

Business and Regulatory Impact Assessment

July 2019

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Title of Proposal

The Private Landlord Registration (Information) (Scotland) Regulations 2019; and
The Private Landlord Registration (Fees) (Scotland) Regulations 2019

Purpose and intended effect

Background

Part 8 of the Antisocial Behaviour etc. (Scotland) Act 2004 (“the 2004 Act”) places a duty on local authorities to prepare and maintain a public register of private landlords. Mandatory private landlord registration was implemented in April 2006.

The Scottish Government’s Strategy for the Private Rented Sector in Scotland, published in May 2013, set out the purpose of landlord registration as:

- providing a register of all private landlords for public inspection, with the added assurance that the local authority has conducted a fit and proper person test;
- providing a regularly updated register that can be used to assist dialogue between local authorities and landlords, to disseminate best practice information;
- ensuring that enforcement action is targeted at the worst landlords in the sector, whether that involves dealing with concentrations of such landlords in vulnerable communities, or challenging the practices of individual landlords in more rural or sparsely populated areas.

To apply for registration, landlords must by law provide certain prescribed information and pay the appropriate application fee. The prescribed information helps local authorities in their assessment of whether the applicant is a fit and proper person to let houses. It also helps to establish whether the person qualifies for a discount on the application fee. The application fee represents a reasonable and proportionate charge for the administration of landlord registration.

Objective

The policy broadens the prescribed information, requiring applicants to be more explicit about their compliance with existing legal responsibilities in relation to property management and condition. Other minor adjustments are proposed to remove obsolete requirements and simplify the application process.

The policy also introduces an increase to landlord registration application fees. The new fee reflects the increased administrative costs of delivering landlord registration services, since it was first implemented in 2006.

The policy aims to:

- raise awareness about landlord responsibilities;
- identify where further advice or support may be required;
- ensure that local authorities are better informed and resourced to carry out the fit and proper person test; and
- improve confidence that anyone who is approved and entered onto the register is a suitable person to let houses.

The overarching objective is to make better use of the landlord registration process to contribute towards raising housing standards in the Private Rented Sector (PRS) to provide good quality housing for all tenants.

Rationale for Government intervention

Private landlords continue to play an important role in meeting housing need in Scotland, with around 770,000 people having their home in the sector.

The system of landlord registration should allow the tenant to rely on the judgement of their local authority as to whether a landlord is a fit and proper person to rent property. Despite the current registration process, the available evidence, including for example in relation to property condition and tenancy deposit protection, shows that some private landlords let houses without meeting their legal obligations.

This situation is not likely to improve unless steps are taken to develop a more robust application process for landlord registration.

It is not unreasonable to require landlords to confirm compliance with existing specific legal duties. This will help to raise standards for tenants and ultimately reduce the commercial inequality between landlords that run legitimate businesses and those that operate outside the law.

The basic application fees have not increased since landlord registration was introduced in 2006 and these no longer reflect the demands placed on local authorities to deliver landlord registration. An increase in fees is necessary to ensure that fees reflect current administration costs, including additional work that will arise from a more in-depth application process.

More robust assessment of a landlord's competence at the point of application, supported by an increase in application fees, will help to improve the equality of outcomes between tenants who have good landlords and those whose landlord may not be a fit and proper person to rent property. These equality considerations are further strengthened by the fact that it is likely to be vulnerable tenants who are at most risk from bad landlords.

The policy covered by this BRIA is intended to address current market failures and help improve the overall standards of landlord practice and administration of landlord registration by local authorities. The policy contributes to the following National Outcomes:

- “We live in communities that are inclusive, empowered, resilient and safe”; and
- “We tackle poverty by sharing opportunities, wealth and power more equally”

The policy also contributes to the Scottish Government’s vision that all people in Scotland live in high quality, sustainable homes that they can afford and that meet their needs.

Consultation

- **Within Government**

The Scottish Government consulted with colleagues in the Housing and Social Justice Directorate to help develop proposals that are proportionate and relevant to improving standards in the Private Rented Sector (PRS). Communities Analysis Division were consulted on the economic impact of the policy, and contributed to development of the approach in relation to increased fees. Scottish Government Legal Division were consulted to ensure that the policy proposals are in scope and to ensure that the proposals meet the principles of the EU Services Directive. Colleagues leading on the development of policy on introduction of minimum energy efficiency standards have been consulted specifically on the proposals relating to prescribed information.

