£0.069	£0.069	£0.106 to £0.374	£0.106 to £0.374
Of Scottish Administration costs estimated: capital	£0	£0	£0	£0

Table 38C: Keeping pets – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (219-222)	£0.138	£0	£0
Tribunal costs pet applications (226-230)	£*	£0.055 to £0.219	£0
Tribunal costs existing case types (231-234)	£0	£0.051 to £0.155	£0

* Tribunal one-off implementation costs are set out in paragraphs 26 to 31 under collective costs.

MAKING CHANGES TO LET PROPERTY

257. These provisions make changes to the 2016 Act so that private tenants have more rights to personalise their home. These personalisation rights include a right to make certain minor alterations without the consent of their landlord (category 1 changes e.g. putting up posters and pictures) and certain other alterations to the let property that cannot be unreasonably refused where a tenant has lived in the let property for over 6 months (category 2 changes e.g. painting walls or putting up shelves). They also set out a mechanism to hear disputes in relation to unreasonable refusal or conditions through the First-tier Tribunal for Scotland (Housing and Property Chamber) (“Tribunal”).

258. The provisions provide powers for Scottish Ministers to prescribe through regulations the type of alterations that would fall into each category and the information that must be included within a request to a landlord. Powers to make regulations will also enable Ministers to set out reasonable reasons for refusal and conditions for approval by the landlord.

Costs on the Scottish Administration

259. It is anticipated that there will be both one-off implementation costs as well as ongoing costs to the Scottish Administration for these provisions.

Scottish Government

260. Estimated costs to the Scottish Government for awareness raising and tools and support for the implementation of making changes to a home are included under in Table 3 – Collective costs for implementation.

261. Estimates of the costs to the Scottish Government for other implementation costs are set out in the table below, including staffing costs, costs associated with making secondary legislation and costs for consultation to inform the development of the secondary legislation. These costs are currently expected to fall between 2026 and 2028 (see Table 42A).

262. As outlined above in relation to pets, some savings on the implementation costs are expected by combining activity related to pets and personalisation.

Table 39: Implementation costs for making changes to a home

Activity – one-off implementation costs	Cost estimate
Public consultation to inform secondary legislation	£15,000
Public consultation on guidance on personalisation	£15,000
SSI reasonable refusal/conditions (affirmative procedure)	£307.50
SSI prescribed forms (negative procedure)	£207.50
Implementation staffing policy costs (based on 0.2 FTE C2 officer, 0.2 FTE C1 officer, 1 FTE B3 officer, and 0.5 B2 officer based on 2022-23 costs)	£108,155
Total one off-costs	£138,670

First-tier Tribunal for Scotland (Housing and Property Chamber)

263. Provisions in the Bill create new application routes to the Tribunal in relation to applications for a category 2 alteration where:

- where the tenant believes the landlord has refused an application unreasonably; or
- where the tenant believes the conditions for approval are unreasonable.

264. These new application routes will result in both additional one-off and ongoing costs for the Tribunal. One-off costs include establishing the new application routes, training of staff and Tribunal members on the new jurisdiction, and digital costs to update systems.

Implementation costs for the Tribunal

265. These provisions are one of a number in the Bill that introduce new application routes for tenant and landlord disputes to be heard by the Tribunal. The Tribunal has estimated the initial set up costs for all new applications created under the Bill. These estimated set up costs are set out in paragraphs 26 to 31. Tribunal cost estimates are based on implementing multiple applications routes at the same time; should this not be possible there may be some additional costs above current estimates.

Operational costs for the Tribunal

266. There will be ongoing costs for new application routes in relation to making changes to a home. To estimate the potential number of applications, the same method was used as for estimating applications relating to keeping a pet, deriving two estimates using the existing caseload at the Tribunal for enforcing the Letting Agent Code of Practice, given the similarities in the type of disputes, and one estimate using dispute levels for similar rental rights in Victoria State, Australia.

267. For estimate one, the level of applications received by the Tribunal to enforce the Letting Agent Code of Practice was scaled to the whole sector and this adjusted number of applications

allocated equally between pets and personalisation. This gives an estimate of 107 applications, as set out in paragraph 227.

268. Alternatively, if the Letting Agent Code of Practice application numbers are used and scaled to reflect the different shares of tenants who have a letting agent (38%) and who might want to personalise their home (assuming all tenants may wish to do so), and then further adjust by the different shares of tenants who report experiencing at least one problem with their landlord or letting agent (39%) and who think that their landlord would not be open to their personalising the property (20%)²⁷ a second estimate of 109 applications per annum²⁸ was obtained.

269. For the third estimate, the applications to the Victoria Civil and Administrative Tribunal in Australia in relation to modification disputes between tenants and landlords were used. From 29 March 2021 to approximately 31 October 2023, 25 applications were received where consent to refuse modification of the property was one of the grounds. This covers a period of 31 months, giving an annual rate of 10 applications. When this is adjusted to reflect the relative sizes of the Scottish private rented sector and the Victorian rented sector,²⁹ this results in an estimate of 5 applications per annum.

270. Three scenarios were developed to show costs for a range of application numbers. Although the Victoria Tribunal data suggests that the number of applications could be very low, given the uncertainty about how comparable the Victorian and Scottish systems are, and in order not to understate costs, the two estimates based on letting agent code (107 and 109) were used to inform the choice of the central scenario. The same approach was followed as for applications to keep a pet and set the central scenario at 125 applications per year, with a low scenario of 50 applications, and a high scenario of 200 applications. These are multiplied by a case cost of £1,093 to obtain the cost estimates in the following table.

Table 40: Costs to the Tribunal for applications in relation to making changes to a home

Low scenario	Central scenario	High scenario
50 applications	125 applications	200 applications
£54,650 per annum	£136,625 per annum	£218,600 per annum

271. There may also be an increase in applications to existing routes resulting from the new applications routes to the Tribunal under the pets and personalisation provisions. These costs are included under keeping pets and set out in paragraphs 217 to 220.

²⁷ Figure 3.22 in Simcock, T (2022), [Living in Scotland's private rented sector: A bespoke survey of renters' experiences](#)

²⁸ $81 * 100\%/38\%$ (adjusting for relative shares of those who might want to personalise property versus those with a letting agent) * $(20\%/39\%)$ (adjusting for relative shares who report that their landlord might not be open to personalisation versus those who have experienced at least one problem with their landlord) = 109 applications

²⁹ See footnote 18.

Costs on local authorities

272. No additional costs are anticipated to local authorities from this provision. This is because these provisions only apply to the private rented sector.

Costs on other bodies, individuals and businesses

273. The exact costs of this provision to other bodies and individuals and businesses are difficult to quantify as they depend on a range of factors including the existing policies and practice in place, the type of modifications prescribed by Ministers, the nature and extent of the proposed alteration, the size and current condition and decorative order of the let property, whether it is let furnished or unfurnished and whether the let property is managed directly by the landlord or by an agent on their behalf.

Private landlords

274. Depending on landlords' existing policies and practice and the types of modification prescribed in regulations there may be additional costs for landlords associated with:

- Stage 1 - the time to consider and respond to requests for a category 2 alteration from tenants where the measures result in more tenants making a request;
- Stage 2 - modification disputes to the Tribunal following refusal of a category 2 request or in relation to the conditions for approval set by a landlord;
- Stage 3 - cost to repair any damage under category 1 or an approved category 2 modification at the end of the tenancy and in relation to any additional void time.

Stage 1 costs

275. Stage 1 costs will only occur where a tenant has lived in the let property for at least 6 months and chooses to make a request under the new framework for a prescribed modification that cannot be unreasonably refused. Powers in the Bill enable Ministers to prescribe the information that must be provided in a request for a Category 2 change. This aims to ensure that landlords have all the information required to consider and determine a request, helping to reduce the time required to consider and respond to a request.

276. Costs for this first stage in the new framework will depend on a landlord's existing policies and practice and the type of modification requested. Feedback from landlords indicated that landlords already manage requests from tenants to make changes to their home. Given this and that dealing with any additional requests will require only minor amounts of additional administrative time, any additional costs to landlords will be negligible.

Stage 2 costs

277. Stage 2 costs would apply where a tenant has made an application for a prescribed category 2 modification and the landlord has refused consent, which the tenant considers unreasonable, or where the landlord has given approval for the alteration but has set conditions for approval that the tenant considers to be unreasonable.

278. The main costs associated with stage 2 of the framework relate to the time required to respond to an application to the Tribunal in relation to their decision to refuse or set conditions for approval.

279. As with the first stage, costs will depend on the exact circumstance of the case. Engagement with landlords and letting agents suggested that the time taken to manage an application to the Tribunal could take a number of hours. This would include emails, phone calls, the time taken to consider relevant documentation and attendance at a Tribunal case management discussion or hearing. Some landlords also noted additional costs including travel costs related to any in-person attendance at the Tribunal and time off work for tribunal hearing(s). Based on a time cost of £25 per hour, this could result in an additional cost for an individual landlord of approximately £125 per Tribunal application based on a total of 5 hours.

280. This average cost per application is then multiplied by the projected number of applications to the Tribunal relating to personalisation to derive estimates for the total cost to landlords from such applications.

