



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Social Justice and Social Security Committee

Thursday 8 January 2026

Session 6



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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

1st Meeting 2026, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)

*Jeremy Balfour (Lothian) (Ind)

*Marie McNair (Clydebank and Milngavie) (SNP)

*Carol Mochan (South Scotland) (Lab)

*Alexander Stewart (Mid Scotland and Fife) (Con)

Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Hannah Aldridge (Resolution Foundation)

Kate Berry (Scottish Parliament)

Duncan Black (Glasgow City Health and Social Care Partnership)

Ashley Campbell (Chartered Institute of Housing Scotland)

Sheila Haig (City of Edinburgh Council)

Maeve McGoldrick (Crisis)

Les Robertson (Fife Council)

CLERK TO THE COMMITTEE

Diane Barr

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 8 January 2026

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Collette Stevenson): Good morning, and welcome to the first meeting in 2026 of the Social Justice and Social Security Committee. We have apologies from Elena Whitham.

Item 1 is a decision on taking business in private. Do members agree to take items 3 and 5 in private?

Members indicated agreement.

Local Housing Allowance

09:00

The Convener: Our next item of business is our first evidence session on local housing allowance. I welcome to the meeting Maeve McGoldrick, head of policy and communications at Crisis; Ashley Campbell, Scottish policy and practice manager at the Chartered Institute of Housing Scotland; and Hannah Aldridge, senior research and policy analyst at the Resolution Foundation. Hannah joins us online. Thank you all very much for joining us today, and happy new year.

We will move straight to questions on the impact of the local housing allowance system, and I hand over to Jeremy Balfour.

Jeremy Balfour (Lothian) (Ind): Thank you, convener, and happy new year to everyone.

I suspect that you could all speak on the first question for 45 minutes, so I ask you to focus on the main areas. What impact is the LHA having on poverty levels among private tenants in Scotland? I will go to Maeve McGoldrick first.

Maeve McGoldrick (Crisis): I will cover poverty and homelessness, which are part of the same thing. The first key point to make on poverty levels overall is that more people are being made homeless from the private rented sector. We now see 13 per cent of homelessness applications coming from the PRS.

The second point is that fewer people are using the private rented sector to move out of homelessness. The figure was at about 8 per cent, but it has come down to 3 per cent in the past 10 years. Effectively, we are seeing an inflow of people living in the private rented sector into the homelessness system, which is partly to do with affordability. It is hard to determine the causal link between affordability and making a homelessness application, but the data from local authorities shows that affordability is one of the key reasons behind that.

The third point is that outflow from the homelessness system is more challenging. Fewer people are moving into private rented properties. Again, it is hard to identify data to explain the causal link there, but it is highly likely that affordability is one of the key barriers. What we see a lot in the PRS is that, if someone has a shortfall, they try to make it up with different sources of income to sustain the roof over their head. It is more challenging for someone to move out of the homelessness system and into PRS accommodation if they are not deemed able to afford the rent under the affordability checks that a private landlord would do. A landlord is not going

to offer a tenancy to that person because they have a shortfall. Even if they could make up that shortfall with other types of benefits or different sources of income, they are probably not going to get access to the property in the first place.

There is an inflow problem and then outflow problems in relation to access.

Jeremy Balfour: We will come back to some of that later. Ashley Campbell, do you want to come in?

Ashley Campbell (Chartered Institute of Housing Scotland): I will pick up on Maeve McGoldrick's point about the shortfall in LHA. It is difficult for someone who is on a lower income to access the private rented sector in the first place, but the way in which LHA rates are set is very problematic. The rates have been reduced to the 30th percentile from the 50th percentile of the market, where they were previously and where, in theory, they would have allowed people to access the bottom 50 per cent of the PRS. We are therefore already reducing potential access to the private rented sector through the way in which LHA was introduced by the United Kingdom Government.

The UK Government has also repeatedly frozen and unfrozen LHA, so that it does not keep up with the actual cost of renting. As Maeve McGoldrick said, a lot of people are forced to try to make up that shortfall from other sources of income and, if they are already on a low income, finding that extra money is increasingly difficult. It comes out of money for other bills, food, travel and other essentials, and it forces people into poverty.

We previously commissioned research on the amount of the shortfalls that people are facing. That was published in 2023, so it is a couple of years old now and, since then, LHA rates have been unfrozen and frozen again. I appreciate that the figures might be slightly out of date, but it is difficult to keep on top of that analysis, as the data is not readily available to enable us to look back on the figures. However, the data that we published in 2023 showed that, for a two-bedroom home, which is the most common size of home, the average shortfall for LHA claimants across Scotland was £108 a month. For somebody on a low income, having to find £108 just to make up that difference and to keep a roof over their head is a struggle. The situation differs across the country, from a minimum of £6 a month in Aberdeen to more than £200 a month in Glasgow. Those are not small sums.

The way in which the UK Government is managing LHA is causing uncertainty and stress for tenants, as they do not know whether they have security and whether, if the rent goes up, they will be able to cover that. If they are paying a

shortfall and just managing, they do not know whether, if the rent goes up next year, they will be able to manage that any more. The way in which LHA is calculated and managed by the UK Government is causing a lot of challenges for affordability and is increasing the risk of poverty.

Jeremy Balfour: Good morning, Hannah—do you want to come in?

Hannah Aldridge (Resolution Foundation): Hi. I will just start speaking but, if there are audio issues, please interject.

I caveat what I will say by pointing out that most of my analysis on local housing allowance has been at the UK level. However, to set the scene, and specifically thinking about poverty, the key thing, which the Scottish Government recognises, is that poverty is something that you look at after housing costs. The amount of someone's housing costs relative to their income is really important for that equation. Essentially, because local housing allowance is being frozen, periodically and systematically, that is a real drag on living standards and leads to an increase in poverty, because rents inevitably go up. Even if rents go up at a modest rate, that will inevitably mean that incomes are going down if people are not being compensated either by an increase in earnings, if they are on a higher income, or an increase in their local housing allowance or universal credit income. The analysis that we have done shows that freezing LHA is a real drag on living standards and will drive up poverty.

On the child poverty targets that Scotland has, our analysis UK-wide has shown that abolishing the two-child limit will lead to a significant drop in child poverty, but that it will start to increase again, and local housing allowance will be a key driver of that. It will be very difficult to sustain a decrease in child poverty while local housing allowance continues to be frozen, because rent increases are a drag on living standards if they are not compensated for through the social security system.

Jeremy Balfour: What impact is LHA having on the availability of affordable private rented accommodation for private renters? Is there a geographical divide in that respect?

Maeve McGoldrick: You will have seen in the written evidence that we submitted that we have worked with Zoopla on that. The difference between our data from Zoopla and Department for Work and Pensions data is that ours is about new lets as opposed to existing lets. Some would argue that the cost of new lets is higher than that of existing lets, and some would argue that the cost is lower and then increases so, again, it is slightly hard to determine the situation. However, with new lets, we found that around 8 per cent of

properties across Scotland are affordable if somebody is currently looking for a private rented property.

The position varies significantly. In annex 1 in our submission, there is a table that outlines the variation. For example, for one-bed properties, there can be a monthly shortfall of £50 in one location while, in other locations, that can go up to £200. The shortfall varies significantly depending on location.

Ashley Campbell: The analysis that we carried out previously showed very similar figures to those of Crisis. I would add that that is the theoretical percentage of the private rented sector that somebody on LHA could afford to access. In practice, they might be in competition with other renters, particularly in areas of high demand. If a landlord has several prospective tenants to choose from and is thinking about the lowest-risk option, whether it is right or wrong, they might not necessarily choose a person who is on benefits as their main source of income.

It is not as simple as saying that 30 per cent should technically be available because of the UK Government rates. In reality, the figure is probably much lower than that because of the freezes and the competition in the private rented sector—Maeve McGoldrick's figures suggest that it is 8 per cent.

Claire Baker (Mid Scotland and Fife) (Lab): I have a couple of points on which I seek clarification. The Crisis paper, which is helpful, says:

"42% of Scottish households face a gap between their LHA and actual rent".

Can you confirm that figure?

Maeve McGoldrick: Yes, that is sourced from the DWP. The difference in—

Claire Baker: You mentioned new lets—is that data different?

Maeve McGoldrick: Yes. Our data from Zoopla looks at new lets, whereas the DWP data says that 42 per cent of existing lets in Scotland have a shortfall. It does not say how much the shortfall is, but 42 per cent of private lets for which people claim local housing allowance have a shortfall to some degree.

