
6 January 2015

Dear Sir/Madam

CONSULTATION ON REVIEW OF THE CROFT HOUSE GRANT SCHEME

The Scottish Government launched a consultation today on a review of the Croft House Grant Scheme. The consultation period will end on 31 March 2015 and I would be grateful if you could let others in your organisation, and any interested stakeholders, know about the consultation.

The consultation documents, including response forms, can also be found on the Scottish Government website at <http://www.scotland.gov.uk/Publications/2015/01/4893> .

Yours faithfully

Phil Burns
Rural Business Development & Land Tenure Branch

Consultation on Review of the Croft House Grant Scheme

6 January 2015

Dear Crofting Stakeholder

CONSULTATION ON REVIEW OF THE CROFT HOUSE GRANT SCHEME

We are inviting written responses to this consultation paper by 31 March 2015. **Please send your response with the completed Respondent Information Form (see “Handling your Response” below) to:**

Phil.burns@scotland.gsi.gov.uk or

ARD: Rural Business Development & Land Tenure Branch
D Spur
Saughton House
Broomhouse Drive
EDINBURGH
EH11 3XD

All non-English responses should be accompanied by an English translation of the text.

If you have any queries contact Phil Burns on 0300-244-9841 or Gordon Jackson on 0300-244-9845.

We would be grateful if you could clearly indicate in responses not returned in the consultation questionnaire format which questions you are responding to as this will aid our analysis of the responses received.

This consultation, and all other Scottish Government consultation exercises, can be viewed online on the consultation web pages of the Scottish Government website at <http://www.scotland.gov.uk/consultations>.

The Scottish Government has an email alert system for consultations, <http://register.scotland.gov.uk>. This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new consultations (including web links). It complements but in no way replaces SG distribution lists, and is designed to

allow stakeholders to keep up to date with all SG consultation activity, and therefore be alerted at the earliest opportunity to those of most interest.

Handling your response

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the **Respondent Information Form**, which forms part of the consultation questionnaire attached to this letter as this will ensure that we treat your response appropriately. If you ask for your response not to be published, we will regard it as confidential and treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Next steps in the process

Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public in the Scottish Government Library by 30 April 2015. You can make arrangements to view responses by contacting the Scottish Government Library on 0300-244-4552. Responses can be copied and sent to you, but a charge may be made for this service.

What happens next?

Following the closing date, all responses will be analysed and considered along with any other available evidence. We aim to issue a report on this consultation process by 31 May 2015.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to:

Name: Phil Burns

Address: ARD: Rural Business Development & Land Tenure Branch
D Spur, Saughton House, Broomhouse Drive
EDINBURGH, EH11 3XD

E-mail: Phil.burns@scotland.gsi.gov.uk

We look forward to receiving your response to the consultation.

Kind regards

Phil Burns
Rural Business Development & Land Tenure Branch

CONSULTATION ON REVIEW OF THE CROFT HOUSE GRANT SCHEME

Background

1. A crofter is statutorily required to live on or within 32 km of his/her croft. Where there is no house on the croft, or the existing house is inadequate, the crofter usually has no alternative to building a new house or upgrading the existing house to comply with the residency duty associated with crofting tenure.
2. Croft tenants have the option of buying and decrofting a house site, at reasonable cost on their croft, which enables them to obtain commercial financing for the construction of a house. However, particularly in remote crofting areas, incomes may be lower and the costs of construction may often be higher than in other areas of Scotland. There are therefore difficulties in financing new construction and upgrading of croft houses. This means that if crofting is to contribute to the Scottish Government's policy of maintaining population in areas of the Highlands and Islands of Scotland, which suffer from disadvantages of scale, terrain, climate and remoteness, assistance has to be given to encourage the construction and upgrading of these houses.
3. The Croft House Grant Scheme has been operating in its present form since 2006 and this Review is intended to seek stakeholders' views on Scottish Government proposals to amend the Scheme and to increase assistance levels. This consultation document will also note a number of areas where no changes are proposed and you may wish to offer comments on these, and other aspects of the Scheme, in response to the final question posed in this document.

Aims and Objectives

4. The purpose of the Croft House Grant Scheme ("CHGS") is to facilitate the productive use of croft land through improving and maintaining the standards of crofter housing with the aim of attracting and retaining people in the more remote areas of the Highlands and Islands.

Provisions of CHGS

5. Assistance is provided at the discretion of the Scottish Ministers and on the merits of each case. There is no automatic entitlement to assistance. Even if an applicant meets the basic eligibility criteria other issues, such as the agricultural and economic use of the croft, require to be considered before a final decision can be reached.
6. At present, CHGS assistance is geographically targeted into high, standard and low priority areas, based on factors such as the fragility of communities, depopulation, remoteness, building costs and planning factors. Current assistance is set, respectively, at maxima of £22,000, £17,000, and £11,500 for the construction of a new house depending on priority area; and assistance for improvements to existing croft houses is also set at increasing rates depending on priority area.

7. The Scottish Government proposes to (a) increase the amount of assistance offered; and (b) use two rather than three geographical areas to determine grant levels.

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?