- **Public Consultation**

Informal consultation was carried out with a small number of local authorities and with the Scottish Association of Landlords, a membership body representing the interests of landlords in Scotland, on the potential benefits and impacts of the proposals on landlords.

A full public consultation ran for 12 weeks from 15 March to 7 June 2018. The consultation sought views on new information that should be requested in an application, and a range of options for amending the current fee structure. The consultation was supported by a series of 7 stakeholder events held in Edinburgh; Glasgow, Dundee; Aberdeen and Inverness. Around 150 stakeholders registered for the events. Officials also attended landlord and letting agent forum events held by Falkirk, East Ayrshire and Perth and Kinross Councils. All the events provided the opportunity for officials to discuss the proposals and listen to feedback from stakeholders.

239 consultation responses were received from a range of stakeholders, including housing associations and local authorities; lettings and professional organisations; tenant, resident and landlord representative organisations; individuals and those with an interest in property condition and safety. The published consultation responses can be accessed using the following link:

https://consult.gov.scot/landlord-registration/registration-fee/consultation/published_select_respondent

The consultation responses indicated broad support for requiring landlords to provide more information about compliance with their legal duties, in particular relating to property condition and safety. With regard to amending landlord registration fees, some concerns were expressed about the cumulative financial impact of all the proposals. Taking those concerns on board, the proposals to implement a rate of inflation increase were reviewed so that this will now not be backdated to 2006. In addition, the joint owner and multiple area discounts will be retained.

Comprehensive information about the full consultation process and the analysis report can be accessed at:

<https://consult.gov.scot/landlord-registration/registration-fee/>

- **Business**

Businesses responded to the public consultation and attended the consultation events and forums. Scottish Government officials also engaged with 6-12 individual businesses as part of the consultation process and again as the proposals were further developed. More information on these discussions is included in 'Scottish Firms Impact Test' section of this assessment.

Further engagement has taken place with all 32 local authorities to estimate the impact of the changes to prescribed information on workloads and resources. The information gathered has been analysed to establish a reasonable and proportionate fee increase.

Options

Option 1: Do nothing

This option is not sustainable. Evidence shows that the current generic declaration made by applicants that they comply with their legal duties is not enough to ensure that all landlords do understand and meet their responsibilities. Inaction means that some landlords will continue to register without providing homes that meet the required standards. Without a fee increase local authorities will have less capacity to scrutinise and check applications.

Option 2: Promote awareness of landlord responsibilities (non-regulatory)

This option would seek to raise awareness of landlord responsibilities without recourse to further regulation. Some examples of ways in which to promote awareness include marketing campaigns; signposting to information and advice; social media etc.

Option 3: Require additional information in an application for registration

For this option, secondary legislation would be needed to require applicants to provide more detailed information to confirm that they comply with their legal duties in relation to letting houses. The new application process would cover

specific duties relating to property condition and safety as well as aspects of property management.

The new information would give a stronger indicator of the level of landlord competence, help applicants to understand what their legal requirements are and broaden the evidence used by local authorities to decide who can be approved to be a landlord. Signposting to relevant advice about landlord responsibilities would be an important addition to the application process.

Option 4: Require additional information in an application for registration and increase application fees.

This option builds on Option 3 by increasing the application fee to reflect the current administrative costs of delivering landlord registration, including the additional work that the new prescribed information will bring to local authorities, for example in the provision of advice and information to landlords on their legal duties, and checking of applications to ensure compliance with legal duties.

The policy will also establish the principle of an annual increase to the application fees by inflation (Consumer Prices Index). This will enable fees to reflect changes in public sector wages of local authority staff going forward, subject to an annual assessment.

Sectors and groups affected

The categories of people likely to be affected by these policies are:

- *Local authorities* – will be better resourced to deliver landlord registration services.
- *Private landlords* – will be required to provide the additional prescribed information to demonstrate compliance with legal duties and pay the appropriate application fee.
- *Letting agents* – who manage properties on behalf of landlords and may be asked for help and advice from their clients.
- *Households in the private rented sector and wider communities* – will benefit from improved standards in the PRS and be more confident that registered landlords are acting within the law.

