

# **RURAL AFFAIRS AND ENVIRONMENT COMMITTEE**

Wednesday 30 April 2008

Session 3

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2008.

Applications for reproduction should be made in writing to the Licensing Division,  
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ  
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate  
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by RR  
Donnelley.

---

# CONTENTS

Wednesday 30 April 2008

Col.

<b>DECISION ON TAKING BUSINESS IN PRIVATE</b> .....	697
<b>RURAL HOUSING INQUIRY</b> .....	699
<b>BUDGET PROCESS (FINANCE COMMITTEE REVIEW)</b> .....	715
<b>SUBORDINATE LEGISLATION</b> .....	716
Rural Development Contracts (Rural Priorities) (Scotland) Regulations 2008 (SSI 2008/100).....	716
Eggs and Chicks (Scotland) Regulations 2008 (SSI 2008/129) .....	716
Forestry Challenge Funds (Scotland) Regulations 2008 (SSI 2008/135) .....	716
Sea Fishing (Control Procedures for Herring, Mackerel and Horse Mackerel) (Scotland) Amendment Order 2008 (SSI 2008/156).....	716
Scotland Act 1998 (Agency Arrangements) (Specification) Order 2008 (SI 2008/1035) .....	716

---

## RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

† 9<sup>th</sup> Meeting 2008, Session 3

### CONVENER

\*Roseanna Cunningham (Perth) (SNP)

### DEPUTY CONVENER

\*John Scott (Ayr) (Con)

### COMMITTEE MEMBERS

\*Karen Gillon (Clydesdale) (Lab)  
\*Jamie Hepburn (Central Scotland) (SNP)  
\*Des McNulty (Clydebank and Milngavie) (Lab)  
\*Peter Peacock (Highlands and Islands) (Lab)  
\*Mike Rumbles (West Aberdeenshire and Kincardine) (LD)  
\*Bill Wilson (West of Scotland) (SNP)

### COMMITTEE SUBSTITUTES

Bill Kidd (Glasgow) (SNP)  
Nanette Milne (North East Scotland) (Con)  
John Farquhar Munro (Ross, Skye and Inverness West) (LD)  
David Stewart (Highlands and Islands) (Lab)

\*attended

### THE FOLLOWING GAVE EVIDENCE:

Derek Logie (Rural Housing Service)  
Raymond Young (Rural Housing Service)

### CLERK TO THE COMMITTEE

Andrew Mylne

### SENIOR ASSISTANT CLERK

Mark Roberts

### LOCATION

Committee Room 6

† 8<sup>th</sup> Meeting 2008, Session 3—held in private.



## Scottish Parliament

### Rural Affairs and Environment Committee

*Wednesday 30 April 2008*

[THE CONVENER *opened the meeting at 10:02*]

### Decision on Taking Business in Private

**The Convener (Roseanna Cunningham):** The first item on the agenda is a decision on taking business in private. We are taking oral evidence as part of our rural housing inquiry and the committee has formed the practice of holding brief private sessions after hearing oral evidence simply to review the evidence heard. It is proposed that that practice is repeated for the rural housing inquiry. I ask members to agree to take in private item 6 and equivalent items at later meetings in the inquiry.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** I agree with what you say if the purpose is to review the evidence that we have heard, but I am a little concerned about how the item is worded on the agenda. It says:

"The Committee will consider the evidence heard earlier in the meeting".

I would be happy with just that, but it goes on to say:

"with a view to identifying preliminary conclusions."

I do not want to give the public the impression that we make decisions in private session.

**The Convener:** We used the same wording throughout the flooding inquiry. It is not about decision making at this stage. It is simply about gathering views on the evidence that we have heard thus far. Any such views or preliminary direction are subject to further evidence. The conclusions of any inquiry are not drawn until the final sessions after all the evidence has been heard.

**Mike Rumbles:** And the purpose of considering the item in private is to help the clerks to understand where we are coming from.

**The Convener:** It is to help the clerks and the Scottish Parliament information centre to identify issues that we might want to flag up as we go through the inquiry, so that we are not left in a situation where everything has to be rolled up at the end of the process.

**Des McNulty (Clydebank and Milngavie) (Lab):** In that context, it might be worth adopting a form of words such as, "with a view to clarifying what further evidence might be required".

**The Convener:** The words are as they are on the agenda, but the purpose of the item is to clarify our views on the evidence that we have heard and to inform our next evidence-taking sessions. It also informs the clerks and the SPICe researchers. Is everybody happy with that?

**Members indicated agreement.**

## Rural Housing Inquiry

10:04

**The Convener:** Item 2 is about the rural housing inquiry. I ask members, under rule 12.4.3 of the standing orders, to delegate to me responsibility for authorising any relevant witness expenses incurred during the course of the rural housing inquiry.