Table 41: Costs to landlords for Tribunal applications in relation to making changes to a home

Tribunal caseload – Scenario 1	Tribunal caseload – Scenario 2	Tribunal caseload – Scenario 3
50 applications x average cost to landlords of £125	125 applications x average cost to landlords of £125	200 applications x average cost to landlords of £125
£6,250	£15,625	£25,000

Stage 3 costs

281. There may be additional costs for landlords in relation to repairs to the property resulting from damage caused by an alteration under category 1 (no consent required) or an approved category 2 modification at the end of the tenancy.

282. As previously indicated, the exact additional costs will depend on a range of factors related to the property; its size, current condition, existing landlord policies and practices, the length of the tenancy and the types of alteration prescribed through secondary legislation following further consultation. A further BRIA of the costs associated with the prescribed modifications affirmative regulations will be prepared to support the secondary legislation.

Category 1 change

283. It is anticipated that most costs associated with repairing damages resulting from category 1 changes, which are intended to be small changes, for example, putting up pictures on walls, will be relatively small. In addition, some landlords have indicated that they already allow their tenants to put up pictures and posters, so for landlords in these circumstances there would be no additional costs associated with a category 1 change.

284. There are already existing protections in place for landlord to recover costs associated with damage to the let property through any tenancy deposit taken at the beginning of the tenancy.

Current tenancy deposit requirements limit the deposit to a maximum of twice the monthly rent. Based on the average rent for a 2-bedroom property (the most common property size), would be around £1,682.³⁰ It is expected that category 1 costs could therefore be accommodated within the current tenancy deposit limits.

Category 2 change

285. The types of modifications prescribed will be subject to further consultation but are likely to include the painting of walls and putting up shelves. A further common request landlords report receiving from tenants is putting a television on the wall.

286. Where there are any additional costs related to repairing damages resulting from category 2 alterations/modifications, such damage can be recovered from the deposit. Deposits are currently limited to a maximum of two months' rent, so based on an average two-bed property monthly rent of £841, the deposit could be £1,682.

287. A common concern raised by landlords/agents and reason for redecoration at the end of a tenancy by respondents was that the work carried out by tenants (with or without permission) was of a poor standard and not to a re-lettable standard. The policy proposals take this into account and for larger changes under category 2, the provisions provide powers for Scottish Ministers to set out reasonable conditions of approval. These could include requiring the work to be carried out by a qualified tradesperson or requiring the tenant to pay a reasonable supplementary deposit above the current tenancy deposit limits or to reinstate the property at the end of the tenancy. Such conditions will help to mitigate any additional costs for landlords and could result in some cost savings for private landlords resulting from lower re-decorating costs where a tenant leaves the property in good condition at the end of the tenancy or returns the property back to its original state.

288. Where the costs exceed the deposit (with or without a supplementary deposit), there are existing legal mechanisms to recover costs from tenants through making an application for a payment order through the Tribunal. In light of the existing protections and provisions in the Bill to set reasonable conditions for approval, any additional costs for landlords associated with this measure are therefore considered to be negligible.

Letting agents

289. Any additional costs will depend on the existing fee structures a letting agent has in place and whether these are based on the work undertaken or a percentage of rental income basis.

290. There may be some additional costs to letting agents where their agency fees would not sufficiently cover any additional costs associated with managing a request for a change under this provision or in supporting a landlord respond to an application to the Tribunal. These additional costs could be recovered from the landlord through a change in letting agent fees where this was thought to be necessary.

³⁰ [2 Bedroom Properties - Private Sector Rent Statistics, Scotland, 2010 to 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2023/06/230623_2_Bedroom_Properties_-_Private_Sector_Rent_Statistics_Scotland_2010_to_2023.pdf)

Tenancy deposit schemes

291. Approved tenancy deposit schemes already handle disputes about repairs needed at the end of the tenancy. No significant changes are anticipated from these provisions to approved schemes processes and procedures.

292. Should the provisions result in more tenancy deposit disputes resulting from modifications under category 1 or 2, there may be additional use of the free tenancy deposit adjudication service. Information from the three approved tenancy deposit schemes shows that the current level of adjudications in 2022-23 is 4,671 and the average cost of a tenancy deposit dispute is £125. Based on a potential 10% increase in tenancy deposit adjudications resulting from pets and personalisation measures (5% each), this could result in 234 additional adjudications relating to personalisation across the three schemes resulting in an additional of £29,250 per annum.

293. If the decision is then subject to a review request by either party, then that is a further approximately £50. In 2022-23, the three schemes had 274 requests (6% of adjudications) for review. Thirty-one reviews were accepted and 243 rejected. Based on the current level of accepted review requests a 10% increase in adjudications resulting from personalisation and pets measures would result in minimal additional costs across the schemes of approximately £75 per annum in relation to personalisation.

294. If there was a significant increase in caseload additional level of disputes there may also mean more Alternative Dispute Resolution staff are required. However, it is anticipated that these additional costs incurred would be offset by any uplift in interest revenue that could be generated from the additional funds held resulting from any additional deposits requested by landlords. As with pets, for these reasons, no significant increase in costs for tenancy deposit schemes is anticipated.

Private tenants

295. Any additional costs for tenants are likely to be minimal and associated with the time to make a request for a category 2 change and for making an application to the Tribunal to challenge a decision to refuse, or a condition for approval by a landlord or agent that they think is unreasonable.

296. Powers for Scottish Ministers to set out the information required as part of any category 2 request aims to make the process of making a request as simple as possible for both tenants and landlords reducing the amount of time required by the landlord to consider and respond to requests.

297. There may also be additional upfront costs for tenants associated with any additional deposit requested by a landlord as a condition of approval. This deposit, less any reasonable deductions for damage, should be returned to the tenant at the end of the tenancy.

298. The tenant is able to take the time and financial costs into account when deciding whether to request a change. Therefore, they only have to incur these costs where the benefit to them from making a change exceeds these costs. It is therefore anticipated that the provisions will result in a significant net benefit to tenants.

Summary of costs

299. Tables 42A and 42B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 42C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 42A: Making changes to let property – summary of total identified costs

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Costs on Scottish Administration	£0.069	£0.069	£0.055 to £0.219	£0.055 to £0.219
Costs on local authorities	£0	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0 to £0.054	£0 to £0.054
Total costs	£0.069	£0.069	£0.055 to £0.273	£0.109 to £0.273

Table 42B: Making changes to let property – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Of Scottish Administration costs estimated: Resource	£0.069	£0.069	£0.055 to £0.219	£0.055 to £0.219
Of Scottish Administration costs estimated: Capital	£0	£0	£0	£0

Table 42C: Making changes to let property – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (260 to 262)	£0.138	£0	£0
First-tier Tribunal costs (265 to 271)	£*	£0.055 to £0.219	£0

* Tribunal one-off implementation costs are set out in paragraphs 26 to 31 under collective costs.

PART 4 – OTHER MATTERS RELATING TO TENANTS

UNCLAIMED TENANCY DEPOSITS

300. Provisions amend the Housing (Scotland) Act 2006 to enable the use of unclaimed tenancy deposit funds to be used to the benefit of tenants living in the private rented sector.

301. Further secondary legislation is planned through existing regulation making powers which would gather more information to report on unclaimed funds.

Costs on the Scottish Administration

302. Additional costs to the Scottish Administration for these provisions primarily relate to the costs for administering unclaimed deposit funds once transferred to Scottish Ministers. The costs for this will depend on whether the funds are administered directly by Scottish Ministers or if this function is delegated to a third party. There will also be some one-off staffing costs associated with implementation and secondary legislation required.

303. Due to the periods for former tenants to reclaim a deposit after the end of the tenancy, much of the cost associated with administering the funds will apply from approximately 4/5 years after commencement.

304. Indicative costs for the Scottish Government to directly administer funds are estimated to be approximately £18,000 to £26,000 per annum from 2029-30 (see Table 43A). This estimate is based on costs to the Scottish Government for establishing and administering a similar scheme. Exact costs will depend on a number of factors including whether changes to guidance or grant criteria are required and the number of grant fund rounds and projects awarded.

305. Should Ministers instruct a third party to administer the fund on their behalf, it is estimated the management costs would be approximately 5.5% of the total available unclaimed tenancy deposit funds. This cost would include procurement and staffing costs. Based on the current level of unclaimed tenancy deposit funds of approximately £4 million, this would result in management costs of approximately £220,000 over three years. Depending on what objectives Ministers set for the fund there will also be some internal costs to support policy, communications, finance, and management of the external partner. Actual costs to manage the fund would depend on the overall size of the fund, the number of applications and the nature of the projects funded.

306. Provisions in the Bill enable the use of some of the unclaimed tenancy deposit funds to cover administration costs where this is reasonable. It is therefore anticipated that any additional costs incurred in relation to management of a fund may be covered by a small amount of unclaimed tenancy deposits funds.

307. There will also be some additional one-off staffing costs and costs associated with future secondary legislation changes that would support reporting and monitoring of unclaimed funds in the future. These have been estimated as follows:

- Staffing costs of £68,099.20 based on 0.1 FTE C2, 0.2 FTE C1, 0.3 FTE B3, and 0.5 B2 using 2022/23 costs; and
- Scottish statutory instrument costs for an affirmative procedure of £615.

