POLICY NOTE

THE REGULATION OF SOCIAL HOUSING (INFLUENCE OF LOCAL AUTHORITIES) (SCOTLAND) REGULATIONS 2018

SSI 2018/XXX

The above instrument was made in exercise of the powers conferred by section 9 of the Housing (Amendment) (Scotland) Act 2018. The instrument is subject to affirmative procedure.

In September 2016, the Office for National Statistics (ONS) announced that it had reviewed how registered social landlords (RSLs) were classified in the United Kingdom national accounts and had concluded that they should be classified as public sector bodies (until that point they had been classified as private sector bodies). This conclusion was based on an analysis of some of the powers that the Scottish Housing Regulator (the Regulator) and local authorities were able to exercise over RSLs.

If RSLs were to remain classified as public sector bodies all new net borrowing by them – at present £300 million a year – would count against the Scottish Government's borrowing limits. That would create a significant, permanent burden on the Scottish Government's finances. In view of that, the Scottish Government undertook to introduce legislation with the objective of ensuring that the powers the Regulator and local authorities can exercise over RSLs are compatible with RSLs being classified as private sector bodies.

The Housing (Amendment) (Scotland) Act 2018 is intended to achieve that objective. Sections 1 to 7 of the Act do so in respect of the Regulator by reducing various of the powers that the Regulator can exercise over RSLs. Section 9 provides for the objective to be achieved in respect of local authorities by conferring powers on the Scottish Ministers to make regulations reducing the ability of the authorities to influence RSLs.

These regulations are made under section 9. They reduce the ability of local authorities to exercise influence over RSLs in three ways: they limit to 24% the proportion of officers that local authorities can appoint to the board, or other governing body, of a RSL; they remove from local authorities any voting rights they may hold as a result of being a member of a RSL; and they provide that a local authority cannot exercise a power of veto over any decisions to be taken by the board or other governing body of a RSL.

The ONS will review the classification of RSLs when the commencement regulations and these regulations have been made

Scottish Government
Housing and Social Justice Directorate

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