

SCF response to the Scottish Government consultation on the review of the Croft House Grant Scheme

Q1 – The Scottish Government proposes to replace the 3 present Geographical Priority Areas with 2 new areas. These new areas are suggested to be the Island and Non-Island Areas used for Common Agricultural Policy assistance. Do you have any comments on this proposal?

We agree that there is a need to recognise the additional cost of materials incurred by those reliant on ferry transport. However, high transport costs also affect remote mainland communities. Under this proposal, very remote mainland areas such as Ardnamurchan and NW Sutherland would receive the same rate of support as the immediate hinterland of Inverness; this is clearly wrong. Remote mainland areas should qualify for the same support as islands – this could be justified by SG carrying out regular surveys of real building costs or referring to the Building Cost Information Service of the Royal Institute of Chartered Surveyors. We would also question whether an uplift of £5,000 is sufficient to reflect the additional costs of building in remote mainland and island locations.

Q2 - The Scottish Government proposes to increase the levels of assistance to £28,000 and £23,000 for the proposed new high and standard priority areas. This represents a significant increase in the available assistance and also future proofs that assistance. Do you have any comments on this proposal?

Whilst any increase in the level of support is welcome, the proposed level of assistance comes nowhere near what would be needed to restore the value of the scheme to its historic level, which we estimate would require an assistance package of at least £75,000 – based on actual building costs. The very modest proposed increase will, we fear, continue to exclude those in most need of assistance by being, in effect, a means test in reverse. As revealed by the recent Economic State of Crofting Report, the crofting areas face a demographic crisis and only a far more radical approach to housing would start to address that. With housing in so many of the crofting areas priced out of the reach of the young we so desperately need, a more targeted approach is called for. We therefore strongly urge the Scottish Government to set an enhanced top rate of £75,000 for young crofters (defined in agricultural policy as 40 years and younger).

We also, again, urge the Scottish Government to look at reinstating a loan scheme, in line with the Scottish Parliament Rural Affairs and Environment Committee's inquiry report of 2009. The rate of £75,000 suggested could be made up of part grant, part loan, as was the case with CBGLS. With this apportioned as with CBGLS it would comprise £30,000 grant and £45,000 loan set at a realistic interest rate, the revenue of which would return to the scheme. This would mean public assistance would at most be £30,000.

The statement that the marginal increase suggested “future proofs that assistance” .makes no sense, unless re-set annually in line with actual building costs.

Q3 – – The Scottish Government considers that the costs of making improvements to housing is broadly similar irrespective of location; and therefore proposes to standardise the assistance offered to 40% of the actual costs of improvement up to the proposed maximum of £28,000 in the proposed new Island geographical area; and up to the proposed maximum of £23,000 in the proposed new Non-Island geographical area. Do you have any comments on this proposal?

We disagree with your logic that concludes that “costs of making improvements to housing is broadly similar irrespective of location”. Materials for improving houses have to be transported the same as do materials for building houses and transport is cited as the reason for higher building costs and therefore increased grant rates.

We take this to mean 40% of actual improvement costs being equal to the rate of assistance, and agree with it, as a minimum, as it seems to concur with the new-build grant rates. Improvement of existing housing stock should be encouraged as it would, in most cases, be a more cost effective use of both the crofter’s and public funds. Higher rates of assistance should therefore be considered for certain aspects of house improvement such as improving energy efficiency.

Traditional styles of croft house are regarded as “hard to treat” in terms of energy efficiency measures, and are therefore outwith the scope of the schemes implemented from time to time by energy companies and local authorities. This should be recognised in the future CHGS.

Q4 – The Scottish Government shall continue to fund construction or improvement of houses appropriate to the immediate, or near future needs, of the applicant crofter household; with the requirement that all new houses, with rare exception, should have no fewer than 3 bedrooms. Do you have any comments on the continuation of this policy?

SCF does not support continuation of this policy. It is too narrow and proscriptive, and forces crofters to build larger houses than they need or can really afford. It may well be that two bedrooms meet the current, and near future needs of a young, new-entrant crofting family. In these circumstances a small house should be supported, if necessary with the proviso that it is engineered to be capable of growing with the family, as and when finances allow.