**Members indicated agreement.**

**The Convener:** Thank you. Our next item of business is our first evidence-taking session in the rural housing inquiry. I welcome Raymond Young, convener, and Derek Logie, chief executive, of the Rural Housing Service. The witnesses wish to make a brief opening statement, which we request should last no longer than five minutes—I will start tapping the microphone if you overrun.

**Raymond Young (Rural Housing Service):** Thank you for inviting us. We are delighted that the committee is looking into rural housing. I will say a word about the Rural Housing Service before I hand over to Derek Logie. We have been around since 1993. We work with local communities and help to solve their housing needs. We work closely with 100 communities from Fair Isle to Port William, including Gigha, Laggan, and Colonsay. We are a small charity with only four members of staff, two of whom are field staff—one in Aberdeenshire and one, whom we have just appointed, in Moray. We are the centre for a range of people who come together once a year for our Rural Housing Service conference, which is regarded as one of the best points of information about rural housing.

Our key point, of course, is that affordable rural housing is essential to sustain rural communities. With that, I hand over to Derek Logie, who will take you through other key points.

**Derek Logie (Rural Housing Service):** We believe that some of the difficulties that face rural communities can be overcome by tackling some of the rural housing issues, which picks up on our written submission to the committee.

We agree whole-heartedly with certain points in the Government's paper, "Firm Foundations: The Future of Housing in Scotland", one of which is about the diversification of supply. We have talked for a long time about how we can diversify the supply from housing associations and involve community land trusts and private land owners in the delivery of affordable housing. A number of grants could be better pursued and we hope to see them delivered more effectively. We commend our field workers in Moray and Aberdeenshire—who we call rural housing enablers—whose role is

to support and raise awareness of the different housing options available in rural communities.

One of our key messages is that we have to hold on to what we have in rural communities. Rural Scotland has been hit hardest by the right to buy and the divestment of social housing. We welcome the proposed abolition of the right to buy for new-build social housing, but it needs to be taken further. The modernised right to buy that is due to be implemented in 2012 should be scrapped. Houses in rural communities that have been lost through the right to buy are more often lost entirely to the low-cost ownership world. They leak from the market to become holiday and second homes.

The population of rural Scotland is increasing and has increased substantially in the past five years. We need to support the sustainability of local communities by investing in affordable rural housing and increasing the amount of money invested in rural Scotland.

There never was much affordable social housing in rural Scotland. It starts from a low base and much of what there was has been sold. Just over a fifth of housing in rural Scotland is social housing whereas the figure runs at about a third in urban Scotland. In areas such as Highland, the rate is 14 per cent and it is 13 per cent in other areas. The correlation between the areas with the lowest amount of social housing and the highest level of second-home ownership is striking.

One key measure that must be taken to improve rural housing opportunities is to free up the planning system and enable it to help more. It was no surprise to us that a key finding of the Organisation for Economic Co-operation and Development report on Scotland's rural policy was the strange situation in which we have an abundance of land and a shortage of affordable rural housing because of the strictures on land supply. We look to deliver more affordable housing through pursuing exceptions policies and allocating land specifically for affordable housing on the edge of rural villages. We welcome the statement to that end in "Firm Foundations". We want planning policy to be rural proofed, so that rural communities' needs are not subjugated to more general policies, such as the wider sustainability policies.

**The Convener:** I will kick off with a general question. What definition of the term "rural" do you use in your work?

**Derek Logie:** The definition that we use is similar to the Scottish Government's. We do not work with communities that have a population of more than 3,000.

**The Convener:** Is that regardless of where the communities are?

**Derek Logie:** Yes.

**The Convener:** We have heard several definitions, even from the Scottish Government.

**Derek Logie:** We also use a postcode map, which is based on the Scottish Government's definition.

**The Convener:** Right.

**Peter Peacock (Highlands and Islands) (Lab):** I will ask about the planning system, but first I will follow up the convener's point. In your written evidence, nothing comes through about differences in rural Scotland. Do you recognise any such differences? I live near Inverness, so I am close to a big and growing urban centre, which has particular pressures. For people who live in Shetland and other remote islands, the pressures are different. In the remote west Highlands, the issues are different from those around Inverness, which are different from those in the Borders and in village settlements with a different nature. Do you recognise the great diversity in rural Scotland and, if so, what are the policy implications? Does the diversity require different policies in different places?

**Raymond Young:** Yes. We did not mention that diversity in our evidence, but we recognise the different nature of parts of rural Scotland and the different pressures on those areas. You mention Inverness. The pressure on the rural hinterland and commuter belt is different from the pressure on the west coast. We recognise that the differences are important, although we do not use them in deciding which communities we will help. It is equally important that it is accepted that different policies will apply in different areas, at a governmental level. For example, if you asked us to give you a policy steer, our suggestion about what assistance to give in the crofting counties would be different from our suggestion for the Borders, because of the different nature of those areas.

