

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 28 May 2008

Session 3

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

11th 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:

Andrew Bradford (Scottish Rural Property and Business Association)

Jonathan Fair (Homes for Scotland)

Sarah-Jane Laing (Scottish Rural Property and Business Association)

Richard Lochhead (Cabinet Secretary for Rural Affairs and the Environment)

Drew McFarlane-Slack (Scottish Rural Property and Business Association)

Bruce Walker (Robertson Homes)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Mark Roberts

LOCATION

Committee Room 6

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 28 May 2008

[THE CONVENER *opened the meeting at 10:01*]

Rural Housing Inquiry

The Convener (Roseanna Cunningham): Good morning and welcome to this week's meeting of the Rural Affairs and Environment Committee. I remind everybody to switch off their mobile phones and pagers, or at the very least switch them into flight mode, so that they do not interfere with the sound system. I have received apologies from Mike Rumbles. I am expecting the other members who have yet to turn up. I understand that there are some serious traffic difficulties in Edinburgh at the moment, which might be one reason why we have a slightly lower turnout than usual.

Agenda item 1 is our rural housing inquiry. The first panel of witnesses is from the Scottish Rural Property and Business Association. I welcome Andrew Bradford from the planning, housing and infrastructure policy group; Sarah-Jane Laing, housing strategy officer; and Drew McFarlane-Slack, the Highland regional manager.

We will move straight to questions, if that is okay. The first question is from Jamie Hepburn, and I think that it relates to planning.

Jamie Hepburn (Central Scotland) (SNP): Good morning. I was interested to read in your written evidence your suggestion of a problem with local plans falling out of date. Could you tell us how you would amend the local plan process? Is it too restrictive and do we need to wait too many years before being able to update it? Should more constant revision be possible? You refer to

"areas where the relevant Local Plan is many years out of date."

Could you give us some examples of the places that you are talking about?

Sarah-Jane Laing (Scottish Rural Property and Business Association): The process has become very much focused on delivering the local plan, rather than on delivering the housing through the local plan. That has led to difficulties with land release, particularly in rural areas. There is good practice in local authority areas such as the Borders, where the annual housing land audit involves all the stakeholders and closely examines all the sites that are identified through the local

plan; in that way, if there are any deliverability problems, they are addressed on an annual basis rather at the end of the local plan process.

It should be possible to introduce supplementary planning guidance at different times, when it is needed, to address such things as the rural exception site policy or the allocation of sites specifically for affordable housing. That means that we would not be wholly tied to the local plan for the delivery of affordable housing.

I can recall off the top of my head that the plan being out of date was previously a problem in Aberdeenshire. Andrew Bradford may wish to comment on that further. Some problems have been identified by our members in the central belt. I can go back and get further details about places where that is the case, if that would be useful to the committee.

Jamie Hepburn: Please do.

Andrew Bradford (Scottish Rural Property and Business Association): Part of the problem is that the process of creating the local plan takes so long that authorities have become terribly possessive or protective about their plans once they have finished their gestation. When Scottish planning policies come along in the late stages of the process, or even after the local plan has been approved, authorities seem to be reluctant to adopt the measures that are contained in those SPPs.

Jamie Hepburn: You mention that the Scottish Borders Council provides a good model. Do you think that other local authorities could learn from the Borders? Could the model there apply across the country?

Sarah-Jane Laing: Certainly, the housing land audit involving stakeholders from all areas, both private and public sector, is an aspect of the process in the Borders that could be adopted elsewhere. That happens to varying degrees elsewhere, but the practice has been relatively formalised in the process in the Borders. I would advocate that that should be done in other local authority areas.

John Scott (Ayr) (Con): Previous evidence that we have gathered suggests that there are significant inconsistencies in planning guidance for rural housing, with differences, for example, between guidance that discourages new housing in remote areas on environmental grounds—taking into account transport inefficiencies and so on—and guidance that encourages it on grounds of community sustainability. Can you provide practical examples of how contradictions in planning policies and guidance have inhibited the provision of housing in rural areas?

Sarah-Jane Laing: Again, I will start with the south of Scotland. The new pilot grant scheme, rural homes for rent, is directly available to landowners and is applicable throughout Scotland. We have a couple of members in the Borders and East Lothian who wish to develop small-scale affordable rented housing in their respective local authority areas. They both wish to extend existing terraces of vernacular cottages. The policy in the Borders allows for the extension of building groups in the open countryside. In East Lothian, on the other hand, there is a complete presumption against development. That is one aspect where there is a disparity between local applications of the policy.

John Scott: Do other witnesses have examples of inconsistencies involving different pieces of legislation?

Drew McFarlane-Slack (Scottish Rural Property and Business Association): In Highland, a review of housing in the countryside policy is taking place. I do not know how that relates to the Scottish Government's view of the matter, but it is certainly more difficult for private landowners and registered social landlords to access land in the countryside if it is not designated in the local plan.