Benefits

Option 1: Do nothing

There would be a saving against the costs of the other Options, but Option 1 would not improve compliance and overall standards of landlord practice in the PRS.

Option 2: Promote awareness of landlord legal responsibilities (non-regulatory)

This approach would achieve cost savings on Options 3 and 4. Information is already available to landlord businesses through a wide variety of channels. For example, landlord representative organisations, advice agencies, dedicated renting websites, the Scottish Government website and information issued by local authorities to registered landlords. The scope to significantly improve standards through further publicity alone is limited.

Option 3: Require additional information in an application for registration

This approach partially meets the overarching objective of improving standards in the PRS by establishing a more robust application process, and strengthening the system of landlord registration in a proportionate way.

The impact assessments undertaken to support development of the policy found that improved standards would have positive impacts on a broad range of people living in and around private rented property. The policy will help to protect vulnerable tenants, who often live in private rented homes that are poorly managed and maintained. The assessments also identified links between poor quality housing, poor health and lower educational attainment. This option would help to reduce the inequalities between those living in homes that are well managed and maintained and those living in poor quality or unsafe privately rented homes. On a practical level, tenants may see some economic benefits, for example reduced heating bills as house maintenance and conditions improve.

Option 3 would also improve the ability of landlords to compete in the market by helping to reduce any business advantages that landlords who operate outside the law have over responsible landlords.

A further benefit is that by improving compliance at the point of application, this reduces the need for more time consuming and costly enforcement activity by local authorities at a later stage.

Option 4: Require additional information in an application for registration and increase to application fees.

The benefits of this approach build on those for Option 3 by ensuring that fees are increased to a level that remains reasonable, and supports the current costs of administration for landlord registration, including the on-going provision of the internet-based application service. Providing a mechanism for adjusting fees in line with the Consumer Prices Index (CPI) would ensure that fees are maintained at a level that reflect the costs of local authority staff.

The proposed fee increase also takes account of the additional work expected as a result of the changes to prescribed information, including extra provision of advice and support for landlords; checking of applications to ensure that the self-declaration by landlords is accurate; and follow up action where there is evidence of non-compliance. Option 4 will best deliver the policy objectives of raising standards in the PRS.

Costs

Option 1: Do nothing

There are no direct costs for Option 1. However, there may be longer negative impacts on tenants, communities and legitimate landlord businesses of continuing with an application process that makes it easy for non-compliant landlords to operate outside the law. In addition, by not applying a CPI increase to landlord registration fees local authorities will receive less income from fees in real terms, which could mean that they are less able to carry out existing checks.

Option 2: Promote awareness of landlord legal responsibilities (non-regulatory)

Information is already available to landlord businesses through a wide variety of channels, including landlord representative organisations; advice agencies; dedicated renting websites; the Scottish Government website and information issued by local authorities to registered landlords.

It is not clear what additional and effective methods of raising awareness might be employed to achieve measurable and long-term benefits. The costs to the Scottish Government of this option would depend on what marketing strategies were used. As a recent example, the costs of promoting the new private residential tenancy changes introduced in December 2017 are around £300k. This included a number of roadshows across Scotland, a series of videos, e-learning courses, social media promotion, print media promotion as well as television and radio advertising. This awareness raising was targeted at landlords and tenants. Measures were taken to ensure there was also engagement with minority community groups. Promotional work will need to continue for some time to come.

Option 3: Require additional information in an application for registration

There is a range of costs associated with Option 3.

Costs to landlords

Where landlords do comply with their legal responsibilities, the application process should remain straightforward. The policy does not require the submission of any documentation on a routine basis, and so we do not anticipate additional costs for landlords who already comply with their legal duties. There may be minimal costs for landlords who are asked to provide evidence of compliance, for example as part of a sample check of applications by local authorities.

Additional costs may be incurred by landlords who do not currently meet their legal requirements. Any such costs to non-compliant landlords would depend on what they need to do to comply with the law. For example, the cost of compliance with the repairing standard might range from installation of a smoke alarm to addressing multiple issues of disrepair at a property.