Costs on local authorities

308. No costs on local authorities are anticipated.

Costs on other bodies, individuals and businesses

Tenancy deposit schemes

309. There may be some additional costs associated with the implementation of these provisions for the three approved tenancy deposit schemes. These relate to changes required to IT systems, updating of information for tenants, development of new procedures and the updating of guidance.

310. Engagement with the three approved tenancy deposit schemes indicated that there may be some IT system changes required as a result of these provisions, for example in relation to a legislative definition of an unclaimed deposit and recording information in relation to reasonable efforts to return an unclaimed deposit. Each scheme operates different IT systems and exact costs will therefore differ; however, overall, the schemes did not see costs to adapt their IT systems as significant. One scheme indicated that the costs could be absorbed with another scheme estimating a one-off cost of approximately £20,000.

311. There may be some additional staff time for approved schemes required in relation to the updating of information for tenants, scheme guidance on reasonable efforts and internal policies and procedures. The exact cost of these will be dependent on existing practice, but again any additional costs are not assessed as significant.

312. It is anticipated that any additional costs incurred by the three approved schemes in relation to these provisions can be offset against the interest generated by unclaimed deposit funds.

313. No additional costs are anticipated for tenants, landlords, letting agents or other businesses from this measure.

Summary of costs

314. Tables 43A and 43B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 43C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 43A: Unclaimed tenancy deposits – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m*	2030-31 £m
Costs on Scottish Administration	£0.034	£0.034	£0	£0	£0.026 to £0.073	£0.018 to £0.073
Costs on local authorities	£0	£0	£0	£0	£0	£0
Costs on other bodies, individuals & businesses	£0 to £0.020	£0	£0	£0	£0	£0
Total costs	£0.034 to £0.054	£0.034	£0	£0	£0.026 to £0.073	£0.018 to £0.073

* Annual running costs will only begin once the relevant period within the provision has passed, after commencement of the legislation currently projected for 2029-30. The majority of implementation costs are expected to fall in 2025-26, however, there will be some small additional implementation costs in 2029-30 in setting up the unclaimed deposit fund administration.

Table 43B: Unclaimed tenancy deposits – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	2030-31 £m
Of Scottish Administration costs estimated: resource	£0.034	£0.034	£0	£0	£0.026 to £0.073	£0.018 to £0.073
Of Scottish Administration costs estimated: capital	£0	£0	£0	£0	£0	£0

Table 43C: Unclaimed tenancy deposits – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (302 - 307)	£0.076*	£0.018 to £0.073*	£0

* The majority of implementation costs are expected to fall in 2025-26, however, there will be some small additional implementation costs in 2029-30 in setting up the unclaimed deposit fund administration. Annual running costs will only begin once the relevant period within the provision has passed, after commencement of the legislation currently projected for 2029-30.

REGISTRATION OF LETTING AGENTS ETC.

315. The Scottish Government committed to undertake a review of the existing registration and regulation regimes within the private rented sector, to identify lessons and opportunities for strengthening them. As part of the initial review work, a number of minor modifications to the existing provisions which would enable the current system and procedures to work more coherently and effectively have been identified, such as to clarify requirements to ensure that the Scottish Ministers have information on all of the persons who should be assessed in relation to an agent's application for registration, and to encourage agents to provide updates when their circumstances change by limiting the categories of information which they are required to update.

316. The direct cost of administering letting agent regulation is already met through current provisions; these minor modifications will not incur any further costs to this.

Costs on the Scottish Administration

317. No costs on the Scottish Administration are anticipated.

Costs on local authorities

318. No costs on local authorities are anticipated.

Costs on other bodies, individuals and businesses

319. No additional costs are anticipated on other bodies, individuals, and businesses from these provisions.

ENDING JOINT TENANCIES

320. These provisions change the process by which a joint tenancy is ended under the private residential tenancy where it is not possible for joint tenants to reach a mutual agreement to either end the tenancy or assign the interest of the tenant who wishes to exit to another person. Provisions create a new process which enable one joint tenant to be able to end the tenancy for all but only after providing other joint tenants with appropriate 2 months' notice.

321. The process is not intended to replace how the majority of joint tenancies are ended but provide a mechanism to ensure that no joint private tenant can be indefinitely held in a tenancy agreement against their wishes. Provisions also provide powers for Scottish Ministers to make regulations which prescribe the notice to be used by joint tenants.

Costs on the Scottish Administration

322. It is anticipated that the additional costs associated with this measure will be one-off implementation costs to the Scottish Government in 2026-27 for these provisions.

323. Estimated costs are set out below and include staffing costs and costs associated with the secondary legislation required. These have been estimated as follows:

- Staffing costs of £54,008 based on 0.1 FTE C2, 0.2 FTE C1, 0.3 FTE B3, and 0.2 B2 using 2022/23 costs; and
- Scottish statutory instrument costs for a negative procedure of £415.

324. There will also be some ongoing staffing costs related to implementation of the measures in the initial period after the measures come into force, however, these are expected to be minimal.

Costs on local authorities

325. No costs are anticipated on local authorities as this provision only applies to private residential tenancies.

Costs on other bodies, individuals and businesses

326. It is expected that in most circumstances a joint tenancy would end with no issues in line with current arrangements e.g. subject to the landlord's agreement, the exiting tenant's interest in the tenancy is assigned to another tenant, the remaining tenants take on the exiting tenants' liability or mutual agreement to end the tenancy is given by all joint tenants. This is expected to continue with the new process only being used in a minority of cases where it is not possible to reach mutual agreement to either end the tenancy or assign the tenant's interest to another person.

327. Information was sought from landlord and letting agents as part of the engagement on the possible additional costs to their business for these provisions.

Private landlords

328. Landlords will already be dealing with managing a joint tenancy issue, therefore these changes will represent minimal additional considerations for the landlord.

329. There is no available data on the number of joint tenancies in operation in Scotland or the number of joint tenants currently trapped in a tenancy who may seek make use of the new procedure. However, the number is expected to be small.

330. Any additional costs are expected to be negligible and relate to the landlords' time to carry out checks that the existing joint tenant has properly served the 2 months' notice to other joint tenants. As is currently the case, this work would generally include emails, other written communications and phoned calls with tenants, in line with current practice in managing a joint tenancy.

Letting agents

331. Any additional costs for letting agents are expected to be minimal and also relate to additional checks required to verify the pre-notice procedure notice has been served correctly and the 28 days' notice to end the tenancy is valid. These costs are likely to be recoverable from the landlord but will depend on the existing fee structures a letting agent has in place and whether these are based on the work undertaken or a percentage of rental income.

Tenancy deposit schemes

332. No additional costs for the approved tenancy deposit schemes are expected. Changes to enable one, or more, joint tenants to exit a tenancy where there is no mutual agreement do not impact on the current tenancy deposit system or procedures. As the tenancy would come to an end for all tenants under the provision, the deposits would be dealt with in the same way as normal.

Private tenants

333. Provisions in the Bill provide powers for Scottish Ministers to set out the information required in the tenant-to-tenant notice and how the notice should be served. Depending on how this power is used, there may be some additional costs for tenants who make use of the new procedure to end a joint tenancy in relation to the serving of the pre-notice procedure. Any additional costs will be considered as part of determining the use of powers for Scottish Ministers.

Summary of costs

334. Tables 44A and 44B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 44C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 44A: Ending joint tenancies – summary of total identified costs

	2026-27 £m	2027-28 £m	2028-27 £m
Costs on Scottish Administration	£0.054	£0	£0
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.054	£0	£0

Table 44B: Ending joint tenancies – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2026-27 £m	2027-28 £m	2028-29 £m
Of Scottish Administration costs estimated: resource	£0.054	£0	£0
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 44C: Ending joint tenancies – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Scottish Government costs (322-324)	£0.054	£0	£0

DELIVERY OF NOTICES ETC.

335. Currently social housing landlords are required to serve notices in relation to rent increases either by:

- delivering it to the tenant in person;
- leaving at the tenant's address; or
- sending it by recorded delivery letter to the tenant at their address (where a signature on delivery is required).

336. The policy objective is to add additional methods of service delivery for letters which will provide social landlords with more flexibility. This is expected to better reflect modern communication methods and provide benefits for both tenants and landlords in social housing.

Costs on the Scottish Administration

337. No costs are anticipated on the Scottish Administration.

Costs on local authorities

338. No additional costs are anticipated on local authorities, however, there could potentially be savings for local authority social landlords over their current methods of delivery. The provisions will provide a wider range of options for delivery of rent notifications, with potential savings in postal costs and staff time.

Costs on other bodies, individuals and businesses

339. No costs are anticipated to social housing landlords, however, there could potentially be savings for registered social landlords over their current methods of delivery. The provisions will provide a wider range of options for delivery of rent notifications, with potential savings in postal costs and staff time.

CONVERTING OLDER TENANCIES

340. This will enable the Scottish Ministers to set a date in secondary legislation to convert tenancies under the 1988 Act to private residential tenancies (“PRTs”) under the 2016 Act. Although new assured and short assured tenancies can no longer be created in most cases, some existing ones have not come to an end. These older tenancy types offer fewer protections for

tenants than PRTs. There will be a requirement on Scottish Ministers to consult on this proposal before laying regulations.