Claire Baker: You also break down the figures by local authority. I am surprised that Glasgow's percentage is quite small, while the percentage in places such as East Ayrshire is quite high. Can you talk me through that? I do not know whether this is correct, but under

"% of recipients where LHA (UC) does not cover rent"

you say that the figure in Glasgow is 24 per cent.

Maeve McGoldrick: We do not have access to the data on the level of shortfall, but the DWP data says that 24 per cent have an affordability gap. However, in our new lets data, the shortfalls in greater Glasgow are quite significant—up to £100 for a one-bed property and nearly £300 for a three-bed property.

Claire Baker: Does that mean that the number of people who experience the gap might be smaller but that the gap is larger?

Maeve McGoldrick: You cannot compare our data to the DWP's data because they are too different. The DWP's data on existing properties shows a 24 per cent shortfall in Glasgow, whereas our data refers to anything that is on the market at the point in time that you look for housing. They are effectively different products.

Claire Baker: In 2024, the rate was unfrozen and recalculated to 30 per cent. I think that that cost £1.3 billion—is that right?

Maeve McGoldrick: Yes.

Claire Baker: The paper says that the estimated cost of unfreezing was £2.4 billion or £2.5 billion, or something like that.

Maeve McGoldrick: This is not from our paper, but I read the figure in other evidence, which says that the real cost of the unfreeze was £1.2 billion. That figure was for Britain, not only Scotland, but the impact in Scotland was a reduction in the shortfall from 54 per cent to 34 per cent, which was quite significant. It had a big impact, but it was very costly for the whole of Great Britain. I do not know the figure for Scotland itself.

Claire Baker: Thank you.

The Convener: Before we come in, there has been discussion about figures, so I will bring in Kate Berry to clarify them before we move back to Jeremy Balfour to carry on with the questions.

Kate Berry (Scottish Parliament): I prepared the Scottish Parliament information centre paper that is part of the package. Table 1 references where the

"LHA covers /does not cover rent",

which uses DWP data. Above that table, I have written that table 1 shows that 42 per cent of recipients have their rent covered by LHA. I have transposed the figures, which is an error; it should say that 58 per cent of recipients have their rent covered by LHA, which matches the figures that Crisis has used.

The Convener: Thank you very much, Kate. I appreciate you doing that in such a short time.

Before I bring in Jeremy Balfour, Hannah Aldridge wants to come in on the questions that Claire Baker posed.

Hannah Aldridge: Just to clarify, we have done our own modelling on how much it would cost to increase or rebase LHA at the 30th percentile. By the end of the Parliament, we estimate that that will cost £2.5 billion at a UK level.

One thing to flag is the unfreezing. LHA was rebased to the 30th percentile in April 2024, which sounds quite recent, but it is based on rents measured six months before that.

The rental market was rising quite rapidly at the time, but the rebasing point came about midway through that rise. Since it was frozen, rents have continued to increase quite rapidly. In the short time since LHA has been rebased, there has been a big gap that has been growing. I just wanted to put that into context for you.

09:15

Jeremy Balfour: On your final point, is there any evidence that landlords will not rent to people who are on LHA? As you pointed out, there is a risk. Has anyone looked at that? Will rent control coming in make landlords less willing to expose themselves to that type of risk?

Ashley Campbell: Landlords should not be discriminating against anybody based on their circumstances or their source of income, but we know that, if they have a choice, they will choose who they deem to be the least risk.

There has been a culture in the past of landlords saying—it is a very outdated term to use—“No DSS”, meaning no benefit claimants. Shelter did a lot of work on the prevalence of such attitudes. I could not say whether it has increased or decreased, but we know that the recent changes in the private rented sector—particularly the emergency rent freezes that we saw during the cost of living crisis, the uncertainty about longer-term rent controls and the amount of different regulations and rules that are coming in—have made landlords more cautious.

This is veering slightly off-topic, but we also know that landlords are leaving the sector. That is another factor that is reducing the supply of homes in the sector and reducing choice for people. If people have less to choose from, that reduces their options even more, increases pressures on the homelessness system, local authorities and housing associations, and contributes to the housing emergency.

Landlords should not be discriminating, but in practice that could be a factor.

Jeremy Balfour: You probably dealt with some of this in answering my first question, but what evidence is there of the impact of LHA on the levels of homelessness and the use of temporary accommodation in Scotland? Maeve McGoldrick,

you talked about the inflow and outflow, but do you want to add anything else?

Maeve McGoldrick: I will pick up on Ashley's point about private landlords. We have relationships with private landlords where we are trying to provide housing for people. The number has dropped significantly over the past couple of years, but the landlords that we have a relationship with are willing to let not just to people who are on benefits, but to those who have experience of homelessness. The pool has significantly reduced and people are more cautious, but that is not so much because people are on benefits; in our experience, it is primarily to do with the affordability checks. That is not to say that that could be said for every private landlord; it is more about their anxiety over the shortfall in rent.

Even if that shortfall was to be addressed, we find that a package of tenancy sustainment support to sit alongside that is also needed and is very beneficial. People are cautious about the concept of letting to people on benefits for reasons of financial concern, but also for reasons of managing behaviour in the tenancy and antisocial behaviour. Many assumptions are made, so providing tenancy sustainment support to the landlord helps both the tenant and the landlord. That can include rent deposit schemes, rent in advance for new lets and so on.

From our perspective, it is about trying to encourage into the market as many private landlords as possible who want to let to this client group. That has to include reassurances to do with financial and other support packages.

On your question about the wider impact on homelessness, inflow and outflow is the key point. We find that people who are in temporary accommodation find that there is a real disincentive to work or sustain their employment because they are paying the rental costs themselves. We have found that a very small proportion of the people we work with have moved into shared accommodation because they want to sustain the employment that they are in and to get out of the temporary accommodation system as quickly as possible. That is not necessarily a viable long-term option for them, but it is the only option that is available to them on a low income.

One of the key challenges in the homelessness system is the shared accommodation rate, which comes under local housing allowance. More than half the applications are from people under 35, but a tiny proportion of the people who use the private rented sector are under 35—I think that the number in relation to shared accommodation is 700 in Scotland, which is tiny, considering the volume of people in the homelessness system who are under 35. The majority of people are

waiting in temporary accommodation for a social tenancy.

It is key that we address the inflow and outflow issue and the issue relating to the shared accommodation rate.

The Convener: I believe that Hannah Aldridge wants to come in. I am conscious of the time, so I ask for as succinct an answer as possible.

Hannah Aldridge: I just want to flag that a homelessness issue that is distinct to Scotland is that LHA is less adequate for people without children. In England, there is the priority need category, so those families do not qualify for statutory homelessness support, but, in Scotland, they do. Therefore, the fact that there is such inadequacy in relation to the shared accommodation rate has a direct impact on demand for homelessness services in Scotland, which is not the case in England. That increases the pressure on local services.

Marie McNair (Clydebank and Milngavie) (SNP): Happy new year. I thank the witnesses for taking the time to contribute to this really important evidence session.

How are councils using discretionary housing payments to support tenants when local housing allowance does not cover their full rent? Is the pressure on discretionary housing payment budgets to mitigate the bedroom tax and the benefit cap, for example, leaving little money left to address the problem with local housing allowance? Would you acknowledge that, if the UK Government had scrapped the bedroom tax this year, £75 million would have been freed up to assist in addressing the problem?

There were quite a lot of questions in there. I will bring in Maeve McGoldrick first.

Maeve McGoldrick: I spoke to our services team about DHP yesterday. We do not use it much. As I said earlier, the majority of people we see prefer to wait in temporary accommodation for a social tenancy. About 1 to 2 per cent of our members—a tiny figure—are moving into the private rented sector at the moment. Three or four years ago, the figure was about 15 per cent in Edinburgh, when rents were slightly more affordable with the LHA rates. The rents are now deemed to be unaffordable, so people are unwilling to take the risk with a private rented property.

I agree that money for DHP is being used to mitigate the spare room policy and that it would be beneficial if that money did not need to be spent in that way and could be used to top up LHA. I recommend that the committee could consider using DWP data on rent arrears in the private sector to better mitigate homelessness. As part of

the prevention agenda, we could look at DWP data on those in rent arrears in order to target discretionary housing payments more effectively, rather than waiting for somebody to come into the homelessness system before applying for them. Such payments could be used in a targeted way in the PRS as part of prevention and to try to incentivise people to move out of homelessness into PRS properties. However, I am not convinced that there is enough of a carrot to get people to want to take up those properties, because they are not as safe as social tenancies.

Marie McNair: Is there a problem with accessing the data? We had a discussion earlier about that.

