

Local Government, Housing and Planning Committee
Tuesday 30 September 2025
25th Meeting, 2025 (Session 6)

Note by the Clerk on The Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2025 (SSI 2025/251)

Overview

1. At this meeting, the Committee will consider the following Scottish Statutory Instrument (SSI), which is subject to the negative procedure. The Committee is invited to consider the instrument and decide what, if any, recommendations to make.
2. More information about the instrument is summarised below:

Title of instrument: [The Redemption of Heritable Securities \(Excluded Securities\) \(Scotland\) Order 2025 \(SSI 2025/251\)](#)

Laid under: Section 11(3D) and (3E) of the [Land Tenure Reform \(Scotland\) Act 1974](#)

Laid on: 11 September 2025

Procedure: Negative

Deadline for committee consideration: 3 November 2025

Deadline for Chamber consideration: 5 November 2025

Commencement: 29 October 2025

Procedure

3. Under the negative procedure, an instrument is laid after it is made, and is subject to annulment by resolution of the Parliament for a period of 40 days beginning on the day it is laid.
4. Once laid, the instrument is referred to:
 - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
 - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.
5. Any MSP may propose, by motion, that the lead committee recommend annulment of the instrument. If such a motion is lodged, it must be debated at a

meeting of the Committee, and the Committee must then report to the Parliament (by the advisory deadline referred to above).

6. If there is no motion recommending annulment, the lead committee is not required to report on the instrument.

Delegated Powers and Law Reform Committee consideration

7. The DPLR Committee considered the instrument on 23 September 2025 and reported on it in its [66th Report, 2025](#). The DPLR Committee made no recommendations in relation to the instrument.

Purpose of the instrument

8. The instrument aims to exempt two historical shared equity loans from the '20-year rule,' which usually allows borrowers to pay off loans after 20 years.
9. The Scottish Government, social landlords and developers have shared equity schemes that provide eligible home buyers with an equity loan which is linked to the property's value.
10. The shared equity loan is expressed as a percentage of the original value of the property. When the shared equity loan is repaid the Scottish Ministers will receive the defined percentage of the value of the property when it is sold.
11. The 20-year security rule poses a financial risk to these schemes as the Scottish Government would not benefit from any increase in house prices i.e. the "right to redeem" would mean that the only the original loan, interest and fees would need to be repaid.
12. A previous order in 2018 ([The Redemption of Heritable Securities \(Excluded Securities\) \(Scotland\) Order 2018](#)) removed the 20-year rule for most shared equity schemes, including the Open Market Shared Equity Scheme, and the Help to Buy scheme. This came into force on 15 February 2019.

Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2025

13. The 2018 regulation did not encompass all existing equity schemes.
14. The current Order removes the rule for participants in the First Homes Fund which was established after the 2018 order was made. The Fund is no longer open to new applicants.
15. In addition, properties purchased under Homestake will also be included in the proposed amendments to the order. Homestake was the previous Scottish Executive's shared equity scheme, launched in 2005 and managed by Communities Scotland. It is no longer in operation. The 2018 Order had only exempted Homestake schemes from the date it came into force in 2019.
16. The aim is to align these schemes with the other shared equity schemes.

17. The Policy Note accompanying the instrument is included in Annexe A. It includes a summary of consultation undertaken on the instrument, impact assessments carried out, and the anticipated financial effects.

18. These are:

- a. [Policy note](#)
- b. [Child Rights and Wellbeing Impact Assessment](#)
- c. [Environmental Screening Impact Assessment](#)
- d. [Island Communities Impact Assessment](#)
- e. [Equality Impact Assessment](#)
- f. [Business and Regulatory Impact Assessment](#)

Committee consideration

19. So far, no motion recommending annulment has been lodged.

20. Members are invited to consider the instrument and decide whether there are any points they wish to raise. If there are, options include:

- seeking further information from the Scottish Government (and/or other stakeholders) through correspondence, and/or
- inviting the Minister (and/or other stakeholders) to attend the next meeting to give evidence on the instrument.

It would then be for the Committee, at the next meeting, to consider the additional information gathered and decide whether to make recommendations in relation to the instrument.

21. If members have no points to raise, the Committee should note the instrument (that is, agree that it has no recommendations to make).

22. However, should a motion recommending annulment be lodged later in the 40-day period, it may be necessary for the Committee to consider the instrument again.

Clerks to the Committee
September 2025

Annexe A: Scottish Government Policy Note

The above instrument was made in exercise of the powers conferred by sections 11(3D) to 11(3E) of the Land Tenure Reform (Scotland) Act 1974. The instrument is subject to negative procedure.

Summary Box

To exempt two equity schemes from application of the 20 year rule. The Land Reform (Scotland) Act 1974 gives borrowers the right to pay off the balance of their loan, plus any interest and fees due, once they reach year 20 in the loan term. This is commonly known as ‘the 20 year security rule’.

The Scottish Government currently has two historical shared equity schemes (Homestake and First Home Fund) that provided eligible buyers with an equity loan which is linked to the property’s value. The 20 year security rule poses a financial risk from these schemes should buyers choose to repay their loans at year 20.

Policy Objectives

This SSI is similar to the 2018 Order¹. The 2018 Order removed an owner's right to redeem their standard security, where the security was granted under one of a number of existing shared equity schemes. The 2018 Order did not apply to all shared equity schemes which have been introduced by Scottish Ministers and some third parties (including First Home Fund) and only applied to others where agreements were entered after the order came into force. In order to disapply the “right to redeem” from the shared equity schemes, where agreements were entered before 2018, a further statutory instrument is required.

The effect of the SSI is not considered to be removing a right or entitlement from shared equity owners. Either those owners will be subject to the contractual requirement to grant a replacement standard security in year 19 of their shared equity loan in order that the “right to redeem” could not be exercised by them or, in relation to later shared equity schemes (including the First Home Fund), the owners will have been given prior notice of Scottish Ministers’ intention to make another statutory order which would disapply the “right to redeem” from the property which they were purchasing - the official guidance for the First Home Fund scheme made clear that Scottish Ministers intended to make an order pursuant to section 11 (3D) and 11(3E) of the 1974 Act to remove the right to redeem standard securities after 20 years for those participating in the First Home Fund scheme, and required participating solicitors to inform their client of this by sending to them an appropriately worded pro-forma notice. None of the shared equity purchasers, therefore, could have assumed that they would have an entitlement to exercise the “right to redeem” after 20 years.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

¹ <https://www.legislation.gov.uk/ssi/2018/376/contents/made>

The Scottish Ministers have made the following statement regarding children's rights.

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, the Scottish Ministers certify that, in their view, the Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

Extensive consultation took place for the 2018 Order including a consultation paper in 2015 and meeting with individual stakeholders. As this is a follow up to that Order we are engaging with the relevant Registered Social Landlords (RSLs) and Local Authorities.

Impact Assessments

A Child Rights and Wellbeing, Island Communities, Equality Declaration and Environmental Screening impact assessment have been completed on the SSI and are attached. There is no Fairer Scotland Assessment as this was ruled out and the Consumer Duty formed part of the Business and Regulatory Impact Assessment.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) has been completed and is attached. There will not be any costs to businesses.

Scottish Government
Directorate for Local Government and Housing

9 September 2025