Costs on the Scottish Administration

341. Implementation costs will include consultation on and implementation of secondary legislation, and costs for providing information and support to landlords, tenants and the sector.

Scottish Government

342. The Scottish Government considers that staff costs to implement this measure will be covered by resources already costed elsewhere in this document. Other projected costs of implementing this change are set out below.

*Table 45: Converting Older Tenancies – one-off implementation costs to the Scottish Government**

One-off implementation costs	Cost estimate
Public consultation	£25,000
SSI (affirmative procedure)	£615
Awareness-raising	£80,000
Total one-off costs	£105,615

*These costs would fall in the year when the Scottish Minister’s exercise the power to convert older tenancies.

343. The estimated cost of public consultation is based on costs from recent smaller consultations, as only a single issue would be covered by the questions and the cost would therefore be lower than that incurred by, for example, the New Deal for Tenants consultation.

344. Awareness-raising to ensure that landlords and tenants were aware of the change before it came into force would need to reach tenants and landlords across Scotland and recent awareness-raising campaigns has been taken into account in estimating costs.

345. While there will be a need to raise awareness of the change, comprehensive information for landlords and tenants about the operation of private residential tenancies has already been made available by the Scottish Government, and tools such as the PRT Model Tenancy Agreement creation tool are already in place to support landlords in meeting their duty to provide the tenant with copies of their tenancy terms and the prescribed information. The Scottish Government therefore does not anticipate any extra costs for this.

Rent Service Scotland

Operational costs to Rent Service Scotland

346. Other cost impacts to the Scottish Administration may be dependent on the number of tenancies under the 1988 Act which remain at the point when the conversion takes place. Any new tenancies in the private rented sector (“PRS”) are PRTs unless they are of a type which is specifically excluded and, since 2017, it has not been possible to grant a new tenancy under the

1988 Act in most cases. As such, the number of tenancies under the 1988 Act has been decreasing over time and this pattern will likely continue.

347. It is possible that there may be a small overall saving to the Scottish Administration in the costs of rent adjudication cases if all tenancies under the 1988 Act are converted to private residential tenancies, due to the lower cost of adjudication by a Rent Officer for requests in relation to PRTs, when compared with costs for 1988 Act tenancies. However, any savings would be small, given that figures provided for the Tribunal show low numbers of rent adjudication cases concerning either assured or short assured tenancies, with an average of five cases a year each from 2017-2018 to 2021-2022 (i.e. before the emergency rent control measures).

348. Because tenants with PRTs have greater security of tenure than tenants with legacy short assured tenancies, it is also possible that there will be a small increase in rent adjudication cases if all 1988 Act tenancies convert to PRTs. However, figures from RSS show that overall numbers of rent adjudication cases concerning PRTs continue to be low.

First-tier Tribunal for Scotland (Housing and Property Chamber)

Operational costs for the Tribunal

Existing application routes

349. No significant increase is anticipated in Tribunal cases if provision is made to convert tenancies under the 1988 Act to PRTs. The majority of applications to the Tribunal in relation to assured and short assured tenancies are either applications for possession orders or applications for civil proceedings. As the Tribunal also deals with civil proceedings and eviction cases arising from PRTs, it is not considered that it is likely that there will be a great difference in applications to the Tribunal overall resulting from this change. There may even be small savings to the Tribunal in respect of application routes where there is no comparable provision for tenants with a PRT, such as cases under Rule 67, or where the corresponding provision for tenants with a PRT is determined by a Rent Officer (such as rent cases for assured tenancies currently determined by the Tribunal under Rule 61). However, given the low numbers of these cases, savings of this type are likely to be negligible, and the numbers would also depend on the situation at which the conversion took place, as estimations are that 1988 Act tenancies continue to diminish over time, being replaced by PRTs.

350. There are some existing application routes to the Tribunal which could potentially see small increases in case numbers as a result of 1988 Act tenancies being converted to PRTs as a result of the Scottish Ministers setting a date for final conversion:

- application to draw up terms of tenancy (Rule 105)
- application to draw up terms of tenancy where statutory term is unlawfully displaced (Rule 106)
- application for payment order where landlord has failed to provide information (Rule 107).

351. Before making an application to the Tribunal under Rule 105 or Rule 107, a tenant is required to give their landlord notice, and is considered that landlords will take this opportunity to

provide the missing information in many cases, resolving the issue without the need for a tenant to apply to the Tribunal for remedy.

352. Figures provided by SCTS for 2022-2023 indicate that three applications were received by the Tribunal under Rule 105, one application was received under Rule 106, and six applications were received under Rule 107 during that period.

353. It is anticipated that there will be a very small number of extra applications to the Tribunal arising as a result of this provision and additional costs, if any arise, would be negligible.

Costs on local authorities

354. No additional costs are anticipated on local authorities from these provisions.

Costs on other bodies, individuals and businesses

355. There may be some small administrative costs to some landlords and letting agents if the Scottish Ministers use the power to set a date in secondary legislation to convert tenancies under the 1988 Act to PRTs under the 2016 Act, as there will be a requirement under Part 3 of the 2016 Act to provide tenants with written tenancy terms and prescribed information reflecting the change.

356. The number of landlords and letting agents who could be affected will depend on the number of tenancies under the 1988 Act which remain at the point when the conversion takes place. Any new tenancies in the PRS are PRTs unless they are of a type which is specifically excluded, and, since 2017, it has not been possible to grant a new tenancy under the 1988 Act. As such, the number of tenancies under the 1988 Act has been decreasing over time, and this pattern will likely continue.

357. The Scottish Government has already produced information for landlords and tenants concerning PRTs, which will support landlords and tenants in understanding any changes to their rights and responsibilities which may result from a tenancy converting to a PRT. The Scottish Government has also provided tools such as the PRT Model Tenancy Agreement creation tool and PRT notice creation tools, to support landlords with PRTs in meeting their duties under the 2016 Act to provide their tenant with copies of the tenancy terms and prescribed information, as well as any relevant notices. These tools are free for landlords to use and may represent a saving for landlords who choose to use them rather than paying for a new tenancy agreement to be drawn up by a third party.

358. Given the requirement to consult further on the use of this power, the Scottish Government considers that it would be appropriate to consider the costs associated with this at that time, which would allow for consideration of the potential impacts on landlords and businesses in more detail, at the point when the power is to be used.

Summary of costs

359. It will be for Scottish Ministers to decide on whether and when the power to secondary legislation to convert tenancies would be used but for illustrative purposes the Scottish

Government has included these costs in 2028-29 year. As a result, Tables 46A and 46B below set out these estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, and Table 46C shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 46A: Converting older tenancies – summary of total identified costs

	2027-28 £m	2028-29 £m	2029-30 £m
Costs on Scottish Administration	£0.106	£0	£0
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.106	£0	£0

Table 46B: Converting older tenancies – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2027-28 £m	2028-29 £m	2029-30 £m
Of Scottish Administration costs estimated: resource	£0.106	£0	£0
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 46C: Converting older tenancies – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Converting older tenancies – one-off implementation costs to the Scottish Government (341-343)	£0.106	£0	£0

PART 5 – HOMELESSNESS PREVENTION

DUTIES OF RELEVANT BODIES; AND ASSESSMENT OF HOUSING SUPPORT SERVICES

360. The Ending Homelessness Together Action Plan sets out the Scottish Government’s approach to ending homelessness in Scotland. The homelessness prevention measures being brought forward in the Bill support this ambition and aim to deliver changes that will:

- **create a shared public responsibility** to prevent homelessness by introducing an ‘Ask and Act’ requirement for relevant bodies;
- **ensure early intervention** by requiring local authorities to act earlier;

- **provide transparency and consistency** by requiring local authorities to take reasonable steps to prevent homelessness;
- **provide a clearer understanding** of local needs by requiring local authorities to include an assessment of housing support needs in the Local Housing Strategy; and
- **support people at risk of homelessness as a result of domestic abuse** by updating the definition of domestic abuse as it applies to housing, and requiring social landlords to set out how they will support tenants at risk of, or experiencing, domestic abuse.

361. The measures in the Bill provide a legislative framework to strengthen the Scottish Government's approach to preventing homelessness. This will help people avoid crisis situations that often have wider and longer-term impacts, as well as significant financial costs for the public sector. If homelessness can be more effectively prevented, life chances and outcomes will be improved, and savings will be made across public services.

362. Engagement with stakeholders, including through the public consultation on the homelessness prevention duties, the Homelessness Prevention Task and Finish Group and the Ministerial Oversight Group on Homelessness, has shown that the duties have the potential to deliver significant benefits for individuals as well as public services over the longer term.

363. The Scottish Government recognises that the measures set out in the Bill have associated costs particularly in the early years, although over time these should be offset by savings from reduced pressure on services due to lower homelessness rates, including less use of temporary accommodation. The Scottish Government's assessment of the costs in the early years is set out below. While there may be a need for some capital funding to support changes to IT systems, the more significant proportion of funding required is resource funding.