Maeve McGoldrick: DWP data on rent arrears is available. It should be considered as part of an integration programme with councils for more targeted prevention. Some councils are looking at that already, but that could be done throughout Scotland.

Ashley Campbell: In relation to how much support through DHP is available to help people with LHA payments, the analysis that we did in 2023 showed that, if the Scottish Government were to cover the shortfall in the same way as it did in relation to the bedroom tax, it would cost about £100 million a year. That would have covered the shortfall between LHA and the 30th percentile at that time.

We also did analysis up to the 50th percentile and found that, if we brought it back to that level, the figure would be about £150 million a year. We appreciate that that is a significant amount of money, and it is probably not realistic to expect the Government to pay for that in the same way that it does for the bedroom tax.

As Maeve McGoldrick has said, though, we could look at targeting DHP a bit better. Perhaps I can give you a bit of context. Last year, about £3 million in DHP was available for people in the private rented sector, and the shortfall was £100 million. In other words, the amount of DHP available to cover the shortfall was tiny. We appreciate and welcome that the Government has committed to increasing that pot by £2 million, but the question is how we use that money to the greatest benefit, given the shortfall of £100 million or thereabouts. How do we target that money most effectively, and how do we make the biggest difference?

Marie McNair: Absolutely. That £2 million is a drop in the ocean, isn't it? It is very demand led, too.

Hannah, if you do not want to come in on that question, I will just stick with you for the next one. Is there enough awareness among tenants of the

availability of discretionary housing payments to cover the shortfall?

Hannah Aldridge: I am honestly not in a position to comment on that sort of thing. Unfortunately, I do lots of number crunching instead of talking to real people.

Marie McNair: No problem. In that case, I will pass that question to Maeve McGoldrick.

Maeve McGoldrick: I go back to the point that I made before: people are aware of such payments—or we make them aware—but they are still not proving enough of an incentive for people to be willing to apply for a private rental property, or, if they do, for the landlord to be willing to take them on, because of the risk. Ultimately, a discretionary housing payment is potentially temporary. Until you can provide that long-term financial guarantee, it is a bit of a sticking plaster.

Marie McNair: Absolutely. Ashley, do you have any final points to make before I hand back to the convener?

Ashley Campbell: I just want to expand on my earlier point. There is a shortfall of perhaps around £100 million a year, and £3 million or £5 million is not going to cover all of that. However, the money that is available through the discretionary housing payment system is not just for topping up LHA; it can be used to provide, for example, tenancy deposits or rent up front. Obviously, universal credit is paid in arrears, and landlords want rent up front.

There are different mechanisms for supporting people through DHP—it is not necessarily the fact that the DHP available is used just to mitigate LHA shortfalls. We need to think about the best way of using and maximising that money and whether there are particular groups that could be targeted—we might come on to that later, so I will not say too much about it just now.

I certainly think that something could be done about the shared accommodation rate, in particular. We are talking about a small amount of people, but it has a huge impact on them.

Marie McNair: Thank you.

The Convener: I call Claire Baker. Claire, I am happy for you to continue with your own line of questioning.

Claire Baker: First, I have some questions about the proportion of overall funding that goes to DHP. The Crisis submission says that

“Bedroom tax mitigation is demand-led and has ... doubled in the past 10 years”;

it started off at £35 million a year and is now at £72 million a year. How has that happened? I would have thought that the amount of tenancies

in that situation would have remained stable, so are we talking about increases in rent or more people finding themselves in that situation? Why has it increased that much?

Maeve McGoldrick: It will be a combination of both. Just for clarification, are you talking about mitigating the spare room policy in particular?

Claire Baker: Yes. The big chunk of the money for these policies goes on that, with the percentage almost doubling in the past 10 years.

Maeve McGoldrick: There are two reasons for that. First, a household can change over time; you might be a family household, and if people leave, you will end up with spare rooms. Therefore, people need to make that claim, because they are no longer entitled to that money under DWP policy. We also found—and this was probably in the days before the heated market that we have at the moment—that councils would sometimes place people in two-bed properties if one-bed properties were not available. There is a shortage of one-bed properties.

As far as this area is concerned, our main message—and main evidence point—is that we are not advocating an end to the mitigation of the policy itself. What we are saying is that more programmes could be brought in to try to incentivise people to downsize from homes that they do not need, if that was something that they wished to do and if they wished to move to a different location. That would also free up larger rooms; indeed, we know that there is real demand for family-sized housing at the moment, particularly with regard to those in temporary accommodation. Again, though, the challenge of downsizing is finding those one or two-bed properties.

This is an issue that we should be looking at over the long term, instead of our continually funding this approach without thinking about other programmes that could help create more movement in the market. That would be our key message.

Claire Baker: You have also talked about private lets and described the kinds of things that your organisation can do to support and encourage tenants, and you talked about a package of sustainment support. Does the Scottish Government have a strategy for engaging with private landlords? How do we make the private sector play a role and how do we support it to do that?

09:30

Maeve McGoldrick: That is a fundamental point for us. I know that the inquiry is about LHA, but it is not quite clear whether we want the private

rented sector to have a role in tackling homelessness. The key question for any strategy is whether we want to grow the PRS in Scotland or to decrease it, and there is no clear direction of travel on that question.

If we want to grow it, we need to question whether we want to grow it for the low-income cohort of the market or whether we want to target the higher-income households and target social housing to the lower-income market. We need to think carefully about a long-term objective for the private rented sector.

If the answer is that we want a strategy to grow the sector and we want a proportion of it to be for low-income households to prevent and alleviate homelessness, we are talking about what I said earlier: a package of tenancy sustainment support, potentially including a national rent deposit scheme that will incentivise the market and provide landlords with market stewardship. That is more prevalent in England than it is in Scotland, because the PRS in England is used more for low-income households and for tackling homelessness. Historically, 20 per cent of landlords in the private rented market in England targeted low-income households intentionally, because that was financially viable. It was seen as a model in which they wanted to invest their properties. However, that requires financial security and tenancy sustainment support to mitigate any other risks that might arise.

We do not have that yet. If we did have a strategy for the PRS in Scotland, we would advocate for that to make sure that landlords are incentivised to let to that group of people, that tenancies are sustainable for people and that they work in favour of their circumstances.

Claire Baker: The witnesses here this morning have called for an increase in LHA from the 30th percentile. Could that have unintended consequences through behavioural changes? If the percentile was increased, would landlords just increase the rent? We have rent control coming in in Scotland, but not until 2028. There are some concerns that, while we wait for the rent control to be introduced to deal with the issue, landlords might push up rents. Could there be behavioural changes that would have unintended consequences and therefore increase the pressure on the sector?

Maeve McGoldrick: I think that that is behind the Treasury's hesitation over unfreezing LHA, which might increase inflation in those broad rental market areas. That might have been a justifiable concern 10 years ago but, because rent is so out of step with LHA, if it was to be increased, it would just make up the huge shortfall.

If you are thinking about unfreezing LHA in the future, you might want to think about putting in different types of protections. For example, as a couple of us have said in the evidence session, we need to look with caution at those market areas and at how LHA rates are set based on local variation. That is probably the best way of controlling it to ensure that rents are realistic and that they are not being inflated.

How much rents have increased is partly to do with the interest rates for landlords' mortgages shooting up in the past couple of years. That is why we have seen a significant spike in rents and why that shortfall is legitimate. Any unfreezing of LHA will bring the level back to where it needs to be rather than immediately inflating the market. That is our theory on that.

Claire Baker: Ashley Campbell, do you want to come in?

Ashley Campbell: It is going to take quite a long time for rent controls to come in. Local authorities are due to report and make their first recommendations on whether rent control should be introduced in their areas in 2027, which is still quite a way off. We are concerned that rent control could be open to challenge, so it might take longer than that in reality. In and of themselves, rent control measures will not bring rents down. Increases will still be possible under the rent control system, although we do not know exactly what that will look like or what the impact will be.

I do not want to stray off topic, but affordability issues are linked to housing supply. We need to increase housing supply so that there is more choice for people and landlords cannot just charge whatever they want and increase rents in that way.

In 2021, we carried out a survey of local authorities as part of work on rapid rehousing transition plans and local authorities' plans to reduce the use of temporary accommodation and transform homelessness services. Thirty of the 32 local authorities responded to us, and 70 per cent of them said that, if they were to make progress on tackling homelessness, they had to make better use of the private rented sector. However, they said that the private rented sector needs to be affordable and secure and be a tenure of choice for people—we cannot force people into those homes—and affordability was one of the key issues. One local authority that responded said that, if it allocated 100 per cent of its homes to homeless households, that would not be enough.

