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Mr. Iain Pearce  
Economic Statistics  
Office of the Chief Economic Adviser  
Scottish Government  
Regent Road  
Edinburgh  
EH1 3DG

Dear Mr. Pearce,

### **Notification of Reclassification of Registered Social Landlords (RSLs) in Scotland**

The Scottish Government invited ONS to consider the statistical classification of RSLs in Scotland, after the passage of The Housing (Amendment) (Scotland) Act 2018 (the Act) and the Regulation of Social Housing (Influence of Local Authorities) (Scotland) Regulations 2018 (the Regulations).

ONS assessed the legislation against the internationally-agreed rules in the European System of Accounts 2010 and the accompanying Manual on Government Deficit and Debt 2016. Having completed this assessment, ONS has concluded that the local authority and central government influence in combination with the existence of agreements such as Common Housing Registers does not constitute public sector control. Therefore, Scottish RSLs have been re-classified from the Public Non-Financial Corporations subsector (S.11001) to the Private Non-Financial Corporations subsector (S.11002). The effective date for this re-classification is 19 September 2018, the date the Regulations came into force.

This classification decision has been made on the basis of our current understanding of the role of the public sector in RSLs. However, so that ONS can continue to ensure the correct classification we would request that ONS is notified if there are any changes in circumstances that could affect this classification decision.

This would include instances where the Scottish Housing Regulator makes use of its continuing power to appoint managers or officers to RSLs in Scotland, if the Scottish Government becomes aware of any RSL where public sector board membership (or share-holding) is 25 per cent or above, or if material additional information comes to light that suggests the sample of partnership agreements provided to ONS is not representative. As such, ONS retains the right to review the classification of RSLs confirmed in this letter or the classification status of individual RSLs. ONS will also likely review the classification status of RSLs in Scotland after the Regulations lapse after 3 years, which is specified in the Act.

The above conclusions have been approved by the Director of National Accounts (Nick Vaughan) to

whom the National Statistician has delegated decision-making on classifications.

As you know, the European statistical agency, Eurostat, has the right to review any ONS classification decision. This means Eurostat could decide to undertake its own assessment of RSLs, and might reach a different conclusion.

I trust this provides sufficient explanation of the assessment. Please do get in touch if you have any questions or comments.

Yours sincerely,

David Beckett  
Head of Economic Statistics Classifications