364. The cost estimates set out below are the best approximations that can be provided at this time based on the available information. This includes using costs based on previous similar activity and assumptions of staff time. This introduces a level of uncertainty and so, where this is the case, a range of estimates has been provided. These are also specific to the point in time at which they were developed and so may change by the time the measures are implemented. The timetable for implementation will be developed in partnership with stakeholders; however, specific years have been used in the tables below for illustrative purposes.

Costs on the Scottish Administration

365. The costs set out below apply to the Scottish Government and other relevant bodies in different ways. They have been disaggregated as far as possible to provide clarity around the impact on different parts of the Scottish Administration.

One-off costs

Scottish Government

366. One-off costs to the Scottish Government associated with the introduction of the homelessness prevention measures include the costs of consultation and engagement with

stakeholders to develop the associated national level training and guidance materials as well as the development and introduction of the secondary legislation needed to set out the detail of framework provisions, for example the secondary legislation required to set out the reasonable steps local authorities should consider. Costs are also included for general awareness raising activity to ensure there is a public awareness of the changes being brought in.

367. A legal requirement for relevant bodies to actively work to prevent homelessness is new. As such, it is anticipated that training and guidance will be required for all impacted organisations to set out what the changes mean. In order to ensure the material is appropriate, it will be developed with the input of stakeholders via consultation and engagement; however, it will be developed at a national level in order that there is consistency of information.

368. An estimated cost has been provided for the development of a training package which can be rolled out across all relevant bodies in line with their own training programmes. Exploration will be made of opportunities that may exist to build on the existing Housing Options Toolkit. The estimate provided is based on costs to develop training materials used by local authorities (as provided in responses to a survey on the anticipated impact of the prevention duties completed in December 2023) combined with desk research on average costs.

369. The main cost associated with developing the guidance, in addition to staff time, which is considered below, is consultation and engagement with a wide range of stakeholders. It is assumed the guidance will be subject to public consultation and that an independent analysis of responses will be undertaken. The publication of documents relating to both has been estimated based on the costs associated with the previous public consultation on the homelessness prevention duties. It is also assumed that there will be consultation on the draft content of the ‘reasonable steps’ ahead of this being introduced via secondary legislation, and the content of the domestic abuse policy ahead of it being made statutory. Additional publication costs will be incurred in order that the guidance, once complete, can be made publicly available in line with the approach taken for the existing Code of Guidance on Homelessness. The publication costs noted are included within the consultation and engagement line below.

370. Development of both the training and guidance will be linked to national level awareness raising activity in order to ensure the profile of the changes is high and that as wide a range of stakeholders as possible are given the opportunity to contribute to the development of the materials above should they wish to do so. As the intention is to use existing platforms (including websites, newsletters and social media) and to work with stakeholders including network organisations that already have established forums for communicating with members, it is anticipated the costs around awareness raising will be minimal.

371. It is possible that savings could be identified in relation to the cost of engaging stakeholders and raising awareness when considered across the Scottish Administration, local authorities and others. However, this will be dependent on the shape of the programme developed and so this is not costed at this time.

372. The cost of two Scottish Statutory Instruments (“SSIs”) have been included below. This includes one SSI to commence the homelessness prevention provisions and another to set out the detail of the reasonable steps local authorities must take when supporting a household threatened

with homelessness. While a power is sought in the provisions to make changes to the list of relevant bodies to which ‘Ask and Act’ applies, this will only be utilised at the appropriate point in time where changes need to be made to the existing list, including adding further bodies to it, and so it has not been costed at this time. Further to this, the specific requirements of the domestic abuse policy will be set out in statutory guidance as opposed to an SSI.

Table 47: Summary of one-off costs across the Scottish Government

One-off costs	Cost estimate		
	2025-26	2026-27	2027-28
Training materials	£25,000	£30,000	N/A
Consultation/engagement on guidance and awareness raising	£30,000	£30,000	N/A
SSIs	N/A	£1,230	N/A
Total one-off costs	£55,000	£61,230	N/A

Relevant bodies

373. As set out above, the Scottish Government will provide national level training material. However, it is recognised that while it is not required by the legislation, some relevant bodies³¹ may wish to develop supplementary materials on a voluntary basis. For example, health providers may wish to develop materials setting out what the changes mean operationally within their environment or for specific job roles. This approach may also be extended to supplementary guidance specific to their own operating procedures to complement the guidance the Scottish Government will develop where individual organisations feel it may be helpful.

374. Should any relevant body wish to do this, the anticipated lead-in time ahead of commencement of the duties provides an opportunity to fully consider how further materials fit with existing training and guidance and to profile the delivery timeline within workplans. The relevant bodies will be invited to contribute to the development of the national level offer to ensure it is fit for purpose which should in turn avoid or minimise the need for bespoke materials.

375. Given the introduction of Ask and Act, relevant bodies may consider it helpful to undertake activities raising awareness of their new responsibilities and ways of working. The assumption has been made that this would likely include a variety of activities ranging from updates to existing information on websites and social media material, provision of signage in buildings – both public facing and for staff awareness – and developing proactive communications material such as newsletters. This will largely be a case of swapping old material with new where a relevant body feels it appropriate to do so. As this is activity the relevant bodies would normally undertake in the course of their business and is not an additional requirement resulting from the legislation, the

³¹ Relevant bodies are: a Health Board constituted by order under section 2(1)(a) of the National Health Service (Scotland) Act 1978; an integration joint board established by order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014; a local authority; the Police Service of Scotland; a registered social landlord (within the meaning of section 165 of the Housing (Scotland) Act 2010); the Scottish Ministers in so far as they have functions (including any that are delegated to another person) relating to (i) prisons and young offenders institutions (as construed in accordance with section 307(1) of the Criminal Procedure (Scotland) Act 1995), and (ii) persons detained in them; and a Special Health Board constituted by order under section 2(1)(b) of the National Health Service (Scotland) Act 1978.

Scottish Government does not anticipate a significant net cost to relevant bodies from such activities.

376. Some relevant bodies will require to make changes to IT systems. However, it is currently unclear what changes may be needed as this is subject to further engagement with stakeholders and needs to take account of the interaction with local authority data collection which is currently subject to a review. A general assumption has been made on the average costs of updates including changes to data sharing arrangements. The assumption is based on the average cost per change to existing data collection requirements provided by local authorities via survey responses, which suggested a cost of £10,000 - £15,000 per change and the need for one change only. The estimates below take account of the number of IT systems which may exist across the relevant bodies excluding local authorities and housing associations which are covered in more detail below. An estimate ranging from £550,000 to £825,000 was calculated based on the cost assumptions above, with the central estimate (based on an average cost per change of £1,250 and a total of £687,500) profiled across two years in the table below to demonstrate the potential cost.

Table 48: Summary of one-off costs across the relevant bodies

One-off costs	Cost estimate		
	2025-26	2026-27	2027-28
IT upgrades	£343,750	£343,750	N/A
Total one-off costs	£343,750	£343,750	N/A

Recurring costs

Scottish Government

377. Scottish Government staff time will be required to implement the homelessness prevention measures. This includes undertaking the consultation and engagement activity noted above in relation to development of training, guidance and secondary legislation. These costs have been estimated using 2022-23 staffing costs to business (as the most recently available) and include 0.2 FTE C2 officer and an FTE C1 officer, 1.5 FTE B3 officers and 0.5 FTE B2 officer. The total per annum for this resource is estimated to be £215,936; however, this is subject to any annual pay changes. This anticipated allocation of staff time is in keeping with resourcing provided to develop the homelessness prevention duties to date, including undertaking the consultation and policy development.

Table 49: Summary of recurring staff costs across the Scottish Government

Recurring costs	Cost estimate		
	2025-26	2026-27	2027-28
Staff	£215,936	£215,936	£215,936
Total one-off costs	£215,936	£215,936	£215,936

Relevant bodies

378. The new role for relevant bodies includes taking action within their current powers, largely with people they would come into contact within the exercise of their existing functions, to actively prevent homelessness. These additional tasks will require spending more time with some individuals which will require additional resource to support; however this may not be true in all cases and so there may be an element of offset. Where there is a need for relevant bodies to recruit new staff, the salaries for those staff present an on-going cost beyond implementation. For relevant bodies, the Scottish Government does not anticipate that there will be increased or new approaches for support (as may be the case for local authority housing departments) resulting from ‘Ask and Act’. The purpose of the changes is for relevant bodies to work with people who they are already coming into contact with in a different way.

379. In the analysis set out below, an estimated average length of time for different types of cases is used to derive total costs. As the action taken should be person-centred there is likely to be significant variation of time around this average depending on the circumstances of each case.

380. In order to develop the likely costs for staff resourcing for relevant bodies, as well as local authorities and housing associations, both of which are covered later, a costings model for all affected bodies has been developed.

381. This model is informed by experience from the UK Government’s Homelessness Reduction Act 2017,³² which was commenced on 3 April 2018 and made similar, but not as wide-reaching, changes to homelessness legislation in England. The Scottish Government has used this as a comparator when considering how many additional homelessness approaches might be received in Scotland.