**Peter Peacock:** I turn to the planning system. You mentioned in your opening remarks and your written evidence that the OECD report cites the rigid approach to land use in rural areas. Will you give examples from your experience of the practical implications of that approach? What causes Scotland to have rigid planning policies in its rural areas?

**Derek Logie:** We came across an interesting example of that when we helped the Buchanan community on the banks of Loch Lomond. The community has a crucial need for affordable housing, because of the pressures from commuters, holiday homes and the national park. It is a case in point of multiple pressures on the housing market. One of the main communities in the Buchanan area is Balmaha, but it was defined

in the local plan as open countryside, so it was difficult to build housing in the area. No land was zoned for housing because there was no settlement in which to zone land, but the area had been zoned as a settlement in a previous local plan, so housing could have been built there.

10:15

**Peter Peacock:** Is that a function of Government guidance and of a policy view about how rural Scotland should look to urban dwellers when they visit it, or is that a result of local authorities interpreting national guidance in different ways that could have the adverse impacts that you describe?

**Derek Logie:** The bulwark of local authority planning policy will be the guidance that Scottish planning policy 3 gives on where housing should be located. One of the first statements in the policy is a presumption against development in the countryside. That is the main route that local authorities will take, but some will be freer than others. How the guidance applies in the crofting counties, for example, might be more widely interpreted.

**Peter Peacock:** I accept that. Do you contend that the presumption against development in the countryside is wrong in principle?

**Derek Logie:** We need to recognise that rural Scotland is changing. More people can live and work there and more people want to stay and make their lives there. We need to accommodate that through our planning policy. Planning policy has not delivered sufficient sites in different locations. A rural perspective needs to be taken on what we consider to be a sustainable location.

**Raymond Young:** The answer relates to Peter Peacock's first question. Treating the whole of rural Scotland as one place brings about the presumption against rural development. We could start to look at Scotland differently. Local authorities probably need to decide which parts of their estate are and are not developable.

Peter Peacock asked for the reason for the situation. I suspect that the answer goes back historically to the clearing out of rural Scotland and the view that rural areas are lungs for the cities and all the rest of it. Rural Scotland was a playground and an agricultural place rather than a place for development. When we take a different view of what rural Scotland is for in the future, we will take a different approach to planning.

**Peter Peacock:** So you would substantially liberalise—if I may put it that way—the view of rural Scotland and you would encourage the Government to take a much more liberal view.

**Raymond Young:** Yes. A liberal but responsible view should be taken in determining what happens in an area.

**Peter Peacock:** Your submission says that one way for planning policy to tackle housing availability in areas where the land supply is limited is, although the land has been zoned for housing, to dezone it. I presume that the possibility of losing the ability to develop would be intended to be an incentive for people to develop. Has such a system been experienced anywhere? If local authorities have taken that approach, has it had the desired effect?

**Derek Logie:** There is not much experience of local authorities designating land for affordable housing, which is the context to which we refer. A limited number of local authorities have done that. However, the experience has been that landowners sit on such land and hope for a better designation.

There are strictures on affordable housing in planning advice note 74 and the new SPP 3 talks about zoning land on the edge of villages for affordable housing. It has been suggested that if that is to work, we have to give it teeth. We have to find a way to encourage landowners to make land available for affordable housing development by saying that it will not get zoned for anything else. We might say that the land ain't going to be zoned for general housing, so if it is not delivered for affordable housing, it will not get zoned at all. There are different ways of doing that. One is to say that people use it or lose it, in terms of planning permission. Otherwise, we could introduce compulsory purchase to encourage development. The benefit of a compulsory purchase order would be that the land could be made available when the money was available to invest in building on it.

**Des McNulty:** That is interesting. You are basically advocating rezoning, more zoning and the compulsory purchase of sites. Why are councils not doing that already? Are there restrictions that prevent them from doing that, or is it a matter of choice?

**Derek Logie:** On zoning land specifically for affordable housing, some people did not think that the sentence in PAN 74 on affordable housing was strong enough; they thought that it would be open to legal challenge. However, they have taken comfort from the consultation draft of SPP 3, which reiterates what is said in PAN 74 about affordable housing on the edge of villages. Some people are now saying that we can provide affordable housing in that way, whereas before they felt that they were not able to do so. The Wester Ross local plan has the ability to provide for that, as do other local plans throughout the country.

**Des McNulty:** You mentioned SPP 3 and PAN 74. There are also the structure plans that each local authority makes. Do those plans need to be beefed up to pull together a zoning decision? You are talking about the interpretation of different pieces of guidance. The structure plan represents the authority's statement of intent as to how it will proceed. Does there require to be conformity of the structure plan with housing need? Should we condition housing allocation grants that go to rural areas on structure plan intentions, which would suggest that they are going to do something about breaking down the barriers to affordable housing that you say exist?