I will return briefly to the subject of the local plan. The review of the Lochaber local plan began, in concept, in 2005, with the aim of having the deposit draft in place by the end of 2006. That target slipped into 2007, when the Highland Council decided, as part of its internal reorganisation, to extend the Lochaber local plan into the wider Lochaber, Skye and Lochalsh area and have a west Highland local plan. We went back to the drawing board, and we are now almost at the beginning of the process again. The plan will not now be in place until 2009. Meanwhile, the housing in the countryside policies are still in place, and restrictions are still being imposed. The Lochaber review could take four and a half years to complete.

Andrew Bradford: To provide another example, the presumption in Aberdeenshire has been that farm steadings, for example, may be modified but only to be turned into two residences. If we are trying to create affordable rented housing, the two residences made out of a steading might be far too big for them possibly to be viable and affordable, so there is a bit of a conflict between what the planning authority is saying and what housing policy might desire to achieve.

Sarah-Jane Laing: In Aberdeenshire, there is often disparity or conflict between what the rural transport strategy says and what the affordable housing policy dictates in terms of sustainability. In some rural areas, affordable housing cannot be developed unless it is on a public transport route—

and we all know that public transport in rural areas is a contradiction in terms.

I will give one more example, if that is okay. It relates to the rural exception site policy, to which I referred earlier. National policy states specifically that exceptional circumstances can be used to justify the delivery of affordable housing outside existing settlements. Cairngorms National Park Authority is looking to adopt that measure in its new local plan. One would think that a national park would be in favour of constraining developments, but it is embracing policies such as that. Other local authorities are not taking that forward, and I think that that should be looked at.

John Scott: So there is an inconsistency in planning policies that seriously needs to be addressed.

Sarah-Jane Laing: Yes.

The Convener: Thank you for your individual concrete examples, which are extremely useful. Take it as read that, whatever questions we ask this morning, if there are concrete examples to highlight what you are saying, we would like to hear about them. It is useful for us to know that we are dealing not just with hypothetical or theoretical issues.

To sum up what you have said, there are sometimes internal contradictions between, for example, a transport strategy and a housing strategy and there are also contradictions between local authorities in how they choose to interpret the planning guidelines.

Sarah-Jane Laing: Yes.

The Convener: So there are two different contradictions at work.

Bill Wilson (West of Scotland) (SNP): In previous evidence, it has been suggested that some housing associations have difficulty in acquiring land in pressurised areas because local landlords or developers are not keen on developing land for affordable housing. Andrew Bradford's previous answer partly touched on that question, but I wonder whether he could comment further.

Andrew Bradford: There is a perception that that is the case. However, way back, at about the turn of the century, Scottish Homes investigated that subject in particular for its report 83 and came up with the figure that 60 per cent of the landowners and landlords who were interviewed were more than willing to make land available for the development of affordable housing. The average parcel of land that was available was around 5 acres per person. From memory, I think that the report suggested that 26,000 acres of building land would be available. That land was not all on top of buns; it was, generally, fairly

practical land within reach of communities and settlements. So the evidence seemed to be that there was a willingness for land to be made available for affordable housing. Another finding of the study was that there was an unwillingness to give land away for affordable housing only to see it sold on subsequently by others for a large profit.

Bill Wilson: If 60 per cent of landowners, which is quite a large percentage, were willing to make land available for affordable housing, that means that 40 per cent, which is also a large number, were unwilling to do so. Do you have any idea why they might have been unwilling?

Andrew Bradford: The report suggested that the unwillingness stemmed from the fact that there were no sensible mechanisms in place to provide for and assist the development of affordable housing on that land. Generally—there will be exceptions to this—we have found that housing associations prefer larger-scale developments that are more centrally located for the blindingly obvious reasons of economy of scale and operation. It may make a huge difference to a small community if two or three additional affordable houses are built there, but the associations are not generally willing to have three houses to inspect that are 30 miles away from their main sphere of operation. We have long suggested that the organisations that could supply and are supplying affordable housing in such locations are in the private rented sector, which operates within 2 or 3 miles of settlements and closer in many cases.

10:15

Bill Wilson: Can I just clarify one last thing? When you talk about larger-scale housing, what scale are you thinking of?

Andrew Bradford: Generally, I would think of developments of 50 houses or more as being large scale although, to be honest, in the context of a rural village, 10 houses would probably be considered a large development.

Sarah-Jane Laing: Some of the 40 per cent of landowners to whom Andrew Bradford referred were prohibited from selling land because of the way in which their trusts were set up. The establishment of the trusts meant that the landowners had to retain all their assets and, if they wanted to sell anything, they had to go through a very complicated procedure. It was not that they were unwilling; they were simply unable to dispose of land.

When I started at the SRPBA three and a half years ago, there was a lack of knowledge among landowners about the delivery of affordable housing and about how the whole registered social landlord movement delivered housing. We have

tried to address that, with some success. Throughout rural Scotland, we have held meetings on working in partnership with developing housing associations and councils, so that landowners know how they can dispose of land. We have also developed a draft briefing note for farmers and landowners, which replicates the work that has been done south of the border. It is a simple flow chart that allows people to make informed decisions about releasing land for affordable housing. We think that that will address some of the unwillingness that exists.

We do not pretend that every landowner will release land for affordable housing. However, we will work with landowners who are willing to do so. If there are cases in which the unwillingness of the landowner means that there is no affordable housing delivered within a rural area, I would advocate the use of stronger powers in such situations.

