

09 November 2015

Dear Rob

I would like to update the Committee on progress with the review of the Croft House Grant Scheme (CHGS). I have also copied this letter to the Infrastructure and Capital Investment Committee, given its interest in housing.

As you know, CHGS currently provides grants to crofters to build or improve their homes, with the aim of attracting and retaining people within the crofting areas of Scotland. It currently has an annual budget of £1.4 million pounds and since 2007 has provided support to almost 700 crofters.

CHGS has been operating in its present form since 2006 and, following requests from stakeholders, the Scottish Government carried out a consultation on potential changes to the scheme. The consultation was undertaken between 6 January and 31 March 2015 and received 53 responses from both organisations and individuals. An analysis of these responses was published on 3 August 2015.

Feedback from the consultation has been very helpful and we have been refining proposals on a number of matters in light of this, including the geographical areas eligible for the standard and higher rate of grant under the scheme, and the appropriate level of grant. I have also been considering whether it would be helpful, and workable in practice, to introduce a more formal method of targeting the scheme to those who need it most.

As a number of changes that I am considering progressing differ from those set out in the consultation paper, I believe that it would be beneficial to undertake a further, short engagement exercise with key stakeholders who responded to the consultation.

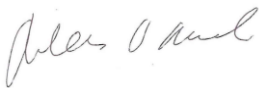
Although the further engagement exercise with key stakeholders was not anticipated at the outset of the review, I expect that it will still be possible to lay new regulations before dissolution of the Scottish Parliament at the end of March 2016, with changes coming into force shortly after.

Based on stakeholders' responses to the CHGS consultation, I also propose to look at again at scope to reintroduce a loan scheme to help crofters build their homes – including the potential benefits and barriers to doing this. In doing so I will look to align any specific support for crofters with wider housing policy. This is, however, a longer-term piece of work because I understand the impact that changes to CHGS will have on crofters and am keen to launch the new grant arrangements as soon as possible, without any delay that linking this to the exploration of the reintroduction of a loan scheme would cause.

I understand that in 2008-9, the then Rural Affairs and Environment Committee called for the reinstatement of the loan element to croft house assistance, as part of its inquiry into rural housing. I would welcome any additional views, or indeed further detailed consideration of this matter, that the RACCE Committee would wish to take forward now in light of changes to the mortgage market since 2009.

I hope that providing this update on progress on the review of CHGS, along with timetable for introduction of the new arrangements, provides certainty to the Committee, and to crofters, of the Scottish Government's commitment to continuing to provide support to improve croft housing.

Kind regards



AILEEN McLEOD