382. It should be noted, however, that the UK Government approach was based on a ‘Duty to Refer’ to local authorities and not the creation of a shared public responsibility where other relevant bodies also take action within their own powers to prevent homelessness. Once embedded, the shared public responsibility should reduce demand on local authorities as fewer people will need to seek assistance from them. Scotland already has comparably stronger rights for people who are assessed as homeless by local authorities alongside existing duties to those threatened with homelessness, which the new measures will look to strengthen further. The use of the person-centred Housing Options approach to prevention rolled out across Scotland in recent years will also provide a foundation on which to build.

383. In December 2023, all 32 Scottish local authorities were asked to complete a survey setting out their understanding of the resourcing impact associated with the homelessness prevention measures. Because there was considerable variation across the replies, the use of a single costing model allows cost estimates to be generated on a consistent basis. However, the 18 replies received helped to inform the parameters used in the costing model.

384. Different scenarios have been modelled, based on different anticipated caseloads. For relevant bodies, other than local authority housing departments, as set out above the caseload will

³² See the Evaluation of the Implementation of the Homelessness Reduction Act (published 2020)

relate primarily to approaches which would have been made to the bodies anyway but which will now trigger Ask and Act requirements. For local authority housing departments, however, there are two potential sources of caseload. The first arises from approaches they would have received anyway which trigger the new requirements but which would not have been dealt with under the current voluntary approach to prevention, which is known as Housing Options. The second relates to additional approaches due to referrals from other relevant bodies.

385. The model allocates the total caseload for the Ask and Act requirements in the following proportions across the various bodies: the bulk of cases (70%) is assumed to fall to local authorities, either directly to their housing department (50%) or to other departments (20%). Of the remainder, it is expected that housing associations (5%) will have a smaller share than relevant bodies (25%) because they will be largely working with their tenants, so much of their work around this issue is already covered by tenancy sustainment activity. The model then applies different total caseload scenarios were then chosen so that that the additional caseload for local authority housing departments predicted by the model is scaled relative to the most recent number of Housing Options approaches to local authorities (42,442 in 2022-23),³³ see below for a discussion of how this has been done.

Table 50: Share of overall additional approaches/cases that will trigger Ask and Act received by each body

	LA housing department	LA other department	Other relevant bodies	Housing associations
Share of additional approaches/cases that will trigger Ask and Act	50%	20%	25%	5%

386. The caseload is then assigned to different categories depending on the type of work required. Type 1 is work primarily focussed on providing information, Type 2 involves casework such as providing advice and assistance for income maximisation and debt reduction specific to the households needs, and Type 3 relates to approaches where the relevant body cannot resolve the risk of homelessness and it would be appropriate to refer to a local authority housing department for assistance. The share of Type 3 work for local authority housing departments is set to zero, since they cannot refer on cases to other bodies; the impact of referrals on local authority housing departments is captured by calculating the total number of cases referred by other bodies to the local authority.

Table 51: Breakdown of type of work required for approaches/cases that trigger Ask and Act

	LA housing department	LA other department	Relevant bodies	Housing associations
Type 1 – information	40%	30%	30%	30%
Type 2 – casework	60%	50%	50%	50%
Type 3 – referral to LA housing department		20%	20%	20%

³³ [Scottish Government, Housing options \(PREVENT1\) statistics in Scotland: 2022-23](#)

387. Given these assumptions, local authority housing department caseloads will be 60% of the total caseload across all bodies³⁴. Since there was general agreement amongst local authority survey respondents that the increase in their caseloads will be at least 5%, the low scenario for the total caseload is set at 10% of current total housing options approaches, which implies a 6% increase in caseload for housing departments. Data from England shows that initial homelessness assessments undertaken by local authorities due to a referral under the Duty to Refer are equivalent to around 7.6% of initial assessments which are not via the Duty to Refer channel.³⁵ Given that Scotland is taking a wider approach to the duties, the central scenario is set at 25%, since this implies an increase in caseloads for local authority housing departments of 15%, approximately double the rate in England. The high scenario for the total caseload is set at 50%, which implies a 30% increase in caseload for local authority housing departments.

Table 52: Scenarios for Ask and Act in caseload

	Low	Central	High
Total caseload as % of current housing options approaches	10%	25%	50%
Total caseload (number)	4,244	10,611	21,221
Increase in LA housing department caseload (%)	6%	15%	30%

388. The next table sets out the time requirements for the different types of cases. Note that Type 3 relates to cases which are more acute which relevant bodies will need to refer on to the local authority housing department as they are unable to mitigate the risk of homelessness within their own powers. For the referring body, the time requirement is relatively minimal because this relates only to the time needed to refer the case. For the receiving local authority housing department, it is assumed that the prevention work for such cases will on average take longer than for prevention work on Type 2 cases from direct approaches to the local authority, because there will be a higher share of complex cases in referrals than in direct approaches.

Table 53: Amount of time (hours) spent on each case type

	LA housing department	LA other department	Relevant bodies	Housing associations
Type 1 – information	1.5	1.5	1.5	1.5
Type 2 – prevention	10.0	8.0	8.0	8.0
Type 3 – referral to LA housing department / prevention work by LA housing department	12.0	1.0	1.0	1.0

389. For each body, the average time for each case type is multiplied by the corresponding caseload to derive the total staff requirement in hours. This is divided by the number of hours

³⁴ 50% for cases coming to housing departments directly, plus an additional 10% for referrals (50% of cases going to bodies other than housing departments * 20% of cases resulting in a referral).

³⁵ Data for the four years from 2019-20 to 2022-23, from [Statutory homelessness in England live tables](#).

worked per annum³⁶ to derive the additional full-time equivalent staff required, and then multiplied by an average cost to business of one full-time staff member of £46,000³⁷ to get the total additional cost, as set out in the following table.

Table 54: Additional staff costs derived from costing model

Caseload scenario	Low	Central	High
LA - housing department	£531,199	£1,327,997	£2,655,993
LA - non-housing department	£109,781	£274,453	£548,905
Total LA	£640,980	£1,602,449	£3,204,898
Relevant bodies	£137,226	£343,066	£686,132
Housing Associations	£27,445	£68,613	£137,226
Total	£805,651	£2,014,128	£4,028,256

390. For the following table, which summarises the recurring costs for the Scottish Administration, the staff costs for relevant bodies are taken from the central outputs of the model set out in the above table.

Table 55: Recurring costs

	Cost estimate		
	2025-26	2026-27	2027-28
Staff – Scottish Government	£215,936	£215,936	£215,936
Staff – relevant bodies	£343,066	£343,066	£343,066
Total recurring costs	£559,002	£559,002	£559,002

Costs on local authorities

391. It is anticipated that the most significant costs resulting from the homelessness prevention measures will accrue to local authorities.

392. The local authority survey responses showed unanimous agreement there would be an increase in case volume as a direct result of the measures in the Bill, particularly the requirement for relevant bodies to Ask and Act and the change in definition of threatened with homelessness, and so a need to recruit additional staff. Respondents also agreed on the need for training to be provided. Many responses highlighted a potential need to upgrade IT systems. By comparison, 92% of English Councils recruited new staff, 100% undertook staff training, and 88% introduced new IT systems in preparation of the changes being made.³⁸

³⁶ This is assumed to be 1,654 hours per year, based on full-time hours for the Scottish Government.

³⁷ This figure was informed by returns from local authorities. Assuming that the cost to business is around 1.2 to 1.3 of the salary (e.g. to cover employer pension and national insurance contributions, as well as IT and related costs), this equates to a gross salary of £35,385 to £38,333.

³⁸ [Evaluation of the Implementation of the Homelessness Reduction Act: Final Report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

One-off costs

393. As set out above, the Scottish Government will provide national level training and guidance material; however, some local authorities may wish to supplement this on a voluntary basis. There is not a direct requirement within the legislation for them to do so.

394. Should they wish to develop supplementary materials, the anticipated timeline before commencement will enable local authorities to undertake the necessary development and delivery work within their workplans. Delivery will involve replacing existing materials, which will cease to be relevant, with new material; this is not anticipated to be a net increase on resource demands. Local authorities will be invited to contribute to the development of the national level offer to ensure it is fit for purpose.

395. Local authorities may wish to undertake activities to raise awareness of their new responsibilities and ways of working; however, this is not a requirement within the legislation. An assumption has been made that any such activity would include a variety of mediums ranging from updates to existing information (including websites), provision of signage in their buildings (both public facing and for staff awareness) and developing proactive communications material (such as newsletters and emails). This is activity local authorities would normally undertake in the course of their business, and would involve the provision of new materials in the place of old. Taking into account the lead-in time before implementation of changes, local authorities have the opportunity to factor this into regular business activity.

396. As social landlords, they will be required to have a domestic abuse policy setting out how they will support tenants at risk of, or experiencing, domestic abuse. Some may have already done this but may need to update it to meet the requirements on contents. This should be possible as part of routine policy document review processes. Additionally, the Scottish Government will provide clear guidance on the required content of the policy. And so, the Scottish Government does not anticipate significant net costs arising from this.

397. Some local authorities will require to make changes to IT systems. It is currently unclear what changes may be needed as this is subject to further engagement with stakeholders. As such, a general assumption has been made on the average costs of updates including changes to data sharing arrangements using a similar methodology to that adopted above to determine estimated costs for the relevant bodies. An estimate ranging from £320,000 to £480,000 was calculated with the central estimate (£400,000) profiled across two years in the table below.

