



# Housing (Scotland) Bill: Financial Memorandum

## Evidence submitted to the Finance and Public Administration Committee 10 June 2024

This is a response to the Finance and Public Administration Committee's call for written evidence on the estimated financial implications of the Housing (Scotland) Bill as set out in its accompanying Financial Memorandum (FM).

### Introduction

CIH Scotland is the professional body for housing with around 1,900 members in Scotland working across tenures to create a housing system that works for everyone. We have been working extensively with our members throughout the process of the Bill's development to ensure that their experience and expertise is reflected, hosting a series of roundtables and carrying out an online survey in summer 2023.

When the Bill was introduced at the end of March 2024 with some of the proposals developed more fully, we reached out to our members again. This response takes into account the discussions we have had to date with our members and wider stakeholders including 40 responses to our recent online surveys and 88 members attending two roundtable discussions in May and June.

General concerns about the practicalities of the Bill are outlined in our response to the Local Government, Housing and Planning Committee but our members also raised significant concerns with the ability to effectively implement the Bill without adequate resources which are covered here.

### Committee questions

#### **Question 1: Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?**

CIH Scotland did not take part in consultations regarding the financial implications of the Bill but some of our members were approached and did provide comments to the Scottish Government. Members raised concerns with us about the way in which the consultation was conducted, particularly in relation to the homelessness prevention aspects of the Bill. Local authorities were approached for comment with a short timescale for responses during a busy period for service delivery. This limited the ability for cost implications to be fully considered.

The lack of detail included in the Bill about what "ask and act" duties might include, how these will be monitored and reported on, and the potentially significant increase in referrals into homelessness services also makes it difficult to assess the extent of costs to local authority homelessness services. As such, our members have expressed a desire for further cost analysis to be undertaken so that there is confidence among both

Parliamentarians and across the housing sector that appropriate costings have been estimated.

**Question 2: If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?**

Not applicable

**Question 3: Did you have sufficient time to contribute to the consultation exercise?**

Not applicable

**Question 4: If the Bill has any financial implications for you or your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.**

See question five below.

**Question 5: Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?**

As set out above, some of our members feel that financial implications have not been robustly considered and would like to see further impact analysis carried out. In particular, the financial memorandum lacks detail in the following areas:

**Data collection to support rent control areas**

The FM sets out cost assumptions for local authorities to carry out cyclical analysis of the rental market in their area in line with the duty to report every five years. This assumes that all local authorities will carry out basic analysis based on existing data. It is suggested that only some local authorities would go on to carry out more detailed analysis, including the use of the power to require landlords to provide rental data. The FM also suggests that this further detailed analysis may only cover certain localities within the local authority area and may only include a sample of landlords.

The assumption that analysis will only be carried out every five years will not result in robust data being collated to support a significant policy change such as a rent cap.

**Homelessness prevention duty**

The total cost assumption of around £2.8 million per year across the Scottish Government, local authorities and other relevant bodies seems modest considering the work that will be required to successfully introduce and embed a significant change to the way in which homelessness is approached. Involving multiple agencies in a household's journey may add complexity, but if handled well should result in better outcomes for individuals. This will require recruiting new staff, upskilling existing employees, upgrading IT systems, coordinating data and close monitoring of prevention activities and outcomes. Without sufficient resources, there is a risk that an already stretched homelessness system will become overwhelmed.

The FM acknowledges that local authorities are likely to bear the majority of costs arising from the new duty in relation to IT upgrades, staff training and recruitment of additional staff to deal with increased referrals. We agree that investing in prevention in the short



term can lead to better outcomes and long-term savings for local authorities and partners, but it is not clear how local authorities and others can be expected to fund these measures from their existing resources.

### **Domestic abuse policy requirements for social landlords**

Over and above the minimal cost of developing or updating a policy identified in the FM, the effective implementation of domestic abuse policies in the social rented sector will require resources to develop and roll out staff training and establish a national leaving fund to support victim/survivors. Our review of social landlords' existing domestic abuse policies shows that the existence of policies alone may not drive improvements in practice. Of the 41 policies assessed, only nine comprehensively met the guidelines set out by good practice guidance published in 2019. The Scottish Government established a national leaving fund for victims of domestic abuse during the last few months of 2023/24 and we believe, if evidenced to be effective, such a scheme should be supported and resourced nationally and on an ongoing basis to help the implementation of social landlord domestic abuse policies.

### **Unintended consequences**

We appreciate that the FM can only take into account the direct costs associated with the implementation of the measures within the Bill. However, our members have expressed significant concerns about the potential costs arising from unintended consequences and we feel it is appropriate to raise these concerns here.

Our conversations with stakeholders suggest that uncertainty caused by the prospect of rent control measures is leading to some landlords leaving the market and evidence from leading sector experts Rettie's states that the build to let market in Scotland is unattractive. Their [analysis](#) suggests that £3.2 billion of investment is "on hold" or "at risk". The loss of residential accommodation will only increase pressure on homelessness services and the social housing sector.

There are also concerns that the lack of detail on the "ask and act" element of the homelessness prevention duty may mean that the duty becomes a requirement to refer by default. This could see a significant increase in homelessness referrals into local authority homelessness service without any additional resources to support the households.

### **Question 6: If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

There are likely to be significant costs across the housing sector arising from this Bill which cannot be met within existing resources and must be supported by the Scottish Government. Failure to do so will impede the successful implementation of the Housing Bill and could worsen the current housing emergency.

Social landlords are already facing extreme financial pressures as a result of inflation, staff costs and overheads, increased cost of developing new homes and maintaining existing homes, and meeting the cost of new standards such as energy efficiency. Local authorities are working to support more homeless households than at any time since records began

resulting in significant temporary accommodation costs. At the same time, £200 million cut to the Affordable Housing Supply Programme budget has added to the challenge.

In order to tackle homelessness, the sector needs long term funding guarantees to support transitional work being carried out through Rapid Rehousing Transition Plans - this must continue while the homelessness prevention duty details are being developed in order to address the existing homelessness backlog.

**Question 7: Does the FM accurately reflect the margins of uncertainty associated with the Bill's estimated costs and with the timescales over which they would be expected to arise?**

We have set out above where we think the FM does not adequately reflect the costs of implementing the Bill. It is particularly difficult to comment on the impact of the homelessness prevention duty as so little detail of the actions required are set out in the Bill. Urgent clarity is needed on the expectations to be placed on local authorities and other partners.

**About CIH**

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org).

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