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Ariane Burgess (Convener),
Local Government, Housing and Planning
Committee,
The Scottish Parliament,
Edinburgh,
EH 99 1SP

1 June 2023

Dear Convener,

I am writing to provide the Committee with an update on the Scottish Government's intentions for the Cost of Living (Tenant Protection) (Scotland) Act 2022, after 30 September 2023.

The Cost of Living (Tenant Protection) (Scotland) Act 2022 is a response to the impact of the cost crisis on those living in the rented sector. The Act introduced a temporary rent cap and a temporary moratorium on the enforcement of evictions, along with simplifying the process for claiming unlawful eviction damages and increasing the level of damages that can be awarded.

The Act was initially due to expire on 31 March 2023, however Scottish Ministers used the powers available to them to extend Part 1 for a further period of 6 months to 30 September 2023.

In addition to being time limited, the Scottish Government has also made clear it will retain and use the provisions within the Act only for as long as they are necessary and proportionate. As a result, where it has been possible to do so, provisions in the Act have been suspended or expired when they have fulfilled their purpose and the Scottish Government has examined available evidence and views and both supported a change in approach.

The ongoing cost crisis continues to place people across Scotland in a precarious economic position. Renters, in particular, have lower household incomes, higher levels of poverty and are more vulnerable to economic shocks.

Over the period from 2018-2020, 63% of social rented households and 40% of private rented households did not have enough savings to cover even a month of income at the poverty line, compared to 24% of households buying with a mortgage and 9% of households owning

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outright. Thus rented sector households entered the cost of living crisis in a more vulnerable position than owner occupiers.

In carefully considering this wider economic context, the Scottish Government have decided that it is necessary and proportionate for Part 1 of the Act to be extended for a further, and final, 6 month period to 31 March 2024.

Subject to approval by Parliament, regulations have been laid today that would mean:

- Most in-tenancy private rent increases would continue to be capped at 3%;
- Alternatively, private landlords could apply for increases of up to 6% to help cover certain increases in costs in a specified time period where these costs can be evidenced;
- Enforcement of evictions would continue to be paused for six months for most tenants, except in a number of specified circumstances; and
- Increased damages for unlawful evictions of up to 36 months' worth of rent would continue to be applicable.

A Statement of Reasons has been published alongside these regulations, setting out the evidence why the Scottish Government believes it is necessary and proportionate to extend Part 1 of the Act beyond 30 September 2023.

Part 1 of the Act can only be extended in its entirety and not on a provision by provision basis. Any provisions that should not be extended therefore need to be expired or suspended through separate regulations. In addition, throughout the proposed six month extension period, if provisions are deemed to no longer be necessary during that time then they must be suspended or expired early. A suspended provision could subsequently be revived if this was considered necessary and proportionate in connection with the cost of living.

Therefore, proposing that Part 1 of the Act be extended at this time does not guarantee that all provisions covered by the extension would remain in place until 31 March 2024, and we will continue to review – and report on - whether the provisions remain necessary and proportionate in connection with the cost of living.

The decision on whether to extend the measures for a final 6 month period is, of course, for the Parliament to make and I look forward to going through the due process on that in the coming weeks.

PATRICK HARVIE

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