Costs to local authorities

We anticipate an increased demand for local authority advice and support services, from landlords who do not understand the scope of their legal responsibilities. There would also be additional work involved in checking of the information provided, and follow up work where there is evidence of non-compliance. For the purpose of this impact assessment, costs have been based on an increased demand for advice and assistance of 15% across all applications, and a 10% sample check of new and renewal applications to ensure the required standards are met. This is in addition to the current range of activities undertaken by local authorities to process applications.

Local authorities were consulted on how much they estimated this additional work would cost to implement. Using the survey responses we have estimated that it will cost a local authority approximately £5 to provide advice and assistance to those landlords who seek their help. Where a local authority carries out a check of a new or renewal application, we estimate that the cost will be £67. The cost for advice and assistance has been added to the principal fee as the time taken to provide this service is unlikely to vary significantly by the size of a landlord's portfolio.

The cost of the 10% sample check has been added to the property fee as it was deemed that the majority of work would be related to landlord's properties and as such, it is more appropriate to add this cost to the property fee.

It is important to note that we have assumed that there is a 15% increase in demand for additional advice and assistance and 10% of landlords will be subject to a sample check. As such, once the costs outlined above are spread across *all* landlords, the actual increase in landlord registration fees is considerably less than the figures outlined above. This more equitable approach ensures that fees are proportional to the size of the landlord business.

There may be other associated costs for local authorities to update website information and other promotional material. However, these costs are expected to be minimal.

Under this option, the increased costs would need to be found by the local authorities.

Costs to Scottish Government

There will be implementation costs to the Scottish Government for developing enhancements to the online and paper application processes to accommodate the new requirements. There is scope to minimise costs by developing a paper application form centrally that can be shared and adapted as necessary by individual local authorities.

The cost of developing the IT system to include new questions within the on-line application is expected to be in the region of £180k. A more accurate estimate will

be available once detailed analysis of the requirements has been completed by the IT developers.

Option 4: Require additional information in an application for registration and increase to application fees.

Costs to landlords

Under this Option, the fees would change as follows:

Fee	Current	New	Increase
Principal application fee	£55	£65	£10
Property fee	£11	£15	£4
Late application fee	£110	£130	£20

The fee increases reflect the costs of administration and delivery of landlord registration services, based on known and forecast operational costs and estimates of additional work expected to arise from the changes to prescribed information. The costs reflect that landlords will not be routinely required to provide full documentation to verify compliance as part of the application. A more proportionate approach would be to sample check applications, asking for evidence of compliance as required. The fee change also takes account of the Consumer Prices Index rate of inflation assessment using data for 2018.

The table below provides a further example of the potential impact of the proposed application and property fee increase on landlords with a range of portfolios sizes, assuming the landlord is operating in only one local authority area.

Where a landlord operates across multiple local authority areas, a principal fee will be due to each local authority, at a discounted 50% rate.

The fee is for a three-year registration period. The final column shows the equivalent annual increase for a three-year registration. The evidence indicates that around 96% of landlords have 5 or less properties.

Example	Current	New	Increase	Yearly equivalent
Landlord - 1 property	£66	£80	£14	£4.60
Landlord - 5 properties	£110	£140	£30	£10
Landlord - 100 properties	£1155	£1565	£410	£136.6
Landlord - 500 properties	£5555	£7565	£2010	£670

Costs to local authorities

The costs relating to changes in prescribed information are outlined under Option 3. Under Option 4, the costs would be met by the increase in landlord registration application fees.

Costs to Scottish Government

In addition to the costs outlined in Option 3, the Scottish Government would be required to meet the costs of development of the on-line system to accommodate changes to the application fees. As the policy is limited to amending the fee levels, rather than the underlying fee structure, the costs are estimated at around £30k.

There may be other associated costs for updating the Scottish Government website information but these costs are expected to be minimal.

Scottish Firms Impact Test

In considering the impact on businesses the Scottish Government consulted with a range of businesses (letting agents, landlords and local authorities). These were:

- Letting agent - manages 400 properties; 8 employees
- Private landlord - lets 12 properties; 1 holiday let
- Letting agent/Landlord - manages 1550 properties; lets 55 properties; 45 employees
- Letting agent/Landlord – manages 360 properties; lets 6 properties; 3.5 employees
- Private landlord - lets 7 properties
- Three local authorities

Prescribed Information

The views in relation to the new prescribed information are set out below.