Drew McFarlane-Slack: In rural Perthshire, Atholl Estates rents out 260-odd housing units to local people, many of them at affordable rents. It is by far the biggest landlord in rural Perthshire, and it is absolutely willing to make land available for affordable housing—but it has to be within the trust mechanism and under its control. That is where we have to find new methods of engaging with landowners, particularly those whose land is held in trust. We need leasing arrangements that allow landowners to retain some security over their ownership and control of the land.

There are some barriers to that, however. One such barrier is the 20-year rule in the Land Tenure Reform (Scotland) Act 1974, which restricts leases to a 20-year period after which they have to be reorganised. We are part of a campaign to get that rule overturned.

Also, as Andrew Bradford said, very small developments are difficult for RSLs to develop. Lochaber Housing Association recently tried to bundle together a larger, more urban development in Mallaig and a small, discrete development in Arisaig. However, it found it impossible to get Communities Scotland—which is now part of the Scottish Government—to agree the whole package, so it had to offload the smaller development in Arisaig.

The Convener: Homes for Scotland has told us that there is no evidence to support the claim that private sector land banks are detrimental. You take a slightly different view of land banking. I would like to explore your views on land banking, although I do not need all three of you to answer.

Sarah-Jane Laing: Land banking sometimes has its place. In rural areas, land banking in its strictest terms is not good for the sustainability of the community. However, if land banking occurs

with a clear development programme in place, which is going to be delivered within the local plan period, I have no issue with it.

The other issue in relation to the acquisition of sites and land banking is the lack of clarity around the valuation of land for affordable housing. That may be one of the reasons why land banking occurs. A site may be acquired, but there are then tussles over the valuation of the land for disposal to an RSL. That is where the problem occurs.

Land banking per se is not an issue, especially given some of the great examples up in Highland, which have been overseen by the Highland Housing Alliance. Land banking has been a very positive measure up north.

The Convener: Okay. We need to move on a wee bit. I think that Peter Peacock has some questions about infrastructure—is that correct?

Peter Peacock (Highlands and Islands) (Lab): Yes, I do, but there is something else that I want to bottom out on planning if I can do that.

The Convener: Very quickly.

Peter Peacock: You make the point in your written submission that, in your view, SPP 15 is sufficient to allow all the necessary development in rural areas if it were interpreted properly. Let us leave aside for a moment the fact that SPP 3 may be an advance on that Government guidance. You then talk about better enforcement of local authorities' duty to follow that guidance. Can you suggest how that would be done?

Sarah-Jane Laing: We are talking about local authorities not taking cognisance of the guidance in considering applications. That relates to the issue of local plans possibly being slightly out of date. There is sometimes a fight with a local authority to get it to take into consideration guidance such as SPP 15, whereas other local authorities revised their guidance, where applicable, as soon as SPP 15 came out. The enforcement that we are talking about is really elected members in a council ensuring that its policies are up to date.

Peter Peacock: So it is not a question of having a national system of enforcement for local authorities; it is about councils having internal support for following the guidance.

Sarah-Jane Laing: Yes.

Peter Peacock: Fine. I have one other question on planning, which relates to the supply of land. A number of people have argued that, within the planning system, there should be a separate use class for affordable housing rather than just a use class for housing. Planning is, essentially, about land use, and land that has been determined for housing is not determined for a specific type of

housing. It has been argued that, if a distinction were made between land for general housing and land for affordable housing, we could see the release of land purely for affordable housing. Is there any merit in that proposal?

Sarah-Jane Laing: Being a housing professional rather than a planner, I am often accused of having a simplistic view of planning. Nevertheless, I sometimes think that that is the proper view to take. I think that the allocation of sites for affordable housing within the current policy framework would deliver the affordable housing that we need without having to go through the whole process of setting up another use class. That is the approach that the SRPBA advocates.

Peter Peacock: Okay. Let us move on to the issue of infrastructure. Andrew Bradford has touched on a feature that we have come across in our inquiry, which is that people pursue economies of scale in planning—that is, they ensure that they are going to build enough houses to justify the provision of sewage treatment, water supply, electricity, roads and so on. However, we have also received evidence that we apply too many urban standards in rural settings and that it might be better to build unplugged houses with individual, modern septic tanks for sewage treatment and local water purification systems. Lots of land might be released if a more liberal approach were taken to the use of such technology in the building of single houses or developments of two or three houses in the countryside. What is your view on that?

Drew McFarlane-Slack: I have been a director of a rural housing association for close on 20 years. The demands that are increasingly being put on housing associations to develop single houses or small groups of two, three or four houses in rural areas and the requirements of the Scottish Environment Protection Agency, Scottish Water and roads departments are putting up costs that were already high. It would be helpful if there were some guidance that allowed discrete developments to meet lower standards. I do not mean that standards should be universally lower in rural areas, but it might be possible to allow discrete developments to be built without requiring all the paraphernalia that would be necessary in an urban setting.

Peter Peacock: Do you know of anywhere where that kind of approach would have led to the release of sites for housing in rural areas?

Drew McFarlane-Slack: The committee could spend its holidays in rural Ardnamurchan, looking at sites where urban solutions have had to be put in place at a high cost in order to gain planning permission.