398. The on-going Scottish Government-led review of homelessness data collection will also have a bearing on costs and so attempts will be made as far as practicable to ensure alignment of activity to minimise cost to local authorities and to avoid a situation of changes required in multiple years.

Table 56: One-off costs

	Cost estimate		
	FY1	FY2	FY3
IT upgrades	£200,000	£200,000	N/A
Total one-off costs	£200,000	£200,000	N/A

Recurring costs

399. On-going costs to local authorities will include staff salaries for any staff recruited to meet the anticipated increase in demand for services along with consideration of the impact on the use of temporary accommodation and provision of the reasonable steps which will require to be considered when supporting households at risk of homelessness.

400. Respondents to the Scottish Government survey of local authorities indicated additional staff would be required, although the estimates varied widely. Some authorities highlighted that demand is anticipated to be higher in the early days reducing over time, while others suggested it would take time for the demand to build. There was though a general recognition that upstream prevention can reduce demand over the longer term, but due to the uncertainty about the timing and scale of this benefit, this has not been quantified.

401. Given the wide variance in responses to the survey, the central outputs of the costing model as set out in Table 54 are used to provide consistent estimates of costs across the local authority sector. The total costs to local authorities set out below are the sum of the costs for the housing department and for other departments under the central scenario.

Table 57: Recurring costs

	Cost estimate		
	2025-26	2026-27	2027-28
Staff – local authorities	£1,602,449	£1,602,449	£1,602,449
Total recurring costs	£1,602,449	£1,602,449	£1,602,449

402. It is possible that there may be some increase in the use of temporary accommodation in the short-term following the introduction of the duties, but it will be difficult to attribute this only to the introduction of the duties given the rising trends in the use of temporary accommodation over the last decade. However, increased focus on upstream prevention activity should over time contribute to a reduction in temporary accommodation use by local authorities, as more people are supported to identify and address issues earlier that could potentially lead to their homelessness, remain in their accommodation or move into settled accommodation. Following the recommendations of the Temporary Accommodation Task and Finish Group, the Scottish Government is already working with local authorities to reduce the numbers of people in temporary accommodation. Due to the uncertainty around the way in which work to reduce the use of temporary accommodation will offset the current trend of increasing numbers of people in temporary accommodation, use of temporary accommodation has not been costed.

403. A number of the measures in the Bill will create additional asks on local authorities or require them to work in different ways, and it is understood that the inclusion of the relevant bodies may mean more people at risk of homelessness will be identified and referred to local authorities for assistance, particularly in the short term. However, it should be recognised that for many local authorities, the actions they will need to take are already part of their approach.

404. While in England, many (64%) local authorities commissioned additional services ahead of the introduction of their changes,³⁹ the use of the Housing Options approach across Scotland means that for many local authorities the services needed to meet the ‘reasonable steps’ requirement will already be provided for by the local authority. The need to adapt the current offering or to include new services can be considered as part of regular business planning and in line with each local authority’s own practice on procurement and commissioning of services, taking account of local needs. The exact additional costs will depend on a range of factors including the services already provided by individual local authorities and the types of services prescribed through secondary legislation following further consultation. A further assessment of the costs associated will be prepared to support the secondary legislation process.

Costs on others, business and individuals

Housing associations

405. Social landlords, excluding local authorities which are covered in detail above, will likely see some increased costs associated with the introduction of the measures in the Bill. This section therefore considers the impact of these costs on housing associations specifically, although it is also recognised that, dependent on the approach taken by the relevant bodies and local authorities, there may also be an impact on the third sector.

One-off costs

406. As noted already, the Scottish Government will provide national level training and guidance material. As with the relevant bodies and local authorities, some housing associations may wish to add to this on a voluntary basis, but there is no requirement for them to do so. Housing associations will also be invited to contribute to the development of the national level offer to ensure it is fit for purpose.

407. Any cost to housing associations of raising awareness of their new responsibilities and ways of working would be based on a decision made by each association or their representative body. There is no requirement set out in the legislation for them to undertake this activity. Similarly, to the relevant bodies and local authorities, an assumption can be made around what may constitute such activities, but it would generally mean providing updated information to replace out of date information.

408. As social landlords, housing associations will be required to develop a domestic abuse policy. Some may have already done this but may need to update it in order to meet the requirements set out in statutory guidance on the contents. Given the lead-in time, this should be able to be done as part of routine policy document review processes. Furthermore, the Scottish

³⁹ [Evaluation of the Implementation of the Homelessness Reduction Act: Final Report](#)

Government will provide clear guidance on the required contents of the policy. Therefore, the Scottish Government does not anticipate that any significant net costs from such updating.

409. Housing associations already take action to prevent homelessness occurring. From engagement with representative bodies, it is clear that tenancy sustainment is a key focus of their work. The inclusion of housing associations within the requirement to Ask and Act will build on this approach, providing consistency across all housing associations and cooperatives in Scotland.

410. This means that the impact on housing associations is likely to be less significant than it will be for local authorities and relevant bodies. Additionally, housing associations are likely to be approached by their own tenants as opposed to the wider population, in contrast to the situation facing, for example, staff operating in health environments.

411. Housing associations already work closely with local authorities and others to prevent homelessness. Many of their processes require sharing information in order to prevent homelessness for their tenants. With this in mind, the potential IT costs to be incurred by housing associations are anticipated to be minimal.

Recurring costs

412. While, for the reasons set above, the impact on housing associations is anticipated to be relatively small when compared to local authorities, some may need to recruit additional staff if they are faced with increased housing options approaches. For this reason, in Table 50 it was assumed that 5% of the increase in total housing options approaches will be via approaches to housing associations. Based on the costing model central outputs (summarised in Table 54), this will lead to the following additional staff cost under the central scenario.

Table 58: Recurring costs

	Cost estimate		
	2025-26	2026-27	2027-28
Staff	£68,613	£68,613	£68,613
Total recurring costs	£68,613	£68,613	£68,613

Third sector

413. The homelessness prevention measures set out in the Bill do not apply to third sector organisations directly. However, it is widely recognised that third sector organisations and groups will have a role in ensuring their success. For example, some local authorities and relevant bodies will commission the services of the third sector in order to meet their new obligations. Additionally, a third sector organisation, as opposed to a statutory body, may be where a vulnerable person feels safe enough to disclose information relating to their housing. Third sector organisations also support people with a range of issues including drug and alcohol misuse, mental health and debt advice and so are in a strong position to identify risks to housing. Homelessness, or a risk of homelessness, does not occur in isolation, it is often the culmination of a range of socio-economic factors that either contribute to homelessness or are an effect of homelessness.

Summary of costs

414. Prevention is a spend to save approach when applied to any policy. It is also widely accepted that crisis interventions often result in limited choice and higher costs for individuals as well as public services. Combining an increased focus on prevention of homelessness with upstream support for people to help them address their needs before reaching crisis has potential to create capacity in the system for future generations and to generate savings within and across public services which will be to the benefit of everyone. It will also support people to avoid the trauma and indignity of homelessness that can impact their lives over the longer term.

415. There is clear recognition that a lot of excellent work is already taking place across the public and third sectors in Scotland to prevent homelessness, and that the measures set out in the Bill will build on that solid foundation. Many stakeholders, including key delivery partners, are supportive of the intentions of the changes but understand it requires systemic change and time before the benefits will be realised.

416. Tables 59A and 59B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources and which will be considered in conjunction with stakeholders. Table 59C on the other hand shows the figures for the multiple years that figures have been provided for, split by implementation and running costs (since, as discussed above, it might take some time for savings to accrue as the new duties are implemented, savings have not been quantified).

Table 59A: Homelessness prevention – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0.958	£0.964	£0.559
Costs on local authorities	£1.802	£1.802	£1.602
Costs on other bodies, individuals & businesses	£0.069	£0.069	£0.068
Total costs	£2.829	£2.835	£2.229

Table 59B: Homelessness prevention – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£0.614	£0.620	£0.559
Of Scottish Administration costs estimated: capital	£0.344	£0.344	£0.000

Table 59C: Homelessness Prevention – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
The need for relevant bodies to Ask and Act (365-389)	£0.804	£1.677	£0.00

TENANTS AFFECTED BY DOMESTIC ABUSE

417. These provisions amend the existing pre-action requirements in the 2001 Act. They require social landlords – before taking eviction action for rent arrears in court – to consider what steps can be taken in relation to the needs of a tenant where domestic abuse is a factor in the rent arrears, with a view to preventing homelessness.

Costs on the Scottish Administration

418. It is anticipated that implementation of this measure will result in some minimal additional Scottish Government one-off staffing costs associated with progressing implementation, including taking forward the required consequential changes to regulations through secondary legislation and changes to statutory guidance. Based on the expected staff resource required, these have been estimated as follows:

- Staffing costs of £38,618.70 based on 0.1 FTE C1 officer and 0.5 FTE B3 officer using 2022-23 costs;
- Scottish statutory instrument costs for 1 affirmative (£615) and 1 negative procedure (£415) = £1,030.