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?

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 a maximum of 40% of the proposed £28,000 and £23,000 in the new geographical areas. Do you have any comments on this proposal?

The Size of Houses to be Assisted

8. In line with the aims of the Scheme and the proper use of finite public funds, the Scottish Government's primary policy is to assist houses that are appropriate to the immediate, or near future needs, of the applicant crofter household. This primary policy is applied to both new croft houses and improvements to existing croft houses.

9. The Scottish Government also considers that assisting housing can also help to build up housing stock for future generations of crofters. It is customary for new houses to only be funded where they will consist of no fewer than 3 bedrooms (plus living area, kitchen and bathroom). This practice has worked well and there are no proposals for change. Scottish Ministers shall, of course, maintain the discretion to allow smaller houses to be assisted in the rare cases where this is appropriate.

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?

Proposed Introduction of a Cap on the Cost of Assisted Houses

10. CHGS has not previously been means tested and the Scottish Government has no plans to introduce this at the present time. However, the awarding of a standard rate of assistance does not target those in most need of help towards the costs of constructing a house. In order to target assistance at those in most need, the Scottish Government considers setting an upper cost limit above which assistance should not be provided. The suggested figure is based on the actual average construction of CHGS assisted housing and increased to future proof the assistance offered.

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?

Implementation of Development Plans to be a Condition of Grant

11. It is noted in paragraph 5 above that other factors other than the basic eligibility criteria are considered in determining eligibility for assistance. The most common other factor is that there should be an agricultural or existing business need for a crofter to be permanently resident on the croft to be eligible for assistance from public funds and development plans have to be agreed with the Scottish Government's agents.

12. Presently, non-implementation of such business plans is not fully monitored and is not regulated for as a condition of assistance, such as the requirement to be resident in a new house for a period of fifteen years. It is considered that this should be rectified and that non-implementation of agreed plans will be considered a breach. The Scottish Government will, however, pursue all reasonable alternative proposals before taking this step.

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?

Assistance to be Provided for Construction on Land Adjoining the Croft

13. Assistance may only currently be provided in respect of houses to be built on land in crofting tenure. However, while wishing to maximise the amount of land held in crofting tenure, the Scottish Government is content for land to be taken out of crofting tenure for the purpose of providing a croft house. On the other hand, restricting CHGS assistance to croft land removes the possibility of safeguarding croft land by assisting a crofter to build on an adjoining site. It also disadvantages those whose crofts may not be large enough for both a house site and agricultural exploitation. In such a case, they would be unable to demonstrate an agricultural justification to receive assistance. Permitting them to use land adjacent to their croft for a house and to agriculturally exploit the entire croft would benefit crofting.

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?

14. Additionally, access to assistance for home improvements is unavailable to crofters who continue to actively use their croft, but whose house site has lost its historical link to the croft by way of decrofting. In such cases, it is considered that assistance should be permitted to enable the crofter to make full use of 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?

Equality of Access to Assistance for Owner-Occupier Crofters

15. The Crofting Reform (Scotland) Act 2010 introduced the principle of equal treatment for both tenant and owner-occupier crofters, requiring each to fulfil the same duties and responsibilities.

16. In line with this principle of equality, crofting stakeholders are invited to note that the clause restricting owner-occupier crofters to assistance for a limited period of time after purchase of the croft will be removed when replacement Regulations are made.

Other Comments Related to the Review of CHGS

17. This consultation covers only the changes that the Scottish Government proposes to make. The current operation of the Scheme in relation to restricting eligibility to crofters (tenant, owner-occupier and Kyles) and cottars is proposed to continue, as are the provisions requiring eligible applicants to be inadequately housed and in need of a house on the croft. Further information on eligibility for the Scheme, and other matters, can be found in the current CHGS Applicant Guidance Notes on the Scottish Government website at:
<http://www.scotland.gov.uk/Topics/farmingrural/Agriculture/grants/BDandM/CHGS/CHGScrofterguidancenotes2013>

18. Conditions related to the offer and conditions of grant will be largely unchanged. However, the current Regulations will need to be amended later in 2015, to remove the current 7 year restriction on owner-occupier crofters and to make minor modifications to the application of grant conditions.

19. The Scottish Government welcomes your comments on other aspects of the Scheme not covered by its proposals. Space for such comments is provided at Q9 of the Response Form.

**CONSULTATION ON REVIEW OF THE CROFT HOUSE GRANT SCHEME
– RESPONSE FORM**

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?

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?

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 a maximum of 40% of the proposed £28,000 and £23,000 in the new geographical areas. Do you have any comments on this proposal?

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?

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?

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?

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?

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?

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

If there is insufficient space above for your response, please continue on a further sheet.

All non-English responses should be accompanied by an English translation of the text.

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

Title Mr ☐ Ms ☐ Mrs ☐ Miss ☐ Dr ☐ Please tick as appropriate

Surname

Forename

2. Postal Address

<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
Postcode	Phone	Email

3. Permissions - I am responding as...

Individual	/	Group/Organisation
<input type="checkbox"/>	Please tick as	<input type="checkbox"/>

- (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**



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