We need to look at increasing housing supply in the long term. In the short term, we need to make sure that housing is affordable for people.

Claire Baker: I will leave it there, convener.

The Convener: I think that Hannah Aldridge wants to come in before we move on.

Hannah Aldridge: On the point about whether rebasing LHA could lead to rent inflation, although that is a possibility or likelihood in isolated cases, broadly, it is unlikely. One reason for that is that we are now in a very different system from the one that we were in before, in that, for most people who receive the housing element of universal credit, it goes directly into their bank account, so the landlord does not know that someone suddenly has more income and that they can increase the rent.

The risk that rebasing would lead to rent inflation is much lower than it would have been previously. There is very little evidence to suggest that it would push up rents dramatically, given the size of the gap at the moment.

Claire Baker: I would think that there would be coverage of any kind of benefit increase, so it would be well known by landlords. I am not disagreeing with you about what the impact might be on rent inflation, but I would say that landlords would be aware of any changes to benefits, which are national stories.

Hannah Aldridge: If a landlord has, say, 10 tenancies, they might not necessarily know which of their 10 tenants receives the benefit, because that is a private piece of information that the tenant has. They could either decide to increase the rent on all 10 of their units or try to select the ones where they think that applies. Does that make sense?

Claire Baker: Yes—kind of. Thank you.

The Convener: I invite Bob Doris to come in.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Convener, can I just check whether this is for a supplementary question or my line of questioning, or both?

The Convener: You can ask a supplementary and then follow on with your questioning.

Bob Doris: I just wanted to check that.

Claire Baker's line of questioning was interesting and made me think of something that I want to ask Hannah Aldridge about. One welcome unintended consequence of reforming LHA in the way that was suggested might be that it would derisk those who rely on benefits in the private rented sector, because landlords would have certainty that the awards would increase year on year and that the affordability gap would not increase. Claire Baker was right to interrogate that issue. Is the flipside of the coin not that it would derisk the private rented sector and make landlords more confident about having people on benefits or low incomes in their sector?

Hannah Aldridge: That would rely on the Government committing to permanently relinking to the 30th percentile or to a certain level, which has not been what we have seen. The way in which the Government has intervened in the past has very much been to rebase once and then freeze again, so the risk is still there.

Bob Doris: I will stick with Hannah Aldridge for the moment. If I have this right, the previous UK Conservative Government relinked to the 30th percentile in April 2024 but it used a baseline from a wee bittie before that, so it is linked to market values from before April 2024. The current UK Labour Government has said that, at least until April 2026, LHA will remain frozen.

I am looking at a Resolution Foundation report from October last year that suggests that any gain from the action in April 2024 may already have been lost. The report—and I apologise, convener, if these are UK figures rather than Scottish figures—suggests that, by this year, the affordability gap could be at record levels and that, by 2029-30, it could be at 25 per cent. Can I check first of all that the affordability gap for low-income families and individuals in the private rented sector is continuing to widen? Are the statistics that I have used for the UK or for Scotland? What is the Scottish perspective on that, Hannah?

Hannah Aldridge: You are correct—it is UK data. Because rent inflation has been so sharp since the market was last measured, we are now on course to be, by the end of the year, further behind than we were when LHA was last rebased.

That is the UK perspective. It is not possible to do the same thing for Scotland, because of the way in which data on rent levels is collected; in England, it is the stock of rent that is looked at, whereas in Scotland, only new lets are looked at. Therefore, you cannot compare like with like. Broadly, though, my understanding is that rents in Scotland have increased quite rapidly since the last rebasing, but potentially not as quickly as in the UK as a whole.

This takes us back to our earlier discussion on the adequacy of local housing allowance. In Scotland, 42 per cent of people on universal credit who get local housing allowance have rents that are higher than what they are allowed through the benefit system; the same level is 54 per cent in England. That is quite a big gap, but seven years ago, it was relatively small, and the fact that it has now widened seems to suggest that Scotland is becoming slightly more affordable, compared with England.

We have not looked into it in detail, but I wonder whether the new tenancy that was introduced in the late 2010s has helped to stop rents skyrocketing in the way that they sort of have

south of the border. Nevertheless, they are still increasing to the point where affordability is an issue. Freezing LHA is an issue for Scotland, but perhaps less dramatic than it is in England.

Bob Doris: That is interesting. Without putting words in your mouth, Hannah, I think that you are saying that the affordability gap is still increasing in Scotland, but at a lower rate compared with other parts of the UK. I see you nodding your head—I did not want to assign that paraphrase to you, if it was not accurate.

Ashley Campbell and Maeve McGoldrick, do you have any comments on a growing affordability gap at a Scottish level? Do you have any data in that respect that you could put on the record this morning? If not, that is okay.

Ashley Campbell: I think that there is a lack of robust and clear data for the private rented sector in general. We do not have up-to-date information on actual rents. Crisis's analysis, and analysis that we have carried out previously, are based on Zoopla data—in other words, advertised rents on the internet. I think that rent service Scotland relies quite heavily on advertised rent rather than actual rent data, too. It is an issue when it comes to our calculating LHA and what it is based on, because the difference between an advertised rent and the rent that is paid by someone in a tenancy can be quite different.

Indeed, that does not apply just to LHA, and I come back to my point about the lack of clarity in the private rented sector and about its strategic direction: we need robust data to be able to make informed decisions about how we want to legislate in that sector, what affordability is and what we should do with LHA. That lack of data undermines the Scottish Government's ability to make informed decisions about the sector, in this case and in others, too.

Bob Doris: For my final question—and I will bring in Maeve McGoldrick at this point—I just want to check the figure that Hannah Aldridge used. If we decided to peg LHA to the 30th percentile—that is, it would be tied to that, so that it would not be frozen—it could, if the data is reliable, cost £2.5 billion by the end of the current UK Parliament.

My question, then, is twofold. Some will say that there are affordability issues for the UK Government to deal with, and I would like to see it do that. However, is there a case to be made for the UK Government to at least commit to a guaranteed increase of LHA levels each and every year, be that increase 2, 3 or 4 per cent? Would that not give planned fiscal certainty with regard to the impact on the UK budget?

Given the time constraints, I will roll both my questions together. Would there really be a saving

of £2.5 billion, or would that money be spent anyway by local authorities, the Scottish Government and individuals in the private rented sector? Would the overall cost to society more generally in relation to getting people into employment and providing them with sustainable and productive lives be much greater than the £2.5 billion that it would cost to invest in the sector?

There was a lot in that, so I will not ask any supplementary questions, otherwise I will meet the wrath of the convener. I promised to bring in Maeve McGoldrick on those two points first.

09:45

Maeve McGoldrick: Where to start? Even if there was not an increase to the 30th percentile, any increase in LHA would be welcome. I have had many conversations about the issue with people in the Treasury over the years. There are two possible approaches. There could be a blanket increase across the UK—which could, from the Treasury's perspective, as someone pointed out earlier, risk inflating the market—or there could be targeted increases where they were needed. The Scottish Government has the power to provide targeted increases. I take the point that Ashley Campbell made about the cost of a blanket approach, but support could be targeted at those at risk of homelessness, those with rent arrears and those who are currently experiencing homelessness.

When talking about how much money that would cost, we need to compare that with how much money temporary accommodation costs. Those costs are significantly higher, because quite a lot of private rented properties are used for temporary accommodation, and the rates are much higher than they would be for permanent accommodation. It is a false argument to say that we are saving money, because we are spending it on temporary accommodation.

As I said, any increase in LHA would be welcome. There are different ways of providing that. It is within the Scottish Government's gift to do something in the interim, until the UK Government decided to unfreeze the rates overall, if it were to do so.

Bob Doris: That is very helpful.

Ashley Campbell: I will make a couple of quick points. As a UK organisation, CIH would like the UK Government to pay for the increase across the UK, and our colleagues in England will continue to call on the UK Government to do that.

However, there are things that the Scottish Government could do in the meantime. As has been suggested, any kind of certainty would be

helpful in encouraging landlords to work with people on low incomes and in increasing or giving the sense of security to people who might be considering a private rented tenancy and who want a bit more certainty about longer-term affordability. That would be very welcome.

Hannah Aldridge: It will cost money to make changes to LHA, but the Scottish Government can decide how much it wants to spend and then how to target the funding. Instead of saying, "It will cost this much to do X," it could say, "This is how much we are going to spend," and then think about how to target the money most effectively.

Bob Doris: Thank you.