**Derek Logie:** My experience of structure plans generally is that the research is not fine-grained enough to deliver affordable housing in small rural communities. They are about global figures and land supply. That is also our experience of local plans and the strategic housing market assessments.

**Des McNulty:** I am not sure that it comes down to research. There is an issue about intentionality on the part of authorities, because they seem to be facing both ways. On the one hand, they are saying that we need to protect the rural environment and, on the other hand, they are saying that we have an incredible affordable housing problem. How do we break down that process whereby they are saying different things?

**Raymond Young:** We need to define what we mean by the large affordable housing problem. In smaller communities, it is about providing two or three houses, rather than big developments. Bigger developments are easier. One of the problems of the funding regime that we have is that it encourages housing associations to go for the larger communities, such as building in Lochgilphead a housing development of 30 houses, rather than putting two or three houses in each of the villages around Lochgilphead. People who need affordable housing are having to come into the bigger settlements, rather than being in smaller communities. As house prices rise in the smaller communities, people on low and medium incomes are forced into the bigger communities. That is the problem. The structure plan takes an overall view, but there is a fine-grained problem.

**Des McNulty:** Is there an argument for not seeing small developments purely as small developments, but aggregating and banding them together in such a way that the authority must achieve several different outcomes, perhaps in different parts of its area?

**Raymond Young:** There may be an argument for considering settlement developments as a whole and how settlements develop over a period of time. A wider view could be needed.



In our submission, we mention planners who said that there could not be affordable housing in an area because the bus service was not good enough and poor people do not drive cars. We all know that everybody in rural areas has a car, although their quality differs. We need to consider settlement sizes, what happens to settlements, how we can allow them to grow and who owns the land. That is why we support things such as compulsory purchase. In the case that I mentioned, affordable housing is more of an infrastructure issue than a housing issue. We must ask how communities will survive if they do not have affordable housing. If they do not have it, they will lose their post office, shop, school and all sorts of other things. We will end up with settlements that are basically lived in by rich people whose pattern of using those settlements will be different from that which other people would want.

**The Convener:** What councils are exhibiting best practice and getting things broadly right? I am not asking you to name councils that are getting things catastrophically wrong. I want to be positive. I do not expect that any council is getting things 100 per cent right, but which councils would you hold up as good examples?

**Derek Logie:** Highland Council broadly exhibits good practice. It has local development fora that do some of what Raymond Young has just been talking about. Settlement development is planned. Obviously, it has quite a rural focus—rural areas are its bread and butter—but it has exhibited a great deal of knowledge of the needs of small rural communities in the Highlands.

**The Convener:** You advocate rural proofing, which is a buzz phrase that we are beginning to hear quite a lot. For our inquiry, do you think that it is better to have broad national policies that explicitly accommodate both urban and rural aspects—perhaps they have not done so before—or separate planning and housing policies for rural and urban areas?

**Derek Logie:** As we say in our submission, if we are going to have a broad policy, it needs to have sufficient—

**The Convener:** I asked which approach you would prefer.

**Derek Logie:** We would prefer to have a national policy that recognises differences.

**The Convener:** So you would prefer to keep a national policy that recognises differences as opposed to having two separate policies.

**Derek Logie:** Yes.

**The Convener:** Okay. I want to move on. We have ranged outside planning issues.

Peter, do you want to pick up on anything relating to the supply of land infrastructure?

10:30

**Peter Peacock:** If I may, convener. I have covered a couple of issues, but there is another point that I want to raise, on one of the paradoxes that is involved. There are colossal tracts of land in the Highlands, the Borders and Dumfries and Galloway with virtually nobody on them, but existing communities or settlements often find it difficult to persuade landowners that housing is a priority. There are different circumstances across the country.

You have highlighted a number of instances in which planning guidance might be partly responsible; for example, landowners cannot be bothered to sell their land because they do not think that developers will get planning permission. You have also suggested that there should be more zoning. However, if the landowner is not at all predisposed to giving up land—because, for instance, the estate believes that land should not be sold for any purpose—what other instruments do you have at your disposal? You have mentioned using compulsory purchase orders, but you have said nothing about incentivising landowners to make land available. Could a basket of incentives—including, I presume, grants—be made available to landowners to develop low-cost or social housing?

**Derek Logie:** The rural homes for rent scheme, which the Government announced at our conference and which we welcomed in our opening remarks, does exactly that: it incentivises landowners to use their land for affordable housing. We hope that such a move will bring them further into the world of affordable housing provision and will allow them to get better at delivering affordable housing by providing land—or, indeed, property. As we all know, rural Scotland has an abundance of empty properties, which we hope will be better used. After all, they are still connected to the water and sewerage infrastructure. In our experience, the grants and incentives that are available for such properties have not been at all well used because they are not big enough to make such involvement viable for landowners.