The Convener: We are aware of small developments in which alternative methods have been permitted. We saw an example of that at Ballinluig, with sewage treatment. Why is there a difference between areas, given that the issue is for SEPA and Scottish Water rather than the local planning authorities?

Drew McFarlane-Slack: It may well be, but everyone is trying to look after their back. Everyone wants the highest, top-specification solution.

The Convener: Yes, but we know that, in some areas, alternative proposals are accepted and have been used. Why does that difference between areas exist?

Drew McFarlane-Slack: Local authorities take different approaches. I am not asking for complete consistency across the patch, as I do not think that we will ever achieve that, but where a good rural solution has been found, it should be used as a case study for other local authorities.

The Convener: So you suggest that it is the local authorities rather than SEPA or Scottish Water that are the problem. We have been told that it is more likely to be SEPA or Scottish Water.

Sarah-Jane Laing: The issue is the engagement between the local authority and SEPA and Scottish Water, certainly in highland Perthshire. The planning application process and the consideration of the solutions—on which the planning authority is key—work better in some areas than in others. In Dumfries and Galloway, we had a member who could not proceed with an affordable housing proposal and could get no assistance from the planning authority in his discussions with SEPA and Scottish Water, which were trying to impose a £0.5 million water treatment plant for five houses.

The Convener: That is maybe a bit clearer.

Andrew Bradford: Wholly unplugged houses are one solution, but when one looks across rural Scotland—Drew McFarlane-Slack mentioned Ardnamurchan, but the same is true closer to home—there are many largely unplugged houses already, with their own septic tanks and water supplies. Measures can be applied easily to ensure that those water supplies are adequately pure. Those houses often have a track, so perhaps the only real main connection with outside services is the electricity supply. When we talk about an unplugged house, we perhaps get the idea of needing a windmill and the whole bang shoot, but there are hundreds or thousands of existing examples of largely unplugged houses that work.

Ten or 15 years ago, when I was doing up a steading to make four properties, three of them at

affordable rents, the water authority's initial approach was that each of the properties would need to have its own septic tank. It took a great deal of argument from us that, because we were renting out the properties as one unit, we should have one suitably sized tank for the whole project. We won that argument, but I do not know whether we would today.

Peter Peacock: I want to move on to another territory.

The Convener: What is it? I have one planning question hanging that I want to bring in and then we can come back if it is a new issue.

Peter Peacock: It relates to planning but also to the infrastructure issues.

The Convener: Okay.

Peter Peacock: You refer in your written evidence to the need for local authorities and the private sector to work more closely together and you have touched on that in your oral evidence. You suggest that local authorities do not think enough about the private sector when considering housing solutions. For example, we have the situation with old properties; the issues of finding land through the planning system; and the issue of local authority liaison with SEPA and other bodies in negotiating solutions for housing supply.

My question is for Drew McFarlane-Slack as much as for anyone else because, as well as being a housing association director for many years, he was the chair of a housing authority. Perhaps he can take this opportunity to repent. Having moved from a local authority setting—which involves thinking strategically about how to find housing—to working for a private sector and landowning organisation, what is your view of local authorities' approach to the private sector? Does that approach need to change? Andrew Bradford might want to give his views, too, as I have heard him express views on the issue in the past.

10:30

Drew McFarlane-Slack: The approach certainly has to change. When I was politically in charge of a local authority housing department, we gave no real thought to proper engagement with private landowners. However, things have changed. Some years ago, Highland Council, along with registered social landlords, helped to develop the Highland Housing Alliance that Sarah-Jane Laing mentioned. That was a direct intervention in the private market by the public sector, to try to create a land bank of mixed housing—not just social housing but private sector housing as well. Such interventions head some way in the direction in which local authorities have to head. Local

authorities will have to engage better; they will have to take more steps.

Private landowners own most of the land in Scotland, so we have to draw them into the process—through leasing arrangements, or through giving them comfort that right-to-buy sales will not divest them of their assets. If we can find ways of achieving it, that is the kind of engagement that we should seek.

Peter Peacock: From your experience in the Convention of Scottish Local Authorities, would you say that such an approach could apply across Scotland? Does everybody need to move in that direction?

Drew McFarlane-Slack: Absolutely. Highland Council has moved quicker than almost any other local authority in that regard, but things have to go further.

Andrew Bradford: A great number of local authorities have moved. The mood today takes far greater cognisance of the role of the private rented sector.

We must not forget that, in communities of fewer than 1,000 people, the private rented sector is approximately 10 times the size of the RSL provision. The private landowners therefore have a very legitimate role to play. They are involved already, and a great proportion of their provision is at affordable rents.

Local authorities have moved. However, the jam may have been at the highest levels, perhaps at Victoria Quay or even at high levels within local authorities, where some people in certain roles have been schooled in earlier days when the view was very simplistic—the private sector was bad, the public sector was good. We know that that view is not necessarily right.

Peter Peacock: Would your criticism be that, in the construction of policy, people do not think enough about the private sector, or positively exclude it?

Andrew Bradford: I have not examined all local housing strategies, but I am sure that the private rented sector is mentioned in them all. At the moment, the file containing the actions achieved through local housing strategies in the private rented sector is probably pretty thin. We have not yet transformed words into actions.