Concerns were expressed across the range of businesses about the potential additional work that will result from the new prescribed information requirements.

Letting agents' had concerns that requiring evidence of compliance such as dates, certificate numbers or actual certificates would be too much of a burden for a landlord and could have a big impact on the number of queries made to letting agency businesses. This would introduce more administration with no gain for landlords. To enable landlords to complete their landlord registration application, letting agents would have to provide landlords with compliance information, including copies of certificates and dates increasing their overall workload.

However, letting agents also said that compliance with legal requirements would only result in a small increase in enquiries to them from landlords. As it was now easier to scan and share documentation, it would not add an extra burden to agents and landlords to provide the evidence of compliance with their application. A letting agent also mentioned that the requirement for prescribed information complimented the new private residential tenancy, which requires landlords to share certification with tenants. It was also said that asking for confirmation that there is an Energy Performance Certificate (EPC) for a property would be a good

reminder of the additional requirements coming into effect, even though this information could already be found online.

Local authorities said that there would be an increase in work for them to ensure compliance and that if a landlord did not comply with any of the requirements then additional follow-up work would be required. If landlords were routinely required to provide certification to back up prescribed information then the impact on local authorities would be significant.

One city local authority thought the proposed 10% prescribed information sample check would be a major change and would have resource implications because there were many private rented properties in their authority. Another thought it would be harder for both landlords and local authorities and it would be difficult to keep up to date and do the appropriate checks around the prescribed information. One authority said that although it was possible to access www.scottishepcregister to find out Energy Performance Certificate (EPC) information it would still be good for landlords to provide information on this up front.

One landlord expressed the view that the provision of physical evidence (certification and documentation) would be overly burdensome and another said it would not be practical to check 5 to 8 certificates for each property. Another landlord said there would be no impact as this information is already provided and it will better enable a level playing field.

One landlord reinforced what a landlord and local authority had already said that the Energy Performance Certificate (EPC) is already on the EPC Register, which also identifies whether the property is rented within the private rented sector. Given the phased raising of the minimum EPC ratings, and that a fair number will have exemptions, the review and management of this data would require significantly more local authority staff. If a sample, involving 10% of landlords was undertaken this would involve a huge amount of compliance work, especially in cities. In Edinburgh and Glasgow, a 10% compliance check would equate to over 4,000 compliance enquiries and 30,000 documents to file and review in each authority. It would also involve significant effort for landlords with multiple properties and require competent people to review certification because of the different validities for the same type of certificates e.g. Portable Appliance Testing (PAT) and Legionella Risk Assessment (LRA), which are risk, based rather than prescribed intervals.

Despite the concerns about the change causing additional work, the introduction of prescribed information was seen as having nothing but a positive effect on raising standards in the PRS.

A general view expressed by landlord businesses was that the new policy is unfair as it impacts mainly on landlords that are registered. One landlord said they would not welcome additional compliance if it were not applied across the board. Another said that in many cases landlords were being asked to achieve a gold plated standard whereas the focus should be on bringing up the lower end of the sector. One local authority said that the new requirements would not be effective unless there was also effective enforcement by local authorities.

Businesses felt that the policy will mainly affect private landlords who operate in Scotland. The changes to prescribed information will require all applicants to confirm that they understand or meet with the legal duties relating to letting houses. The impact on businesses that operate within the law should be minimal.

Changes to application fees

A range of views was expressed across the businesses consulted.

There was a consensus among letting agents that there would be minimal impact on their work. However, they felt that it should be made clear to landlords precisely what they were “getting for their money” and how local authorities were spending registration fees, including on enforcement activity. Landlords agreed that greater transparency was required on how money would be spent and regardless of the EU services directive more should be spent on enforcement. Local authorities agree with increasing fees as this would allow them to expand compliance work.

One letting agent said there would be no direct impact on their costs as they do not pay landlord registration costs any longer but there will be an impact on landlords. Landlords are unlikely to be happy about paying increased fees but the fees are not significant enough for them to think about leaving the market. Had £100 or £200 been asked for then there would be a much bigger impact. Another said around £3 extra per year on the principal fee would not be an issue at all. That letting agent also said that the prescribed information changes could only help as the more knowledge landlords had the better they could understand their obligations.