**Peter Peacock:** Just—

**The Convener:** Please be brief, Peter, because John Scott and Mike Rumbles want to get in.

**Peter Peacock:** I had a question about water and sewerage infrastructure, but is someone else covering that area?

**The Convener:** John Scott has some questions on that.

**John Scott (Ayr) (Con):** I wonder whether we can drill down a bit into the main factors that are preventing land that is suitable for house building from becoming available, particularly at affordable prices. You have mentioned zoning and CPOs. However, is issuing a CPO not a last resort? Surely a more uniform interpretation of the current planning guidance would go some way towards addressing the problem. Why are people not releasing the land?

**Derek Logie:** Where land in small rural communities has been zoned, landowners will simply sit on it either because of the way the market is operating or because a developer has an option on it but is not planning to develop it at the moment. That is why land is not being released.

**Raymond Young:** We also need to tackle a number of cultural issues. For example, there is a certain perception about the kind of people who live in affordable housing. I hesitate to use the dreaded word “nimby”, but when it is made clear to people that such housing is needed, they will say, “We don’t want it, because we don’t want the kind of people who live in it.” Affordable housing has come to be associated with poor households, and I think that the way in which housing has been allocated historically has made landowners worried about the kind of people that they will end up with. Moreover, as some housing associations have found, certain local authorities ask for such a large contribution from developers that they simply cannot afford to develop the land.

Landowners are not getting involved because of certain historical attitudes that are only now being changed. The Scottish Rural Property and Business Association, with support from Communities Scotland, has created a housing officer, which has started to result in much more land being released. That has been significant. There is a cultural issue about getting landowners to release land and understand the benefits to them of doing so.

**Derek Logie:** Landowners in some areas have been willing to release land. For example, the Scottish Borders Council has an exceptions policy whereby land that is not zoned for housing can be used for affordable housing in exceptional circumstances if there is demonstrable need. Several landowners have been willing to release land for affordable housing development on that basis. That land is basically not doing anything else—it is a field, with agricultural value. Releasing it benefits the landowners, because they get an uprate on the value of the land, even if it is not to the value that they would get for open-market housing. In some respects, the issue boils down to the planning strictures. If we free up the planning system, more land will become available.

**John Scott:** Do you accept that, historically, a lot of land has not been freed up because of agriculture department strictures that the type of land—usually flat land near villages—was required for agricultural production? Although that requirement has perhaps not existed in the past 20 years, we may be going back to that because of the emerging issues of food security and food scarcity. We must think about that, because it is a real issue. That is more a statement than a question.

How big an impact is there from Scottish Water’s lack of ability to accommodate requests to provide water supplies and sewerage infrastructure?

**The Convener:** The issue is not only about water. For example, the enormous costs that are demanded for an extension of the gas supply can often make projects difficult to progress financially.

**Derek Logie:** The general consensus in the housing world seems to be that the situation with Scottish Water investment has improved a lot. At a recent conference, people talked about the Scottish Environment Protection Agency being the problem now. The situation has improved, but many small rural communities are still, in effect, red circled for development because there is no capacity left and no alternative but to wait 20 years until the sewerage system is developed. Research on the unplugged house should be published in the next month or so. We want further development of such measures. We should also consider how to expand the rules on shared septic tanks and their use within or adjacent to existing settlements. At present, such use is prevented because people are meant to join the mains, even though there is no capacity in the mains and it might be 20 years until further development takes place.

**John Scott:** In a sense, Scottish Water has become a de facto planning authority.

**Derek Logie:** Yes.

**John Scott:** And the only way that you can see in which to address that is by having more septic tanks.

**Derek Logie:** Scottish Water’s priorities in deciding in which communities developments will take place come from the planning authorities. However, ad hoc development that is required in small rural communities will not be in those plans, so we need different methods to tackle that problem.

**The Convener:** It would be helpful when you talk about different methods if you could give us examples of what you mean.

**Derek Logie:** I mean measures such as shared septic tanks or the unplugged house, by which I mean that—

**The Convener:** I understand what unplugged houses are. Are they the kind of measure that you mean when you talk about overcoming the problem?

**Derek Logie:** Yes.

**Raymond Young:** The convener asked about gas. The two main purposes of gas are heating and cooking. There is an issue about the use of biomass, specifically wood fuel. Either the University of Dundee or the University of Abertay Dundee—sorry, I cannot remember which—has done interesting work on how to use wood fuel for small developments to provide a cheaper alternative to gas, and therefore a much cheaper alternative to electricity. More work needs to be done on that because it would also make sustainable use of local forests.

**The Convener:** If we have time at the end, I want to ask a question about sustainability. Mike Rumbles is waiting to ask a question and then we need to move on to funding.