Sarah-Jane Laing: Part of my role involves engagement with local authorities in the housing process. When I started three and a half years ago, I had active engagement with three or four local authorities, but now—

The Convener: Which ones?

Sarah-Jane Laing: At that time, it would have been Perthshire, Scottish Borders Council—

The Convener: Perth and Kinross, you mean.

Sarah-Jane Laing: I am sorry—Perth and Kinross Council, Scottish Borders Council, East Lothian Council and Highland Council. However, I now engage with around 20 local authorities. Things have really changed in the past three years.

Jamie Hepburn: Des McNulty and I went to Arran recently as part of the committee's inquiry. We were quite struck by a definite belief among local people that landowners were not releasing land for development. I was therefore intrigued to hear you say, Ms Laing, that you accept that some landowners will not release land for affordable housing and that you advocate the use of stronger powers in that regard. I hope that I have accurately reflected what you said. It was an open-ended statement; what does it mean?

Sarah-Jane Laing: With empty properties that have been allowed to fall into disrepair—

Jamie Hepburn: We saw some of those in Arran.

Sarah-Jane Laing: Yes. For such properties, there are circumstances in which compulsory purchase orders could be applied. I do not know whether that would be right for every such property in Arran, but in some cases a stronger power would be appropriate.

Another type of situation is that in which only one small site exists in a small village; Kinloch Rannoch was mentioned. If the circumstances were right, a CPO might be the solution.

John Scott: How might public funds be used more effectively in rural areas to increase the supply and quality of affordable housing?

Sarah-Jane Laing: Huge steps have been taken with the new pilot grant scheme, which, because the money goes towards build and development costs rather than the acquisition of land, will help to deliver affordable housing.

Moreover, if we can achieve more clarity on the valuation of land for affordable housing, we can ensure that there is less legal wrangling. That will allow funding to go further, improve the system of disposals to the RSLs and ensure better delivery of the housing association grant mechanism.

We should take another look at mechanisms such as the rural home ownership grant and the rural empty property grant that are not being used effectively. Indeed, we are trying to raise awareness of good practice in the release of properties for development and in how individuals can use the grant more effectively.

Andrew Bradford: You asked for practical examples; I can cite one, which comes from my own experience. In 1999, we built 14 houses for

affordable rent with a research grant from what was at the time Scottish Homes. If the same grant funding had been given to the local RSL that year, it would have constructed only eight houses—I should add that the houses would have been identical to ours. In essence, we got 75 per cent more houses on the ground for the same amount of public investment. However, of late, when I have asked Government about repeating the exercise, its view has been that it does not support the private sector in developing new affordable rented housing.

John Scott: Why has not only the use of but the promotion of the availability of those grants been inconsistent across Scotland? How might we improve their uptake? While you are on the subject, do you think that any other funding mechanisms or support tools could be created or deployed?

Sarah-Jane Laing: The inconsistency in the uptake of the rural empty property grant stems from the way in which it was handled by the regional offices of the previous Communities Scotland. The Grampian and Highland and Islands offices were very proactive in raising awareness of the grants and assisting people with the application process, but that was not the case with the offices serving the Lothian and Borders and Forth valley areas. As a result, a large number of landowners who wanted to develop property through the rural empty property grant or to release land for the rural home ownership grant have not done so. However, I cannot tell you why that might be.

John Scott: Please speculate.

Sarah-Jane Laing: In the case of Lothian and Borders and Forth valley, I do not think that enough importance was placed on the rural grant mechanisms. Instead, the focus was on the delivery of the RSL programme and on delivering numbers rather than community solutions. However, that is speculation.

Andrew Bradford: In our submission, we highlight the issue of fiscal impediments to the private rented sector. You might think that that does not bear directly on your question—

John Scott: We are fascinated. Please carry on.

Andrew Bradford: Any private property that is rented over the long term will at some point have to change hands. However, the present fiscal system seems hell-bent on taking its pound of flesh out of that activity. Surely the Treasury is simply shooting itself in the foot if an enterprise that delivers affordable rented housing has to sell 40 per cent of those properties to pay the tax. Where do those people go? They go to the Treasury to demand money for housing.

A fiscal system that leaves tenants where they are in return for a commitment that those houses will remain in the private rented sector—and in the affordable rented sector—seems to be a logical way forward. However, the present system is designed to reduce the supply of affordable rented houses. You ask how we can make better use of public funding to increase the supply. If we do nothing, the present system will, over the next few decades, suppress the existing provisions. It would be more logical to have a fiscal system that nurtured the activity of delivering affordable rented housing: that would attract a great deal of private money to back up whatever public funds might be available. It might be a case of trying to make better use of the public funds, which could go further if they were stretched out with the introduction of private money.

John Scott: That is yet another barrier.

Andrew Bradford: It is there in the background, and I fully appreciate that the Scottish Government cannot deal with the issue in isolation. However, we are looking forward, and we would like to work with you and try to talk it through. This is perhaps not the time to go into great detail, but we would like the opportunity to take that forward and find out whether we can, together, work out a way in which the existing affordable provision is secured—and perhaps encouraged—for the long term.