One landlord felt that £15 for a property fee seemed a bit excessive. Another landlord felt that late landlord registration application fees should be increased significantly, as this would encourage landlords to put their application in on time. One local authority also felt the late application fee should go up. However, the broad consensus was that the fees were reasonable and affordable.

Approximately 88% of landlords on the register only own 1 - 3 properties. The combined impact of the fee changes to landlords owning 1 – 3 properties operating in one local authority area would be £14.00 - £22.00, respectively, over a 3-year registration. The cost of landlord registration can be offset by landlords as a legitimate business expense as part of their accounting process.

Landlords who have only one or two properties and are operating on smaller profit margins may experience the impact more than large-scale businesses. However, the impact on smaller businesses will be offset by paying less than larger businesses in terms of property fees, which will be payable at £15 per property.

The changes to fees will apply fairly to all relevant applicants, and they will continue to compare very favourably to the cost of similar licensing schemes that operate in other parts of the UK. For example, in Wales the minimum cost of registration and obtaining a licence fee is £177.50; in Thanet, the minimum cost of

a landlord licence is £455 for non-accredited landlords; in Nottingham, the cost of licensing is between £480 and £780.

Overall, we do not consider that the policy will have a negative impact on the competitiveness of Scottish businesses within the UK, or elsewhere in Europe or the rest of the world.

Competition Assessment

We do not consider that the proposals will have a negative impact on competition. The four [Competition and Markets Authority](#) (CMA) competition assessment questions given below will be used as an initial assessment of competition.

- Will the measure directly or indirectly limit the number or range of suppliers?

No. The policy does not award exclusive rights to a supplier or result in procurement from a single supplier or a restricted group of suppliers. The policy does not introduce a licensing scheme that controls market entry through a fixed limit on the number of suppliers. The policy does not introduce any new licensing scheme or legal duties on landlords that would control market entry through quality standards. It only seeks to provide greater reassurance that current legal duties are being met.

The businesses that took part in this assessment felt that the prescribed information requirements would have no significant impact on competition. The feeling was that there would be minimal impact for conforming landlords and that the impact would be greater for landlords that did not comply. Businesses felt that the changes would not limit the number or range of landlords or letting agents. Businesses expected there to be a bigger impact on low rental properties with small profit margins, which could result in some leaving the sector. Whilst a small number of landlords operating on tight margins might decide to leave the sector, this was not expected to have a significant negative impact on competition.

On fees, businesses thought that the impact on landlords would be limited and more keenly felt by landlords with slimmer profit margins.

- Will the measure limit the ability of suppliers to compete?

No

The businesses that took part in this assessment broadly felt there would be no significant impact on the ability of suppliers to compete. The new measures would enable greater all round compliance and more pushback from compliant landlords than non-compliant landlords. Businesses felt there would be a more level playing field as non-compliant agents and landlords previously had an unfair advantage over those who complied. It would not limit the ability of landlords and letting agents to compete. However, one letting agent thought the changes would make it harder for smaller businesses operating on low profit margins to compete in the market place.

- Will the measure limit suppliers' incentives to compete vigorously?

No

The businesses that took part in this assessment felt there would be no significant impact on the ability of suppliers' incentives to compete. In rural areas popular for holidays it was felt that more owners could choose holiday lets due to less regulatory burden compared to long term lets. The new measures would not limit incentives although increased administration and costs could lead to some landlords leaving the marketplace.

- Will the measure limit the choices and information available to consumers?

No

The businesses that took part in this assessment felt there would be no significant limitation on the choices and information available to consumers.

One landlord thought that excessive regulation could put people off continuing as landlords or becoming landlords, resulting in less private rented properties for tenants to rent.

In areas with growing tourism, one landlord and one local authority thought that some landlords might switch to renting out their properties through Air BnB and holiday lets respectively because there were far less regulatory requirements. Again, this would result in less private rented properties being available for tenants.

Consumer Assessment

This assessment has considered the following questions in relation to local authorities, landlords and members of the public as consumers:

- Does the policy affect the quality, availability or price of any goods or services in a market? The policy is intended to improve standards in the PRS in relation to property management and condition. We do not anticipate that the policy will have a negative impact on quality, price or availability of properties.

- Does the policy affect the essential services market, such as energy or water?

No

- Does the policy involve storage or increased use of consumer data?