**Mike Rumbles:** I will focus on an issue that was raised earlier: land that is zoned for affordable housing but which is not being released for building. I find that strange because if houses were built on such land, it would be good for the community—especially if it were affordable housing—but it would also be good for the landowner, who would make a whacking great profit on the land that he sold. Human nature being what it is, profit is the biggest incentiviser that I can think of. Therefore, I am a bit sceptical about asking how we can incentivise landowners to release land, as I have never come across an owner of land that is zoned for housing who does not want to let houses be built on it. Would you address that point?

I would also like you to explain your responses to John Scott's questions about Scottish Water. I represent a very large constituency in the north-east of Scotland. Scottish Water has assured me that there are no cases in which it is holding up planning because of lack of capacity. I will be interested to hear of specific examples where that is the case because, if the convener is willing, we could get Scottish Water in to address any such cases.

**Derek Logie:** On your first point, the problem of landowners not releasing land arises when the land does not have a wider housing designation. If the land has an affordable housing designation, the experience in some areas, such as Arran, is that the land has been sat on as the owner waits for a wider designation than just an affordable housing one. Obviously, the land values are different for the two types of designation. Landowners could argue, as planners have argued to me, that the developer will say, "If I can

build an affordable house there, surely I can build any kind of house there." It is about land use and the topography of the area as much as anything else.

I agree that on occasions when land does not have the right designation, houses will be built on it eventually if it has a wider housing designation, but it is a question of the programming of such building because of developers' budgets.

**Mike Rumbles:** I am ignorant about the situation, which is why I ask the question. I was not aware of areas that are allocated specifically by local authorities for affordable housing. In this day and age, I would have thought that we needed a mix of housing. I find it very strange that land would be designated purely for affordable housing.

**Derek Logie:** The policy recognises that small developments on the edge of villages could be designated for affordable housing if we are talking about a maximum of eight to 10 houses. The planning policy encourages mixed developments that retain 25 per cent of the land for affordable housing. The policy recognises that there might be large imbalances between the types of tenure in villages. In some villages, tenure is 80 to 90 per cent owner-occupation. There is perhaps more of a need for affordable housing than there is for any other kind of tenure, so land on the edge of villages is zoned for it. Villages are generally mixed communities in any case, so a small affordable housing development on the edge of the village will not unbalance the community.

**Mike Rumbles:** In your view, is such zoning a major problem? You referred to Arran, but I have not come across the situation anywhere else. I am trying to get from you an idea of the scale of the situation.

**Derek Logie:** That kind of zoning is not widely used, but we would encourage it. Given that it is not widely used, it is not a huge problem.

10:45

**The Convener:** We are running a little behind time, so I will have to allow this to go on a bit further, but I ask the questioners and those answering to tighten everything up.

**Des McNulty:** In your submission, you claim that

"Despite the greater costs of building in rural areas, government subsidy to rural housing providers is lower per house in rural areas than urban areas".

Will you give us a bit more information on that?

**Derek Logie:** By and large, that is because of the different tenure mix in rural housing developments. Historically, there has been more low-cost ownership within rural developments as a

way of making them stack up financially and bringing more private finance into them. Therefore, the grant that is required will be lower because more private finance goes into the development because there is more owner-occupation through shared ownership or the new shared equity scheme.

**Des McNulty:** In a sense, you are saying that it is a lower subsidy but it delivers a lower number of properties. It is not that the level of subsidy per house is lower, just that—

**Derek Logie:** There are more houses.

**Des McNulty:** You say that the “Firm Foundations” approach, which

“suggests that housing providers should deliver housing at lower subsidy levels”,

has adverse implications for what you want to happen in rural areas. Will you expand on that?

**Derek Logie:** We are unsure whether there would be adverse implications. If large developments are to be parcelled up together, we would like small developments to be part of that. The obligation would be on a developer who has to develop housing across a whole local authority area—it might be one developer who has to do all that. The agreement with them would need to be something like, “If you are going to develop 50 houses in Lochgilphead,” to use that example, “we also want you to develop four houses in all these small communities.”

There are ways of making it work. We have concerns that development in small communities will not happen because developers will decide that building 50 houses elsewhere will meet the need because people can travel. “We do not want people in social housing in small communities anyway—they can’t afford to live there because they can’t run cars”—I hear that sort of thing from other members of the housing association committee that I am on, who say that we cannot possibly take our 25 per cent quota in a small rural village because our tenants cannot afford to live there. That is a great concern to me.

**Des McNulty:** In a sense, that takes us back to planning issues. You seem to be saying that, as long as developments of two, three or even eight or 10 houses on the outskirts of village X are not considered as part of a broader development—perhaps involving a number of different locations within a rural area—it is difficult to deliver what the 25 per cent minimum threshold delivers in urban areas. Is that really what you are saying?