Carol Mochan (South Scotland) (Lab): Some of my questions have already been answered, but I want to get some things on the record for clarity. Much of the focus of the evidence session has been on restoring LHA rates to the 30th percentile of rents. Are there any other calculations that we could use? In fact, are there completely different methods that we could use to help low-income renters to secure a tenancy? We have talked about the strategy for tackling homelessness, particularly by getting people into the private rented sector. It is difficult to support people who might want to downsize, so we can provide mitigations in that regard. There is also the issue of housing supply. Are there other things that we should add to the list?

Maeve McGoldrick: Those are the key issues. In addition to LHA rates being unfrozen, we need to think about what we call help to rent schemes. Addressing, in combination, the issues with rent deposits and tenancy sustainment is fundamental if we want to encourage—that is the key word—more landlords to let to low-income tenants. We are not convinced that increasing LHA will do that by itself, because people are so risk averse.

Other things have been talked about that we do not necessarily advocate. Other people have talked about looking at the tax system for landlords to try to reduce overall costs, as they are obviously trying to cover their overheads. If not through tax, there could be other ways to provide subsidies to landlords who are willing to let to low-income tenants, to try to incentivise them into the market. That might provide more financial security from their perspective, but it is probably worth testing that out with private landlords.

Ultimately, it is about the need for carrots in the system. We have some sticks with the rent controls, but we also need some carrots to incentivise landlords to take financial risks to let to people on low incomes.

Ashley Campbell: We have talked about financial aspects such as affordability, LHA, tenancy deposits and tenancy support schemes.

More broadly, in the private rented sector, there is an issue with enforcement and standards, which might be discouraging tenants from going into the sector. Local authorities have very little resource to proactively enforce standards in the private rented sector.

We have also mentioned rent control measures. One potential issue with the new rent control system that is being designed is that it will be up to the tenant to challenge rent increases. That relies on the tenant's knowledge of the system and their rights, and their willingness and ability to try to enforce those rights. If you are a low-income tenant and you are already worried about affordability and the potential of being evicted, are you going to challenge your landlord? What support systems are in place for that?

If we are looking at the private rented sector as a whole and its potential role in supporting low-income tenants and tackling homelessness, we need to look at improving standards across the board. Affordability is key to that, but there are other issues as well.

Alexander Stewart (Mid Scotland and Fife) (Con): There have been many good questions and answers this morning. I will ask about the scope that the Scottish Government would have to use social security powers to change the operation of, or mitigate the impact of, LHA. What powers does the Scottish Government have at its disposal to manage that?

Ashley Campbell: The Scottish Government has powers that have been devolved to change the payments within universal credit, but in practice, we have seen that that is very difficult. It has been done with the bedroom tax, but the beginning of that process was administratively heavy and involved identifying the right tenants to make the payments to. In the early days, those tenants were required to make individual applications for every single discretionary housing payment. However, as we have seen through the process of mitigating the bedroom tax, it is possible, and the Government has worked with the DWP to make it possible. I do not think that it is as simple as it looks on paper with the powers that the Government has, and it requires negotiation and administration, but it is possible. The easiest way to do that is through the discretionary housing payment system. It is not ideal, but it is possible.

Maeve McGoldrick: That is what we would cover, too. In our evidence, we make the point that the Scottish Government could top up LHA through DHP, which would offer equal support to those in the social rental sector. That is just something to consider in relation to that balance, which seems to be absent at the moment.

Alexander Stewart: That option is available, depending on what is done with it.

Hannah, do you want to add to that?

Hannah Aldridge: I just echo what others have said. It is possible to do something. The shared accommodation rate seems to be a sensible area to target, because the shortfalls are so great and it causes pressure on homelessness services.

Alexander Stewart: In what ways could the Scottish Government and councils address affordability barriers to entering the PRS for low-income households? Do you think that anything could be achieved through that process?

Ashley Campbell: Yes. Local authorities are already doing that through discretionary housing payments, such as by topping up LHA. Some may be using discretionary housing payments to provide tenancy deposit schemes or other sources of support, and some local authorities will be topping up the money that is available. The Scottish Government makes the money available, and local authorities can increase that amount. Work is being done, but it is not uniform across Scotland. Some local authorities are more proactive than others, and some have put more money into the system than others. However, local authorities are under pressure in lots of areas, and there are challenges.

Maeve McGoldrick: The Housing (Scotland) Act 2025 contains a requirement for local authorities to assess the housing support needs of households in their area. That is a good opportunity for councils to start to identify people, particularly those who are in rent arrears and in low-income households, and to not only consider how to mitigate the shortfall but to look at household income maximisation programmes, employment support and accessing other types of benefits. There will be a legal requirement on councils to do more in relation to the homelessness prevention agenda.

Alexander Stewart: I see that Hannah Aldridge has nothing to add, so thank you.

The Convener: I thank our witnesses for joining us. We will now have a brief suspension to allow for a change of witnesses.

09:55

Meeting suspended.

09:57

On resuming—

The Convener: I welcome our second panel of witnesses. In the room, we have Sheila Haig, customer manager for transactions, with

assessment and finance at the City of Edinburgh Council. Online, we have Les Robertson, head of revenue and commercial services with Fife Council; and Duncan Black, deputy chief officer for finance and resources and chief financial officer with Glasgow City Health and Social Care Partnership. Thank you very much for coming, and happy new year.

We will move straight to questions, because we are particularly tight for time.

Alexander Stewart: I will ask similar questions to the ones that I asked the previous panel, and I will start with the last question that I asked, because it is much more relevant to you. In what other ways could the Scottish Government and councils address affordability barriers to entering the PRS for low-income households? We have just heard that there is an opportunity to do something in that area. What could the Scottish Government and councils do?

Sheila Haig (City of Edinburgh Council): The discretionary housing payment funding that is specifically for citizens in the PRS is probably inadequate to enable us to make a significant difference. In Edinburgh, our budget for that is just over £1 million, which includes the welcome additional £123,000 that we received in November. We are supporting 398 claimants due to the LHA gap that they have between their income and rent. As the Crisis representative said in the previous panel, DHPs are very much a sticking plaster and are not secure. If we are serious about the issue, DHPs are perhaps not the mechanism to support that, and real change is needed.

Les Robertson (Fife Council): To add to what Sheila Haig said, I agree that DHPs are being used as a sticking plaster to cover a multitude of things, including the shortfall in the PRS, and that we really should be looking for another mechanism to deal with the issue.

Duncan Black (Glasgow City Health and Social Care Partnership): I agree with what has been said. In Glasgow, only about £1.5 million is being applied from the DHP fund in that way, compared with £14 million for the spare bedroom subsidy and £2 million for the benefit cap. That is a very small element of the overall DHP pot that is being applied.

10:00

Alexander Stewart: Okay. That gives us an idea of where we are. I also asked the previous panel what the Scottish Government could do with its social security powers to change the operation or to mitigate the impact of the local housing allowance. I do not know whether there is anything that you want to add to what was said earlier,

when we were given an update on what our witnesses think could be achieved. There is a lot of bureaucracy, but there are opportunities to change, if that bureaucracy can be managed. It would be good to get your view on that.

Sheila Haig: The DHP funding is very restricted in what it can be used for. If councils had more opportunity and flexibility to use that smartly, to target and to use real-time data to establish households that are in need and that perhaps have not come forward, that would definitely make a difference.

Duncan Black: Again, I agree entirely. Flexibility is key, and the flexibility in the funding environment is also key. For example, the DHP element that we are talking about is not mitigated, so we can only spend up to what we have been allocated. As I understand it, there is no carry-forward element either, which is also quite unhelpful. We apply DHPs in that way only where we deem the household to be in a sustainable position, or a position that could be made sustainable, so where the fund can be applied is quite focused.

In my written submission, I alluded to the administration costs for DHP in the area. The nature of work that is required for the whole DHP pot is very burdensome, and the cost associated with that is a real hindrance for local authorities at the moment. We need to recognise that admin burden as well as having flexibility in the funding and certainty.

Alexander Stewart: Les Robertson, do you want to add to that?

Les Robertson: Only to say that the thinking behind DHPs was to help households through short-term emergencies. Because of the mitigations that we have to do, people are on DHPs for years and years, but that was never how it was envisaged that they would work.

Alexander Stewart: Thank you.

The Convener: I invite Jeremy Balfour to come in, and I believe that Claire Baker wants to come in, too. We are really tight for time, so I ask members and witnesses to be as short and succinct as possible.

Jeremy Balfour: Good morning, everyone. I will start with the first question that I asked the previous panel. What impact is LHA having on poverty levels among private tenants in your region?

We will start with the most important area, which is Sheila Haig's.