Yes, applicants have always been required to provide information as part of the landlord registration application process. The policy in relation to prescribed information only requires applicants to confirm that they meet existing legal duties which does not involve new consumer data.

- Does the policy increase opportunities for unscrupulous suppliers to target consumers? No. The policy aims to improve standards of landlord practice for the benefit of consumers living in PRS homes.

- Does the policy impact the information available to consumers on either goods or services, or their rights in relation to these? No
- Does the policy affect routes for consumers to seek advice or raise complaints on consumer issues? No

Test run of business forms

The proposals will require amendments to the paper and online application process to accommodate changes to the prescribed information. Local authorities and users of the on-line system will be involved at the development stage so that the resulting process meets the objectives of the policy and is easy to use.

Digital Impact Test

The policy relates to the landlord registration application process, which is undertaken using an on-line service in around 95% of cases. Applications can be made offline in paper form if required. The availability of on-line and offline routes for making applications ensures that no landlord is prevented from submitting an application, for example due to lack of access to reliable internet services or ability to use on-line services.

Legal Aid Impact Test

The policy will not create a new procedure or right of appeal to a court or tribunal, or any change in such a procedure or right of appeal. The change in policy relating to the new prescribed information only seeks to draw out evidence of compliance with existing legal responsibilities. Some people may wish to consult a solicitor for general advice on letting practice, but this is unlikely to result in additional people seeking legal assistance or being taken through the courts. We do not anticipate any impact on the legal aid fund.

Enforcement, sanctions and monitoring

No new sanctions or enforcement measures will be created as a result of the policy. As is currently the case, landlords will not be able to submit a valid application for registration without providing all the prescribed information. Local authorities will continue to consider appropriate enforcement measures against any landlords who make false declarations in their registration application.

A yearly review of CPI data would be undertaken to ensure that the CPI increase remains appropriate.

New reporting mechanisms will be developed with local authorities to measure the impact of the policy on helping to drive up standards in the PRS.

The Scottish Government will continue to work with stakeholders to build on the current statutory guidance to deliver greater consistency in monitoring, compliance and enforcement across local authorities.

Implementation and delivery plan

Secondary legislation will be required to implement the policy. The regulations will introduce fee changes from 11 June 2019 and changes to the prescribed information will be implemented from 16 September 2019.

Summary and recommendation

Option 4 is recommended to deliver on the key aims of the policy. Option 4 takes a reasonable and proportionate approach to improving landlord awareness and compliance with legal duties. Option 4 also supports the work of local authorities by providing additional funding to support delivery of landlord registration. Tackling issues related to poor property condition and property management at the point of application, will ultimately improve the experience of those living and working in the PRS, and enable local authorities to focus more on enforcement activity against the worst landlords in the sector.

• Summary costs and benefits table

Option	Total benefit per annum: - economic, environmental, social	Total cost per annum: - economic, environmental, social - policy and administrative
1	No benefit – no driver to improve standards in the PRS.	Nil
2	Little benefit - limited scope to achieve objectives	Marketing costs around £300k
3	Some benefits – increased landlord awareness should contribute to improved property condition and management standards in the PRS. The Childs Rights and Welfare Impact Assessment and Equality Impact Assessment support the view that improving the quality of privately rented homes will have positive impact on those living in the sector.	<ul style="list-style-type: none"> • Development of new paper and online processes for prescribed information changes – cost to SG around £180k. • Provision of additional advice and support service by local authorities – £5 per landlord that requires advice and support services.
4	Most benefit – in addition to the benefits of Option 3, local authorities are better resourced to monitor compliance and support landlords to improve practice.	<p>Development of new paper and online processes for prescribed information changes; changes to IT to accommodate new fee structure – cost to SG around £210k.</p> <p>Provision of additional advice and support service by local authorities – £5 per landlord that requires advice and support services. These costs will be offset by the increase in application fees.</p> <p>Increased fees for landlords: Principal fee = £65; Property fee = £15; Additional fee = £130.</p>

Declaration and publication

Sign-off for BRIA:

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed: KEVIN STEWART

Date: 13 May 2019

Minister's name: Kevin Stewart

Minister's title: Minister for Local Government, Housing & Planning

Scottish Government Contact point: Denise Holmes

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