**Derek Logie:** In a lot of local authority areas, the threshold is 15 or 20 houses before the 25 per cent policy kicks in. However, where the threshold is low, a housing association will too often turn round and say that it does not want a small

development of two houses in a wee village because that would give it management problems and it would prefer the affordable housing quota to be delivered somewhere else, or accept commuted sums or off-site provision somewhere else.

**Des McNulty:** Is that problem related to how planners and developers work together? In rural areas, they always seem to operate in penny-ante numbers, so they can never deliver the volume of affordable housing that is delivered in urban areas. Could they change how they work by grouping developments together so that they can require that the same targets be delivered in rural areas as are delivered in urban areas?

**Derek Logie:** That is what we want. Currently many housing associations—particularly rural housing associations—cannot get land to build on. The only means by which they can develop housing is using the 25 per cent policy. The housing associations are not steering development; rather, they are saying, “Well, we’ve got a big bit of land. We’re going to build 10 houses here just for rent because that’s what’s required.” Until we get separate designations, we will not have the whip hand, as it were.

**Raymond Young:** A good example is the Highland Housing Alliance, which goes out and gets land in advance; it manages land and sorts it out with housing associations. It would be good if there were more such continuing developments. The other side of the coin, of course, is need at local level. We have spent much time on doing surveys of local housing need because need is not easily identified through the normal processes of considering waiting lists and so on. Some people do not bother putting their names on waiting lists because they think that no council houses will ever be built in their village.

We need to do more analysis at the bottom level, which is why we encourage rural housing enablers. They work with the community to identify need, then go out to find ways in which that need can be met, which includes working with the local authority. We have not mentioned Aberdeenshire Council in our discussion, but it works well with rural housing enablers. In addition, the enablers go to landowners who may have some available land to persuade them that they can chip in as well, which means that the project starts to come together.

**The Convener:** Jamie, do you want to come in on affordability issues?

**Jamie Hepburn (Central Scotland) (SNP):** Indeed. I am specifically interested in issues around the right to buy. It is clear from your written evidence that you are critical of the right to buy because it causes a shortage of social rented

housing in rural communities. I want to explore three areas, but I will combine them into one question because I know we are running out of time.

First, you suggest in your written evidence that all the council housing in some villages has been sold. I presume that you mean that literally and not pejoratively. If that is the case, can you provide examples? It would be useful for us to know about such areas.

Secondly, you suggest that the pressured area status has offered only limited assurance and that your organisation's experience is that, even in areas in which there are pressures on the housing market, local authorities have been reluctant to use the pressured area status power. Who are those local authorities, and why do you think they are so reluctant?

Finally, you welcome the proposal to end the right to buy for new social housing, but you say that it will have a limited effect on increasing the supply of social housing. What evidence have you for that view? Since the proposal was announced, we have seen plans for the building of more council houses than have been built since the convocation of the devolved Parliament almost a decade ago.

**Derek Logie:** There are probably many examples of villages in which 100 per cent of the council houses have been lost. However, off the top of my head, I can think of a village in the Borders called Foulden, which previously had six council houses but now has none. I am sure that there are similar examples in other communities.

**The Convener:** If you cannot provide those examples today, can you do so later?

**Raymond Young:** Yes.

**The Convener:** Thank you.

**Derek Logie:** Certainly, 75 to 100 per cent of council houses in small villages have been lost to the right to buy.

On pressured area status, I did research last year for the Scottish Crofting Foundation on houses on croft land and the use of croft land for housing. As part of the research, I talked to Western Isles Council about pressured area status and its use or non-use of that power. The council is reluctant to give pressured area status to any area in the Western Isles because it feels that to do so would encourage a run on the bank, as it were, whereby the fear that they would lose the right to buy—they would not—would encourage many people to buy their council houses.

**Jamie Hepburn:** Your fear is that the pressured area status power would do exactly the opposite of what it is intended to do.

**Derek Logie:** That would happen even before the designation of pressured area status. However, the experience of designation shows that what Western Isles Council fears has not happened. Local authorities could share that experience and be assured that what they fear will not happen.

**Jamie Hepburn:** My previous point related to the restrictions on the right to buy for new-build social housing.

**Derek Logie:** We really welcome that. Our main concern was that housing stock would be lost through implementation of a modernised right to buy for existing tenants who currently do not have that right—although it is not as generous as the existing right-to-buy scheme.

**Peter Peacock:** Where pressured area status has been applied, has it been universally successful in its objectives, or has it been a mixed experience?

**Derek Logie:** The situation needs to be reviewed—I cannot answer that question as things stand. The designation has certainly helped to encourage landowners to make land available, to which we refer in our written submission. There was evidence to suggest that implementation of the right to buy was preventing landowners from releasing land to housing associations because they feared that it would be lost. Many landowners came out with statements such as, "My father released land for council housing and it is all used for second homes now—I don't want that to happen again". Pressured area status helps to overcome that objection.