Scottish Courts and Tribunals Service (“SCTS”)

419. SCTS have advised in the Scottish Government’s engagement with them, that any implementation or on-going costs for this measure are covered by existing court processes and existing budgets.

Costs on local authorities

420. Under the existing legislative pre-action requirements, local authorities as social landlords, are already required to do all that they can to resolve rent arrears with a tenant before raising eviction action in court. This provision makes current landlord ‘positive practice’ in domestic abuse financial control cases a statutory requirement for all local authorities. No additional costs are anticipated on local authority social landlords from these provisions.

Costs on other bodies, individuals and businesses

Registered social landlords

421. Under the existing legislative pre-action requirements, registered social landlords are already required to do all that they can to resolve rent arrears with a tenant before raising eviction action in court. This provision makes current landlord ‘positive practice’ in domestic abuse financial control cases a statutory requirement for all registered social landlords. No additional implementation or on-going costs are anticipated on registered social landlords from these provisions.

422. No additional costs are anticipated on other bodies, individuals, and businesses from these provisions.

423. Tables 60A and 60B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 60C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 60A: Tenants affected by domestic abuse – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0.039	£0	£0
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.039	£0	£0

Table 60B: Tenants affected by domestic abuse – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£0.039	£0	£0
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 60C: Tenants affected by domestic abuse – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Pre-action requirements (417)	£0.039	£0	£0

PART 6 – OTHER HOUSING MATTERS

MOBILE HOMES

424. The Mobile Homes Act 1983 controls the “consumer” rights of mobile home owners, setting out implied terms which must appear in the “written statement”. These include the arrangements for the annual pitch fee reviews. The basis for uprating pitch fees is set out at Paragraph 23 of Schedule 1 of the Mobile Homes Act 1983, amended in Scotland in 2013. At present, there is a presumption that the pitch fee will increase or decrease by a percentage which is no more than any percentage change in Retail Price Index (“RPI”), since the last review date, unless this would be unreasonable. This policy change will amend the presumed basis of pitch fee uprating under the Mobile Homes Act 1983 from the RPI to the Consumer Price Index (“CPI”) with permanent effect, for both existing and future contracts.

Costs on the Scottish Administration

425. No costs are anticipated on the Scottish Government, Rent Service Scotland or the Scottish Courts and Tribunals Service.

Costs on local authorities

426. No costs are anticipated on local authorities. The relatively small number of Local Authority Gypsy/Traveller sites are also affected by the change, but the impact is expected to be minimal as the consultation found that CPI is the preferred index for local authorities already, where they are applying indexation.

Costs on other bodies, individuals and businesses

427. The change from RPI to CPI will directly affect residents and owners of residential mobile home sites with pitch agreements under the Mobile Homes Act 1983, including some Gypsy/Travellers. As RPI inflation is typically above CPI inflation, pitch fees will likely not increase as fast as they would have done without the change and the income of site owners and operators will not rise as fast as it would have otherwise. As RPI is no longer judged to be an effective measure of inflation, increases by the CPI should better reflect actual inflation faced by residents. Furthermore, CPI is the measure used to uprate benefits. Taken together, these two considerations indicate that CPI will be a better measure of the affordability of pitch fee increases for residents.

428. Between 2015 and 2021 the difference between RPI and CPI fluctuated around 1% point. There is limited information on pitch fees (which vary widely) and the number of pitches in Scotland. However, illustrative figures can be calculated using an indicative pitch fee of £172 per month⁴⁰ and an assumption of 4,288 pitches in Scotland.⁴¹ It is further assumed that CPI grows at 2% per annum in line with the Bank of England inflation target, and that RPI grows at 3% per annum, one percentage point above this. Based on these assumptions, the average foregone pitch

⁴⁰ This is a figure for England taken from UK Government research - [Mobile homes: The impact of a change in the maximum park home sale commission - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/research/publications/mobile-homes-the-impact-of-a-change-in-the-maximum-park-home-sale-commission)

⁴¹ Evidence provided to the Scottish Government by the Scottish Confederation of Park Home Residents Associations in 2021.

fee income will be around £21 (or £88,504 across all pitches in Scotland) in the first year of the change, rising to £65 (or £278,957 in total) by the third year due to compounding.

429. These estimates are subject to significant uncertainty, due to the limited information on the number of pitches and average fees, and also from future trends in inflation – there can be periods where the RPI falls below the CPI. Furthermore, from 2030, when the ONS stops publishing the RPI, there will be no further impacts from the proposed change. Foregone rental income for site owners is also equivalent to the benefit to site residents, i.e. in economic terms, this is an transfer between owners and residents rather than a net cost.

430. In addition to the reduction in income, which is the most significant impact for site owners, there may be a minimal one-off cost from implementing the change, for example, if documents, web pages or other systems need to be updated.

Table 61: Foregone pitch fee income for mobile home site owners due to change from RPI to CPI

	2025-26	2026-27	2027-28
Foregone rental income	£88,504	£181,434	£278,957

431. Table 62A below sets out the estimated foregone income apportioned by financial year as an indication of the likely distribution. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 62B and 62C on the other hand show the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 62A: Mobile homes – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0	£0	£0
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses*	£0.090	£0.180	£0.280
Total costs	£0.090	£0.180	£0.280

*This cost is the foregone rent to site owners, but it should be noted that there is an equivalent benefit to residents.

Table 62B: Mobile homes – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£0	£0	£0
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 62C: Mobile homes - Indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation Costs £m	Annual Running Costs £m	Potential Annual Savings £m
Mobile home pitch fee uprating (424)	£0	£0	£0

FUEL POVERTY

432. The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019³³ (2019 Act) set targets relating to the eradication of fuel poverty; reporting provisions; and includes the establishment of the Scottish Fuel Poverty Advisory Panel (“the SFPAP”) amongst other matters. This Bill seeks to strengthen and improve the Scottish Ministers duties to consult and report under the 2019 Act and to remove budgetary limitations on the SFPAP.

Costs on the Scottish Administration

433. The amendments are minor and includes the removal of the current financial cap for the SFPAP, which is not currently sufficient for the advisory NDPB’s operating costs. This will now be at the discretion of Scottish Ministers to agree SFPAP costs, and may mean additional costs as deemed appropriate, which are sufficient in order to carry out its operations and scrutiny function effectively, which will be monitored via sponsorship arrangements. There are no anticipated savings to the Scottish Administration, local authorities, other bodies, individuals and businesses.

Costs on local authorities

434. No additional costs are anticipated on local authorities.

Costs on other bodies, individuals and businesses

435. No additional costs are anticipated on other bodies, individuals, and businesses from these provisions.

436. Tables 63A and 63B below set out the estimated costs apportioned by financial year as an indication of the likely distribution of costs. This is not an implementation timeline, which will depend on a range of factors including timescales for passage of the Bill, Ministerial priorities and resources. Table 63C on the other hand shows the figures for the multiple years that figures have been provided for, and split by the indicative costs and savings.

Table 63A: Fuel poverty amendments – summary of total identified costs

	2025-26 £m	2026-27 £m	2027-28 £m
Costs on Scottish Administration	£0.250	£0.250	£0.250
Costs on local authorities	£0	£0	£0
Costs on other bodies, individuals & businesses	£0	£0	£0
Total costs	£0.250	£0.250	£0.250

Table 63B: Fuel poverty amendments – resource and capital breakdown of identified estimated costs for the Scottish Administration

	2025-26 £m	2026-27 £m	2027-28 £m
Of Scottish Administration costs estimated: resource	£0.250	£0.250	£0.250
Of Scottish Administration costs estimated: capital	£0	£0	£0

Table 63C: Fuel poverty amendments – indicative summary of costs and savings generated by the Bill for the Scottish Administration

Provision (paragraph numbers)	Implementation costs £m	Annual running costs £m	Potential annual savings £m
Advisory panel: removal of funding cap (432)	£0	£0.250	£0

NEW HOMES OMBUDSMAN

437. The provision in the Bill amends schedule 5 of the Scottish Public Services Ombudsman Act 2002 (“SPSO”) to include the New Homes Ombudsman (“NHO”) as set out in The Building Safety Act 2022. This will therefore include NHO in the list of persons or bodies to whom the SPSO, in certain circumstances, may disclose information in relation to certain matters.

438. The provision enables information sharing rather than placing any requirements with associated costs on SPSO. The number of developers which are public bodies and therefore within the remit of SPSO, and once implemented, likely to fall within the NHO scheme, is expected to be relatively small. Any resultant complaints which may involve the SPSO sharing information with the NHO will be a smaller proportion of that, and likely to be at a very minimal, if any, level so also expected to be subsumed within normal operational costs.

Costs on the Scottish Administration

439. No costs are anticipated on the Scottish Administration.

Costs on local authorities

440. No costs are anticipated on local authorities.

Costs on other bodies, individuals and businesses

441. No additional costs are anticipated on other bodies, individuals, and businesses from these provisions.

This document relates to the Housing (Scotland) Bill (SP Bill 45) as introduced in the Scottish Parliament on 26 March 2024

HOUSING (SCOTLAND) BILL

FINANCIAL MEMORANDUM

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