Affordability must be the prime consideration if the scheme is to succeed in attracting young families.

Q5 – The Scottish Government proposes to offer no assistance towards the construction of a 3 bedroom house costing more than £170,000. The Scottish Government also proposes that an additional £15,000 will be added to the cap for each additional bedroom required in a house to meet the immediate, or near future needs, of the applicant crofting household. For example, no assistance would be offered to a 4 bedroom house costing more than £185,000 or to a 5 bedroom house costing more than £200,000. Do you have any comments on this proposal?

As we say above, a far more radical approach is needed to address the demographic crisis in the crofting areas, and this would involve a substantial uplift to the package of assistance for young crofters; at least £75,000 in total to restore the historic value of the scheme. With this apportioned as with CBGLS it would comprise £30,000 grant and £45,000 loan set at a realistic interest rate, the revenue of which would return to the scheme. This would mean public assistance would at most be £30,000.

A young crofting family would need to be able to service a mortgage of at least £100,000 to take advantage of the scheme as proposed, and we question whether those who can finance a £200,000 project are actually in need of government assistance at all. We would therefore support capping support if that would help to achieve a realistic level of support for those who really need it, the young.

Q6 - The Scottish Government proposes that non-implementation of business plans will, in future, become a condition of grant that, where breached, may lead to action to recover grant amounts. Do you have any comments on this proposal?

Unfortunately crofter housing support has in the past been misused in a very small number of cases, therefore we support the intention of this proposal provided it is applied with a degree of empathy and flexibility. Business plans sometimes have to change to suit prevailing conditions – e.g. changing production to suit market.

The point of this presumably is that CHGS assistance goes to active crofters; these are defined by crofting law and are monitored by the the regulator, the Crofting Commission, through the Annual Return all crofters have to fill in. There should therefore be no necessity for SG civil servants administering the CHGS to have any role in the policing of whether a croft is put to purposeful use or not. Their role is only to inform the Crofting Commission of those in receipt of CHGS assistance.

Q7 – The Scottish Government proposes to offer CHGS assistance on the construction of croft houses on land adjoining the croft, or adjacent if there is no adjoining land. Do you have any comments on this proposal?

We support this proposal, and it should include houses built on apportionments on the common grazing if there is no suitable site on the croft.

Q8 – The Scottish Government proposes to offer CHGS assistance for the improvement of houses whose historical link to the croft has been removed by decrofting. Do you have any comments on this proposal?

Agree provided the house is occupied by the crofter and no other house on the croft has been decrofted.

We also think that consideration should be given to tying houses that have been built with assistance from the scheme to the croft for a fixed term of, say 20 years, or for all time.

Q9 – Do you have any comments relating to other aspects of CHGS that you would like the Scottish Government to be aware of?

See our Supporting Paper attached.

It is clear by the questions that discussion has taken place and amendments to the scheme proposed, but as far as we know crofting representatives have not been party to the discussions. Who had the discussions and on what basis did they form the proposals found in this 'consultation'?

Please don't let this review be a missed opportunity. The Scottish Government has acknowledged the need to address the crisis in the age profile of crofters and farmers. CHGS should be a vital part of the solution in the crofting sector, but the proposals in this review will have at best a marginal impact. It is a case of tinkering with the bodywork when the engine has fallen out. Take this opportunity to completely transform a croft housing grant and loan scheme into something that will help retain and encourage young people to live in the crofting communities.

CONSULTATION ON REVIEW OF THE CROFT HOUSE GRANT SCHEME



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Scottish Crofting Federation

Title Mr Ms Mrs Miss Dr Please tick as appropriate

Surname

Krause

Forename

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3. Permissions - I am responding as...

Individual

/

Group/Organisation

Please tick as

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick **ONE** of the following boxes

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate

Yes No

Yes, make my response,
name and address all
available

or

Yes, make my response
available, but not my
name and address

or

Yes, make my response
and name available, but
not my address

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

Yes