**The Convener:** It is inevitable that members will want to ask follow-up questions, and you might want to give us some follow-up information. Thank you for coming—we will contact you soon.

## Budget Process (Finance Committee Review)

10:56

**The Convener:** Agenda item 4 is the Finance Committee's inquiry on the budget process; a paper has been circulated to members. It is not intended that we will have a lengthy discussion at this meeting, because the issue is on the agenda for our next meeting on 14 May. We have big commitments in terms of our work programme, so I will ask some basic questions. Does the committee wish to respond—although doing so is not essential—to the Finance Committee's consultation?

*Members indicated agreement.*

**The Convener:** Are there any particular areas or issues that members would like our full discussion on 14 May to focus on?

**Peter Peacock:** I would like to return to discussion about the level of detail in the budget at level 2 and level 3. That information is critical to our understanding—it is the principal point.

**Des McNulty:** There are issues concerning the amount of information that we can get in preparing alternative spending proposals, and the way in which those can be introduced by subject committees and taken forward through the Finance Committee. There is perhaps some relaxation there.

**Peter Peacock:** That might encompass the point about the ability to move amendments to the budget in the current system, which has some clear restrictions on it that we had not thought out in the first session of Parliament because there was not a minority Government.

**The Convener:** The same was true in the second session; it suited everyone for the first eight years to go on in the same way.

**Peter Peacock:** There are issues of importance arising from that.

**The Convener:** Okay. We will ask for further information to develop those points so that we can have a more focused discussion at the next meeting.

**Des McNulty:** I should mention that as the former convener of the Finance Committee, I have been asked to give evidence to the current Finance Committee on budget issues.

## Subordinate Legislation

### Rural Development Contracts (Rural Priorities) (Scotland) Regulations 2008 (SSI 2008/100)

10:59

**The Convener:** Under agenda item 5, there are five statutory instruments for consideration.

**The Convener:** SSI 2008/100, on rural development contracts, was carried over from the previous meeting because of concerns that Mike Rumbles and John Scott expressed. There has been correspondence with the Cabinet Secretary for Rural Affairs and the Environment on their points. The 40-day period for the instrument expires tomorrow, 1 May. Do Mike Rumbles and John Scott have any comments on the cabinet secretary's response? I see that they do not.

Do members agree not to make any recommendations in relation to the instrument?

*Members indicated agreement.*

### Eggs and Chicks (Scotland) Regulations 2008 (SSI 2008/129)

### Forestry Challenge Funds (Scotland) Regulations 2008 (SSI 2008/135)

### Sea Fishing (Control Procedures for Herring, Mackerel and Horse Mackerel) (Scotland) Amendment Order 2008 (SSI 2008/156)

### Scotland Act 1998 (Agency Arrangements) (Specification) Order 2008 (SI 2008/1035)

**The Convener:** No-one has raised any concerns about the four remaining instruments. SI 2008/1035 is a United Kingdom order, and is subject to the negative procedure in the Scottish Parliament and in both houses of the UK Parliament. I draw members' attention to paper 10, which is relevant to the order. If members have any comments or concerns about any of the four instruments, it is possible to defer that until 14 May.

Do members agree not to make any recommendations in relation to the remaining four instruments?

*Members indicated agreement.*

**The Convener:** I close the public part of the meeting.

11:01

*Meeting suspended until 11:05 and thereafter continued in private until 12:27.*





Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

**Friday 9 May 2008**

#### PRICES AND SUBSCRIPTION RATES

##### OFFICIAL REPORT daily editions

*Single copies: £5.00*

*Meetings of the Parliament annual subscriptions: £350.00*

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

##### WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

*Single copies: £3.75*

*Annual subscriptions: £150.00*

Standing orders will be accepted at Document Supply.

Published in Edinburgh by RR Donnelley and available from:

#### **Blackwell's Bookshop**

**53 South Bridge  
Edinburgh EH1 1YS  
0131 622 8222**

**Blackwell's Bookshops:**  
243-244 High Holborn  
London WC1 7DZ  
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

**Blackwell's Scottish Parliament Documentation**  
Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

**Telephone orders and inquiries**  
**0131 622 8283 or**  
**0131 622 8258**

**Fax orders**  
**0131 557 8149**

**E-mail orders**  
**business.edinburgh@blackwell.co.uk**

**Subscriptions & Standing Orders**  
**business.edinburgh@blackwell.co.uk**

#### **Scottish Parliament**

**RNID Typetalk calls welcome on**  
**18001 0131 348 5000**  
**Textphone 0845 270 0152**

sp.info@scottish.parliament.uk

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

**Accredited Agents**  
(see Yellow Pages)

and through good booksellers