Sheila Haig: The LHA in Edinburgh is a particular problem. Although we have the highest LHA rates in Scotland, they are woefully

inadequate in comparison with the growing rental market. People are supporting themselves with money that perhaps should be used for food or family support. The Scottish child payment has come in and has been very welcome, but I suspect that a lot of it is being used to prop up rent. We continually review the DHP fund, because we need to monitor the budget. There are times when we have to reduce awards throughout the year, which introduces further instability to an already unstable market.

Particularly for Edinburgh, given the high rents and the high number of citizens in temporary accommodation, which brings more expense and has greater impacts on poverty, we really need a higher-level solution.

We need more social sector housing. The council has a strategic housing investment plan, and there are more than 6,000 homes in the pipeline, but it is not enough. We have 28,997 people on our EdIndex list, awaiting social sector housing, and we have had to suspend bidding processes to allocate that housing to those most in need.

Jeremy Balfour: That is a whole different area that we will not go into today. I do not know whether you want to come in, Duncan.

Duncan Black: The point about affordability has been well made, and I am conscious of the time, so I will not rehearse it. Nevertheless, it is key. Indeed, I have illustrated the gap that we have in Glasgow between LHA rates and 30 percentile market rent rates, and it really ramps up when it comes to larger apartments and properties.

Poverty is, as I have alluded to in my submission, a huge and critical issue in Glasgow in particular. Of course, the really important context, which I have again highlighted in my submission, is homelessness in the city. It might interest the committee to hear that, for the past two or three years, the percentage of people presenting as homeless in the city who have come from private rented sector properties is about 8 per cent, so it is quite low. After all, about 20 per cent of the city's overall housing supply is in the private rented sector.

It is interesting that, historically—say, 10 years ago—that figure was about 12 per cent. You could read into that—and this links with the discussion that I was listening to earlier—that some of the Scottish Government legislation to protect those living in the sector might have helped to sustain some tenancies. Therefore, there is a positive story to be found within some of that data. That said, it is certainly very difficult to achieve placements for people who are presenting as homeless or at risk of homelessness in the private rented sector, because of the affordability issues.

Indeed, even if we discount such issues, it seems very hard to persuade people to go into that sector, with many households almost preferring to wait for registered social landlord accommodation.

Jeremy Balfour: Les, do you have anything different to add?

Les Robertson: There are two things that I would add. First—and this was mentioned in the previous evidence session—there is a severe issue with regard to the shared room rate for under-35s. It is significant, because we are unable to place any single person under 35 in the private rented sector. It is just not affordable.

Secondly, because we are keeping people in temporary accommodation longer, the way in which the housing benefit subsidy works means that councils are getting penalised. In Fife, the money being lost through temporary accommodation rent under the subsidy control put in place by the DWP is running into millions of pounds a year.

Jeremy Balfour: Thank you. I am thinking, again, about the time, but do you have any evidence, whether it be anecdotal or hard evidence, that private landlords are now less likely to take on somebody on LHA, either because it is LHA, given all that goes along with it, or because of other housing factors that are going on in the country?

Sheila Haig: I have not seen any evidence of that in Edinburgh, but that is not to say that it is not happening. In our environment, if anyone receives benefit, that is a confidential matter that would never be shared with a landlord; it would be up to the tenant to share it if they wanted. However, I have not seen any evidence of that.

We have some good relationships with landlords—we have our major landlords with whom we work—and Edinburgh relies heavily on the private rented sector. As I have said, I have not seen any evidence with regard to what you have asked about, but I cannot say that it is not there.

Jeremy Balfour: Is there less property on the market? We heard from the previous panel that there is less housing coming on to the market and that people are withdrawing from being landlords. Are you picking that up, too?

Sheila Haig: In Edinburgh, we have seen a big shift to short-term lets. It is a lucrative area—indeed, far more lucrative than charging a monthly rent. The broad market rental area is a bit opaque about what is included in the 30th percentile. I doubt that short-term lets would be, because they are in the commercial sector. Those are really high rental rates, but they might not be included in the broad market rental area.

Les Robertson: Certainly, the number of tenancies that are available in the private rented sector in Fife has gone down in the past five years. I imagine that that is more to do with landlords' rising costs, interest rate rises and the way that HM Revenue and Customs deals with private rented income. As Sheila Haig said, in the past six years, 400 properties in Fife have moved from council tax into non-domestic rates because they are now holiday lets or short-term lets. The housing market in that area is shrinking.

Duncan Black: I do not want to repeat what has just been said, but there is definitely limited stock in the marketplace—we have seen it shrinking. I have some recent statistics, and I can probably provide some more if that is helpful to the committee, perhaps in a broader timeframe. I would, however, still stress the point that I do not have any of the evidence that you are asking for, although we have anecdotal evidence that households prefer to wait for an RSL place rather than choosing to dip into the private rented sector.

Jeremy Balfour: Duncan Black has already spoken about the levels of homelessness. Does Sheila Haig or Les Robertson have anything that they want to add?

Sheila Haig: Homelessness is very challenging with the LHA rate, because benefits are based on the 2011 rates. There is effectively a year-on-year cut in that area. As Les Robertson has already said, there is pressure on local authorities to bridge the gap between subsidy and the cost of temporary accommodation, and we should bear it in mind that that is not subject to whether someone can afford it—it is based on need. Having assessed that need, councils therefore have no other choice but to fund it, and it is a significant cost.

Jeremy Balfour: I am done, convener.

The Convener: I thank Duncan Scott for offering to provide that information. That would be helpful for members. I invite Claire Baker to come in now.

Claire Baker: Convener, should I cover all my questions? I have a supplementary to the questions from Jeremy Balfour. Shall I ask them all at once?

The Convener: Yes.

Claire Baker: The City of Edinburgh Council's written submission talks about the high rents that you are experiencing and the difficulty of bridging that gap. The broad market rental area—BRMA—in Edinburgh is calculated within Lothian, whereas the BRMA in Glasgow is calculated within greater Glasgow. Would you support a review of the boundaries of the geographical areas? That would lead to winners and losers, so is that the way to

resolve the issue? Rents in Edinburgh are being compared with rents in Midlothian and other areas.

Sheila Haig: That is up for debate, and there are very different schools of thought. My concern is that, although rents in Midlothian might be lower, they are probably not significantly lower. Probably because of the good transport links and things like that, landlords are able to increase rents. We also have to consider East Lothian, which is a pretty affluent area. My concern is that we might not see the impact that we would like to see if the boundaries were changed. Whether Edinburgh should have its own rate is a subject of great debate across the city. Lothian has the highest rents in Scotland.

My other concern is that, if we increase LHA in Edinburgh and reduce it in the surrounding authority areas, that might impact on migration from Edinburgh. We all admit that we do not have the number of properties that we require to solve the problem. If migration into other local authorities is impacted, it could make the problem worse in Edinburgh. However, there are very different schools of thought on that.

Claire Baker: We are a bit pressed for time, so I will move on to my other question. It is interesting that you talk about flexibility in the fund, because the figures that we have from Crisis show that the national cost of mitigation of the bedroom tax has doubled from £35 million to something like £72 million in 10 years.

Why are we seeing an increase in the cost of that mitigation? You would think that the number of tenancies involved would remain stable from when it was first introduced. Is there an argument that, as Crisis says in its paper, more could be done to move people out of properties or to make it more attractive for them to move out, to free up some bigger properties? That would give more money to that pot for flexibility.

10:15

Sheila Haig: That was the intended consequence—it was supposed to encourage movement. However, that is not happening. In the social rented sector, in particular, people see the house as their home; often, it is their family home, so there may be a reluctance to move out of that property.

Probably, the cost has increased because of the limited access to suitable one-bedroom accommodation, particularly in local authorities where it never made sense to build one-bedroom properties—it made sense to build them with two or more bedrooms. That will continue to be a huge issue.

If we had flexibility in that fund, we could make it so that the awards were not temporary, and if the whole concept of DHP was changed so that it was a funding stream that councils could use, more people would enter the private rented sector. However, the uncertainty for citizens means that they will be reluctant to move out of a very secure tenancy into something that they see as being less secure.

Claire Baker: I ask Les Robertson the same question. I know that Fife has invested in care villages and smaller properties that are aimed at the older population. What other challenges have you seen in relation to the bedroom tax and how much it takes from the available pot? Has there been an increase, over 10 years, in the amount of money that it takes?

Les Robertson: The only reason that the cost is increasing is that rents have increased in the social rented sector. Remember that the mitigation of the bedroom tax does not affect the private rented sector—we deal with that separately.

Flexibility in the DHP would be useful, but it would be better if we were to get to a situation whereby the DWP mitigated the bedroom tax at source. That was always the problem: the DHP was meant to be a short-term fix until the Scottish Government and the DWP got their acts together and mitigated it for Scottish claimants at source, but that has never happened.

