30 January 2019

Dear James

Thank you for your letter of 24 January requesting information about the timing between the initial public consultation and the laying of the Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2018, before the Parliament in December 2018.

As you may be aware, there was an urgent need to pursue primary legislation in 2013 to give powers to exempt named schemes from the impact of the “20 year heritable security rule” in order to secure continued lender participation in the shared equity schemes as result of the Mortgage Markets Review. However, as none of the shared equity agreements have been in place for 20 years, there has been no pressing need to pursue the associated secondary legislation.

The formal public consultation on the proposal to exempt certain heritable securities from the “20 year heritable security rule” ended in February 2015. However, the Order could not be taken forward at this time due to more urgent priorities being pursued by the Scottish Government.

Therefore, as explained in the Policy Note, Scottish Ministers undertook further informal consultation with Local Authorities and Registered Social Landlords at the start of 2018. This gave respondents the opportunity to submit any new schemes for consideration and to ensure that any previously notified schemes were still relevant. No significant issues were raised by the respondents in 2018 and as the comments were broadly similar to those submitted in 2015, we considered that there was no requirement for a period of further formal consultation.

In summary, the Order been brought to Parliament in good time to ensure no adverse impact from the 20 year security rule, whilst ensuring other urgent priorities have been met.

I hope this is helpful.

KEVIN STEWART