The Convener: Implicit in some of your comments has been a view—although I may have picked this up wrongly—that the constraints on the right to buy are not necessarily a bad thing for affordable housing in rural Scotland. That applies to housing association stock and council housing. I see that you are all nodding, so I have not picked you up wrongly on that.

You expressed concerns about building affordable housing, which starts off as affordable housing to buy, but quickly becomes unaffordable. That is not as easily constrained as the right to buy. Have you given any thought to how that might be changed, or do you want to stick with the rented sector as it is more easily controlled?

Sarah-Jane Laing: Private sector shared equity, in which the estate retains a golden share in perpetuity, is a model that we would like to try to take forward. At the moment, we are struggling to make it work without public subsidy; we need to examine that. I would also like to examine further the use of the rural housing burden and the rural home ownership grant, because we do not want to lose those plots. I know that those schemes have been used by the Highlands Small Communities Housing Trust, but there is some way to go before they are used effectively throughout Scotland.

The Convener: So you are also thinking about the issue of affordability on housing for sale?

Sarah-Jane Laing: Certainly.

Andrew Bradford: Provision of affordable rented housing is key. Such housing must remain—it cannot all disappear.

Drew McFarlane-Slack: I want to reinforce the point about the 20-year rule. The rural housing burden will work only if that rule is broken. If we cannot go beyond 20 years for leases and we have to reorganise them, that is much less effective.

The Convener: Peter Peacock had a question on that, but he seems to be happy enough with what he has heard.

You made the comparison between housing associations, which traditionally, because of economies of scale, want to consider much larger developments and situations—we have all seen examples—in which a small number of houses can make a huge difference. Is there anything in what you have said that applies to that, and which would enable those much smaller groups of houses to be developed?

Sarah-Jane Laing: We need to consider different solutions for affordable housing. It is about ensuring that a solution is appropriate for the community, in terms of the funding that is available and what is needed, and ensuring that the rurality aspect for RSL development continues under any future funding mechanisms.

The Convener: So you would be strong proponents of rural proofing, which has become the buzzword.

Sarah-Jane Laing: Exactly.

The Convener: In general terms, would you prefer rural proofing to be done by way of separate rural policy or within a nationwide policy?

Sarah-Jane Laing: I would prefer it to be done within a nationwide policy, because that would allow for consistency with other policies.

10:45

Andrew Bradford: I go along with that. The moment that we have a separate rural policy, we get into the definition of what on earth “rural” means.

Drew McFarlane-Slack: Outwith the SRPBA, I have long been a campaigner for mountain areas and the remote islands of Europe. Basically, I am a fan of policies that help those areas, but I recognise that better ways of delivering housing probably exist within an overall policy.

Andrew Bradford: It is clear that the answer is to have local solutions available for local problems. The focus of housing policy should be on the product, which is, in the context of this discussion, affordable housing, whether that is rented or low-cost ownership housing. We have focused for too long on delivery mechanisms rather than on what we want at the other end. We can all quickly define on the back of an envelope what an affordable house is—let us focus on getting that delivered and not worry too much about who is delivering it.

Bill Wilson: Recently I came across an interesting report that suggested that although wooden houses tend to tie up carbon dioxide, are friendly in global climate change terms, easy to insulate and quite cheap to build, it is difficult to build them because insurers will not insure them. It is clear that difficulties are involved in building affordable housing. How can we produce sustainable, environmentally friendly housing that is also affordable?

Andrew Bradford: I have built 14 environmentally friendly wooden houses with wooden roofs that are barrier free and affordably rented, so may I answer that question?

Bill Wilson: Yes. You may also comment on insurance.

Andrew Bradford: We were able to insure those houses and to borrow money to build them. I suspect that we were able to do so because we have a reasonably good record with our bank. We rent the houses so that they remain in our ownership. The bank trusts us. I do not know whether a bank would be happy to lend a mortgage on them if they were ever sold, because their construction is somewhat unconventional. I am afraid that I cannot comment on insurance for individuals who do not have a track record with a broker or insurance company.

The one problem that the houses have is a lack of thermal mass within their structure. As a result, they become cold quite quickly when their heating goes off, because they do not have fireplaces that can act as storage heaters or any mass in them that retains heat. That is a particular problem for us because the houses were built with a Scottish Homes research grant to try to prove that building costs could be lowered. Their construction proved that construction costs could be lowered by 30 to 40 per cent, but one of the cost savings was made by the provision of electric space heating, which is, of course, completely nonsensical if we want affordable rented housing. Electric space heating is the most expensive way of heating such houses. As a landlord, I will look to retrofit a district heating system as soon as we can couple that with a future development.

The Convener: So there is a difference between affordable construction costs of sustainable housing and affordability in the long term. Two different definitions of affordability exist. One is simply to do with construction; the other is to do with how a house can be run affordably.

Andrew Bradford: Yes.

Drew McFarlane-Slack: I refer again to the Highland Housing Alliance, which is running a joint project with a Highland builder to develop pod-constructed, factory-built houses using modern methods of construction. A number of contractors have expressed an interest in that project. Members will be aware that there are a number of German manufacturers of that type of housing. It has to be built to exacting standards and, because it is built inside a factory, those standards can be more readily maintained than they can be on site. The houses can be built to ensure that they maintain their heat. They are built using sustainable principles that allow reduced energy costs over lengthy periods of time.