Since we have moved from having housing benefits to having universal credit for working-age tenants, the workload and—as Duncan Black alluded to—the administration costs are very significant. Every time that there is a rent increase, we have to go in and manually update between 4,000 and 7,000 records. That is such an overhead.

There should be greater flexibility, as Sheila Haig said.

Claire Baker: Could efficiencies be made within the current system that would free up some resources?

Les Robertson: The DWP was always meant to mitigate the bedroom tax for Scotland. The DHP was meant to be a short-term measure to get us to the point at which the DWP could update its system. However, that never happened.

Claire Baker: My final question concerns the calls for the 30 per cent level to be increased. When it was initially introduced, the level was 50 per cent but it has been at 30 per cent for more than 10 years. In 2024, it was unfrozen and reset at 30 per cent, and, subsequently, it has been frozen again.

There is an argument that, if it were to be increased, there could be unintended

consequences. There could be behavioural changes on the part of landlords, who would increase rents. We are looking at introducing rent controls in Scotland and there is a concern that, while we are waiting for those rent controls, there is an opportunity for landlords to increase rents again so that they creep up before we get the controls. What are your thoughts on that?

Sheila Haig: My concern would also be for people who are not in receipt of benefits and cannot be helped with DHP because they do not get the source benefit. Behaviour-wise, it would be natural for landlords, who definitely keep an eye on LHA rates, to increase rents to at least that level.

Claire Baker: Duncan Black, do you want to respond to my question? You have not had a chance to come in on that question or on other points that I have raised.

Duncan Black: I do not really have anything to add. Uprating or unfreezing the LHA would certainly be welcome, especially from the point of view of persuading more households to examine the private rented sector as an option, given that it would be perceived as more stable than the discretionary award of the DHP. Anecdotally, our officers see the sustainability of that housing option as a real issue. I accept that the proposal would have to be carefully modelled and understood. I do not have any data on that—I am afraid that I have not done that modelling—but I think that it is a valid question.

Claire Baker: The previous witnesses also talked about the Scottish Government's approach to private lets, whether there needs to be more clarity about their importance and whether they are part of the answer to social housing and homelessness pressures. They felt that there was a lack of clarity from the Government about how it sees private rents. Do you agree that there is not a clear message about the expectation on the private sector in relation to Scotland's housing issues?

Sheila Haig: Private landlords are often demonised to a certain extent but, in Edinburgh, we could not function without them. Although there was an opinion from a witness on the previous panel that standards were not monitored, I do not think that that is really the case. A lot of legislation has been introduced that has probably disincentivised some landlords from entering the market.

We have to acknowledge that they provide a very important service and that we need to keep private landlords on side, because we need them.

Claire Baker: Les Robertson or Duncan Black, do you want to come in? It is fine if you do not; we are pressed for time.

Les Robertson: I have no comments to make on that.

Claire Baker: That is great.

Marie McNair: Happy new year. I will go to Les Robertson with my first question. How does the benefit subsidy system affect the cost of providing temporary accommodation? You touched on that issue a wee bit earlier. Would you mind explaining that a bit more for the committee?

Les Robertson: For any person who is placed in temporary accommodation, we have to pay the full rent through housing benefit. It is not an affordability issue. They are assessed, and the DWP pays the subsidy, which is limited to the standard LHA rate, which is usually for a shared room rent—it depends on whether it is bed and breakfast or other temporary accommodation or self-contained accommodation. Basically, we could be paying £230 a week for temporary accommodation and only getting £90 a week back in subsidy.

The shortfall figure that we have to pick up every year in Fife runs into millions of pounds. It is patently unfair, because we have no choice—we have to pay the benefit—but we are penalised. I could provide Fife Council's subsidy loss over the past three years, if it would be of interest to the committee.

Marie McNair: It would be of interest, if you would not mind submitting that.

Les Robertson: We will do.

Marie McNair: Sheila Haig, do you want to come in on that?

Sheila Haig: I can provide the details of the significant costs in Edinburgh. We have more than 5,000 households in temporary accommodation, and the number is increasing year on year, as is the cost.

Marie McNair: Those details would interest the committee, so if you do not mind following up on that, that would be helpful.

How are you using discretionary housing payments to support tenants? When the local housing allowance does not cover the full rent, what pressure does that put on the budgets that you might use to mitigate other policies? We spoke earlier about the £75 million of the discretionary housing payment budget that is going to mitigate the bedroom tax.

Sheila Haig: In Edinburgh, an additional fund has been set up that sits within our homeless team to support circumstances where DHP has not been able to be paid. DHP might not be paid because that person does not have an entitlement to the core benefit, so we cannot support them with DHP. The City of Edinburgh Council actively

pays for rent in advance, deposits and removal costs. That has been a significant cost to the fund, but we felt that it was necessary. We supported 196 awards for rent in advance, deposits and removal costs at a cost of just under £200,000 up to 31 December 2025. The new funding of £123,000 has enabled us to make a further 21 awards for similar costs, totalling £28,000 since November 2025.

One of our aims in Edinburgh is to try to move people to more suitable and affordable accommodation. We feel that that is a good use of the fund, but it impacts on our ability to support people who just have general financial hardship and who could use support to meet their rental costs.

Marie McNair: If nobody else has anything to input on that, I will move on to my final question, in the interests of time.

Glasgow has a track record of being proactive about raising awareness of what is available to its tenants. Is there enough awareness among tenants of the availability of discretionary housing payments to cover shortfalls in the local housing allowance?

Duncan Black: There is really good joint working across the teams in the city. We have the homelessness team, which sits in my area in the HSCP—it is a delegated function in the city—and we have the housing team and the benefits team in Glasgow City Council. There is a really good and broad awareness of all the tools that are available to us to try to assist households. Similarly to what has been described in Edinburgh, we know that we can use support to get in early to assist households that are in difficulty and to try to prevent them from becoming homeless, if we deem their situation to be sustainable in the medium or longer term. If not, we can use it for unsustainable accommodation to try to avoid the prospect of homelessness in different ways.

The council and the HSCP work together strongly to utilise what is available to us to make tenants—certainly those who are at risk of homelessness—fully aware of all the support that is available to them.

Les Robertson: I will add two things. In Fife, similarly to Edinburgh, if we are moving somebody out of temporary accommodation, where they cannot get benefit on two homes, we will cover their rent. However, since councils are losing working-age housing benefits, it is becoming much more difficult administratively to identify such tenants when they are claiming their housing costs through universal credit, because we do not get that data feed unless they make the claim to us.

Marie McNair: Thank you.

The Convener: Claire Baker has a supplementary question.

Claire Baker: It is about temporary accommodation. Les Robertson said that the situation is “patently unfair”. This might not be correct, but I think that 90 per cent of the cost is paid by the DWP and local authorities pick up the rest. I am sorry—I have been trying to find the figure in my papers.

However, surely the problem is that we have increased the number of people living in temporary accommodation. For example, we now have 10,000 children in such accommodation. We have seen a spike in the number, which is due to a shortage of housing to move them to. It is the housing crisis that is creating the bulk of the temporary accommodation issue, because we cannot move people into other properties.

We heard from the previous panel that people are reluctant to move to the private sector, because they feel that there is a lack of security. They are waiting for social housing, but we are not building enough social houses to enable us to move people out of temporary accommodation. That is why local authorities are having to carry the burden of people in temporary accommodation.

Sheila Haig: For temporary accommodation, the LHA rates that are used are from 2011, which is more than a decade ago. The 90 per cent figure that you talked about is 90 per cent of that rate in certain types of housing, but the DWP does not provide 90 per cent of the costs. Les Robertson might want to come in on that, as he is the subsidy guru.

Les Robertson: As I say, I will provide the figure, but it is nowhere near 90 per cent. I think that it is nearer 40 to 50 per cent that is covered. I do not have the figures at hand at the moment, but I will provide them.

Claire Baker: Thank you for that clarity. I assume that you agree, however, that the numbers in temporary accommodation are increasing because we do not have enough social housing to put them in.

Les Robertson: Oh yes—definitely. In Fife, because of the housing crisis and because we do not have enough houses, we are having to put people into bed and breakfasts, which is even more costly, because we lose even more subsidy on that. It is definitely the case that we do not have enough houses.

Claire Baker: Thank you.

10:30

Bob Doris: I have a specific question about the £2 million that the Scottish Government has provided to reduce pressure on temporary accommodation and to support a move into the private rented sector, despite all the challenges in that regard. I will caveat that by saying that I am sure that you could spend that £2 million 100 times over. I am trying to identify the benefits of the money that has been spent; I am not talking about whether the money that has been provided is sufficient.