In addition, the Highland Housing Alliance is developing Scotland's first housing fair, which will open in August 2009. The brief to the architects for that has been to deliver affordable houses that are sustainable in the long term. Interestingly, the first element of the brief was that we would have a central heating source for the 53 houses on the fair site but, once the architects had provided us with the designs for the 53 units, it became clear that they would be so well insulated and so energy efficient that there was absolutely no need for a central heating system. It can be done.

Bill Wilson: I have seen similar pack-built houses in Tierra del Fuego, where the weather conditions can be rather poor at times, and they seem to work quite well there.

I take it that Andrew Bradford will bring gas into the houses he mentioned, but it would obviously be preferable to have a renewable energy system. Did he consider any other systems or is that the only solution that was available?

Andrew Bradford: Gas is miles away, so that is not possible. We are considering a future development with a woodchip-powered district heating system. We have a co-operative in the area that grows trees as a fuel source and we currently export the low-grade timber to Finland—believe it or not—Murrayhill or Cowie. We do that at considerable negative cost to the Scottish public, in that transporting it on the road costs more in road maintenance than the load is worth, so it makes sense to burn it at home.

John Scott: I take the witnesses back to land release. Their submission says:

"Resistance to affordable housing by communities must also be recognised as a barrier to land release ... The Rural Housing Enabler approach can often provide assistance in this area".

Will you expand on the first part of that statement and tell us how the rural housing enabler works or might work?

Sarah-Jane Laing: When an SRPBA member has sought to work in partnership with an RSL or to release land for affordable housing, there have been cases of resistance from the community because of a lack of knowledge about what affordable housing is. The communities think of it purely as rented housing for people with problems; they do not understand that a range of people in society need to access affordable housing.

The rural housing enabler model works through community engagement from the start. It is about working with the community to enable it to understand how properties will be allocated and, often, allowing it to have a say in the allocation policy—not in who actually gets the houses, but in the policy. For example, one of our members worked with a community in Fife and targeted people with small children who would send their children to the local village school because it was imperative that the school's future was maintained. The community felt that the housing was for it, rather than for people who had been assessed as homeless in neighbouring locations.

It is about the community having ownership of the affordable housing. The rural housing enabler allows that to happen, especially for small-scale developments.

The Convener: How does that work with the legislation on homelessness?

Sarah-Jane Laing: The housing in question was in the private rented sector, so our member was not bound by the homelessness legislation.

Andrew Bradford: I am afraid that a lot of the mistrust comes down to fear of the unknown and lack of information.

The Convener: I thank you all for coming along. As always, we may follow up your evidence with requests for clarification or further questions. Equally, we invite you to follow up if there is any evidence that we have not got out of you or anything in your evidence that you want to clarify or expand on.

If you move out of your places, we will get the next panel of witnesses in. [*Interruption.*] As a couple of members have left the committee room, I suspend the meeting for two minutes until we get them back. We can then start the questioning with a full complement of members.

10:56

Meeting suspended.

10:58

On resuming—

The Convener: I welcome Jonathan Fair, chief executive of Homes for Scotland, and Bruce Walker, land director for Robertson Homes. We will move straight to questions. I do not know whether you were give any specific times, but we hope to finish by about 11.45.

John Scott: Good morning, and thank you for coming. Can you give examples of how, as you see it, contradictions in planning policies and guidance have inhibited the provision of housing in rural areas?

Bruce Walker (Robertson Homes): I agree that there is a fundamental contradiction because the main housing guidance suggests that most housing developments should be directed to urban areas in order to make best use of existing infrastructure and so on, and that housing development in rural areas should, accordingly, be restricted.

The problem is that, by adopting that approach and pursuing that strategy, we end up with fairly large allocations in urban areas, which are primarily designed to deliver a substantial planning gain package. In those circumstances, medium to small allocations in rural areas pay the price. As has been said, Scottish planning policy 15 tries to help local authorities to direct more housing development to rural areas, but their desire to deliver substantial planning gain in urban areas prevents them from doing that as they ought to.

11:00

Jonathan Fair (Homes for Scotland): There are differences between national planning policy targets and the priorities that are associated with rural development, affordable housing, infrastructure provision and protection of Scotland's environmental heritage. It can be difficult for local authorities to strike a local balance among those competing aims. National policy is relatively clear on encouraging development in rural areas primarily to maintain the strength of communities and to allow them to grow, but those laudable aims can be overcome by equally important and pressing issues, such as protecting Scotland's environmental heritage.

Bill Wilson: We have heard evidence that some private landowners have resisted the development of affordable housing on their land. Will you comment on that?

Jonathan Fair: Landowners can have issues with expectations that are placed on them in relation to developer contributions not just to affordable housing, but to education and community facilities in rural zones. On top of that, many local authorities see affordable housing provision almost exclusively as social housing for rent and do not consider the full gamut that is noted in planning advice note 74, which includes shared equity and shared ownership schemes, discounted houses for private sale and housing that is by its nature affordable. Given that, I imagine that some landowners are not entirely happy about encouraging development that they feel is inappropriate in their areas.