For example, I think that Glasgow was provided with £169,000 to be spent in this financial year and £620,000 to be spent in the next financial year. Duncan Black, can you provide examples of how that money has been used? If we can provide evidence of good outcomes, that will provide a stronger argument, with the budget coming up, that additional cash should be provided in that area.

Duncan Black: You are right—as I understand it, we received £160,000 to be spent by 31 March this year and £620,000 to be spent by March next year. The awards were announced relatively recently but, given that we are talking about my area, I will base my comments on my basic knowledge of the matter.

The letter was sent not too long ago, and we set up a working group to consider the issue. Given Glasgow's context regarding poverty and homelessness, which I have outlined, the working group will focus on how we can utilise the money with a view to moving households with children out of temporary accommodation and into the private rented sector, which is the purpose of the additional money. That is what we are using the money for. It is probably a bit too soon to talk about its effectiveness. I can go away and try to find more information on that, but it might be something to keep an eye on.

Bob Doris: That is helpful. I do not have the figures for Edinburgh, but I assume that it got something, too. Sheila Haig, you referred to £123,000. I do not know whether that was from the same fund. Can you give an illustrative example of how that money can be spent? There might be a lack of sufficiency, but what positive outcomes can the money create?

Sheila Haig: Since November, we have made 21 awards for rent in advance, deposit and removal costs in order to move homeless people into the private rented sector. We sat down with colleagues in the council's PRS team and with our homelessness colleagues to develop the best strategy for increasing communication links across our teams to ensure that we identify candidates for moving into the PRS. However, there is reluctance

to move, because some people prefer to stay in temporary accommodation, particularly if they get a house. Edinburgh uses Link Housing to support that function, and we find that people are quite happy to sit in that type of accommodation, because it is almost like a council house for them.

In Edinburgh, instead of people moving into the private rented sector, there is also a move towards properties with mid-market rent, because people see that option as being more secure. We see more movement into that sector than we do into the private rented sector.

Bob Doris: You could write to the committee about this when you have the time, but is there a case for saying that, if someone were to take the step into the private rented sector, that could still be seen as a short-term intervention, so they should not lose their entitlement to move back into the social rented sector? In relation to how allocation policies work just now, if people have no housing need, they lose their needs-based assessment to get into the social rented sector. Could we be more clever about that?

Sheila Haig: I think that we could. As I said, Edinburgh's waiting list includes 28,997 people, so, if someone is determined to be in secure accommodation, that might introduce a bit of unfairness for someone who is desperately waiting on accommodation.

Bob Doris: That is fair enough. Les Robertson, did Fife have access to that fund? If so, how was the money used?

Les Robertson: I do not have the details, but the money would have gone into DHP. In relation to our DHP spend, Fife always spends more than its allocation. We fund our own discretionary housing payments, too.

Bob Doris: That is very helpful, because you have covered the final question that I wanted to ask. Are you able to quantify what you spend above your allocation? For example, I see that Glasgow's DHP spend is £1.33 million. That is a heads-up for Duncan Black—I will come to him in a second. Do you have the detail on what Fife spends above its allocation? If you do not, you can send it to the committee, because it would be helpful to know that.

Les Robertson: I can get a breakdown for you. I do not have it to hand, but we certainly do things with our housing department. For example, for people who are just on universal credit, we allow them a two-week DHP—[Inaudible.]—which is funded through our housing service. I will certainly get the detail and send it on to you.

Bob Doris: Please do so, and perhaps you could also send the detail of what you said there, because you were on mute for a second.

Les Robertson: I—

Bob Doris: I apologise for cutting you off but, if you could let us know in correspondence, that would be helpful.

Duncan Black, do you have a figure for what Glasgow spends above and beyond the allocation? I understand that it is quite meaty.

Duncan Black: I do not have the exact figure to hand, but I will get it to you. That will not be a problem.

Bob Doris: That is fine. Sheila Haig?

Sheila Haig: We do not supplement our DHP fund, but we have other funds across the council through which that cost is being met. I can get you details of that. It involves the tenancy hardship funds and the fund that sits in temporary accommodation. A lot of hidden supplementary revenue is being used by councils.

Bob Doris: Thank you. I have no further questions, but I say to all three witnesses that we would like those numbers, not just on DHP but on the wider spend and associated outcomes. If we are contacting Government, we want to say what local authorities are doing, what the outcomes are and what more they could do with additional funding. That is really helpful—thank you.

The Convener: Before I come in with a couple of questions, Claire Baker has a supplementary.

Claire Baker: I just want to clarify what I said earlier. As I said, the maximum subsidy that councils can receive is set at 90 per cent of LHA rates, but the rates that are used are those from 2011, as Sheila Haig said, and average rents have increased by 60 per cent since then. I recognise that councils are carrying the rising cost of temporary accommodation.

Les Robertson: For the committee's benefit, I point out that, in the previous financial year, Fife Council spent £2.071 million on temporary accommodation, and we got back £610,000 in subsidy, which equates to 29.5 per cent.

The Convener: Thank you for coming back with those figures. That is much appreciated.

I will wrap my questions into one, because I am conscious of the time. Witnesses have effectively argued that the LHA freeze needs to be lifted. That is apparent from some of the evidence that we have taken today and from the written submissions. What would be the benefits and potential costs of resetting the LHA rate at the 30th percentile of local rents? How can that additional cost be reconciled within the tight constraints that we have on public spending at the moment?

Sheila Haig: I would probably be a bit bolder than that and say that, rather than set the rate at the 30th percentile, we should go back up to 50 per cent to allow greater choice in the private rented sector for people who are in receipt of benefits. I do not have the cost to hand, but we could work with my colleagues in housing to look at what it would cost in Edinburgh if we raised it to, say, 40 or 50 per cent. It is more difficult to get data now, because the data on the UC housing element is not as transparent as the data that sits in the council. However, we could do some modelling on that and update the committee.

The Convener: That would be helpful—thank you.

Les Robertson: I do not have any way of calculating the cost because, as Sheila Haig alluded to, most of our working-age tenants are now on universal credit. I think that, in the discussion with the previous panel, it was said that the cost of unfreezing UK-wide was estimated to be something like £2.5 billion.

I want to allude to preventative spend. Every household that is put into temporary accommodation costs the council about £15,000. If preventative spending were increased, more people might be moved out of temporary accommodation, which would prevent them from being homeless.

The Convener: Thanks, Les.

Duncan Black: I support what the other two witnesses have said. Glasgow is in a slightly more unique situation because of the scale of the homelessness crisis in the city, the costs associated with it and the nature of the housing market.

As I alluded to earlier, around 8 per cent of homelessness cases have originated in private sector housing, and it would help if we could stop that happening. Equally, of all the people who we manage to move out of homelessness, a very small proportion—about 1.7 per cent—go into the private rented sector. I agree that that figure would go up and the sector would be more attractive for people if we increased the LHA rate, but the scale of what we are talking about—to be selfish, in Glasgow, we need to focus on housing supply due to the sheer numbers, particularly those with leave to remain who present to the city—means that, although it would be of assistance, it would not solve the problem.

The Convener: Okay. That is really helpful. Thank you.

Carol Mochan: I want to link my last question, which you have probably answered, to one that I asked the previous witnesses. For the record, much of the previous evidence that we heard

focused on restoring the LHA rates to the 30th percentile of rents. Do the witnesses have anything that they want to add about that calculation? Could we do it differently, or are there completely different methods that we could look at to ensure that we get some meaningful movement for lower-income people in particular in their tenancies?

Sheila Haig: The 30th percentile drops as soon as it is set, because new rents come along and rents increase, so the figure is probably never at 30 per cent. If we want to give people access to decent accommodation in the private sector and encourage them to take that up, we need to look at what is open to them. With the 30 per cent figure, it is very limited.

Carol Mochan: Okay. Thank you.

Les Robertson: I believe that, yes, you could restore rates to the 30th percentile or the 50th percentile in relation to a calculation of the broad rental market area, but our biggest problem is single claimants under 35 who only get the shared-room rate. For us, that is a bigger problem to address, because whereas couples and so on can privately rent, claimants who are single people under 35 cannot really enter the private rented sector at all.

Duncan Black: I absolutely support that point. It is a massive issue.

Carol Mochan: Thank you. That is helpful.

The Convener: Thanks very much, and thanks to those who joined us online today. That concludes our public business, and we will now move into private session.

10:43

Meeting continued in private until 11:28.

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