Bill Wilson: So, some landowners might feel that housing for rent is inappropriate whereas housing for sale is appropriate.

Jonathan Fair: Some landowners might have that perception. We have heard evidence about the pre-eminence of private rented accommodation in rural areas.

Bill Wilson: If a landowner received roughly the same money for the land, why would he object to accommodation being for rent rather than for sale?

Jonathan Fair: The values that accrue to land for those use categories are significantly different. Even in the wider category of residential development, land values can be adjusted to reflect the development's end use.

Bill Wilson: So landowners do not object to rented homes but to lower land values.

Jonathan Fair: I suggest that the attitude is driven by the land values that accrue from a development appraisal.

Bruce Walker: The key issue for landowners is clarity. Landowners talk to each other and want to achieve the same price for land as their neighbours received, but that land might have been sold 10 or 15 years ago, when the planning regime was slightly different. Now that we have PAN 74 on affordable housing, everybody knows that affordable housing is a requirement—a material planning consideration—that will be levied at a rate of about 25 per cent throughout Scotland. The problem is that the planning advice note does not set out in detail the mechanism for delivering that 25 per cent provision.

The Convener: You are really moving on to commuted sums.

Bruce Walker: Some local authorities ingather commuted payments in lieu of affordable housing.

The Convener: Yes—developers can buy out their responsibility for building affordable housing.

Bruce Walker: That is a blunt way of describing the arrangement. I tend to agree, because the key

issue for registered social landlords and housing associations is obtaining land. When aggregated, the commuted sums do not allow those bodies to compete to buy land on which to build houses. So, all that we see happening across Scotland—Aberdeen city is a good example—is a massive pot of commuted-sum money but no land to buy and no houses to build because there is no land for them.

The Convener: The commuted sum is popular with the developers.

Bruce Walker: The commuted sum is popular with developers because it gives clarity to a landowner and it overcomes some of the negative perceptions that our customers have about integrated housing sites—perceptions that we, as house builders, do not share. There is still a residual negative perception about mixed communities.

Jonathan Fair: Commuted sums are also used by planning authorities and RSLs in the context of smaller developments where one or two properties could divorce from the body of the estate, which would not be most advantageous to them in terms of the operation of their business. Often, the requirement for a commuted sum to be paid in lieu of on-site provision is driven by the planning authority and the RSL concerned, not necessarily by the needs of the developer.

The Convener: You do not think, however, that the commuted-sums system works in delivery of affordable housing, because it ends up with there being lumps of money that cannot be used to purchase the necessary land.

Jonathan Fair: The weakness of the commuted-sum system is that the development industry pays a sum to dispense with its obligations on a particular site, but there is no on-going commitment or obligation for that money to be spent on the task in hand.

Bruce Walker: It is quite an important mechanism for small sites, as Jonathan Fair says. In fact, the appropriate planning advice note sets the threshold at 20 units. Housing associations do not really like to manage fewer than five units in a development, and the commuted sum is a useful tool for just getting some money in and allowing a development to proceed. Housing associations find larger developments easier to manage.

The Convener: Some local authorities apply the mechanism to developments that are smaller than 20 properties.

Bruce Walker: They do, but I am not sure that housing associations want one house here and one house there across their areas.

Peter Peacock: Let us return to SPP 15 and Bruce Walker's comment that the guidance directs

development to urban rather than to rural areas. Is not enough land zoned in rural areas in local plans under the current guidance, or is the problem beyond that, with interpretation of the guidance?

Bruce Walker: I think the problem is twofold. There is a quantum argument that sufficient land is not allocated anywhere. When it comes to the distribution of that land, there is less-than-satisfactory allocation in which too much development is diverted to urban locations for reasons of planning gain.

Peter Peacock: Do you believe that the current guidance permits enough land to be zoned, but that that decision is not made by politicians at local level?

Bruce Walker: That is a fair comment. We have a bottom-up approach to housing allocations and we lack a bit of top-down direction to ensure that we meet a strategic Scottish target. "Firm Foundations: The Future of Housing in Scotland" sets a target of 35,000 houses per year. I guarantee that if it is left to the 32 local authorities, they will fall way short of the target.

Peter Peacock: Your members are builders, as are you. Are you interested in developing small parcels of land scattered around rural Scotland? We will talk about affordability later. Is there a cut-off point after which you are no longer interested in small pockets of land that have been zoned, or is that a misconception?

Jonathan Fair: No. Homes for Scotland has a wide range of members, a significant number of whom are actively involved in smaller-scale developments. A number of them are developing two to four properties per annum, for example, and are active in rural areas, so there is no lower threshold below which Homes for Scotland is not interested in the land. We recognise that the vast majority of current housing provision is focused on urban zones. However, the adequacy of land supply and the adequacy of the definition of housing needs are issues in both urban and rural areas.

Peter Peacock: You perhaps heard me ask the previous panel about the idea of having a special use class for affordable housing. It has been argued in evidence that to have within the planning system a separate use class that would allow land to be zoned purely for affordable housing might bring benefits to that market. What is your view?

Jonathan Fair: We do not subscribe to that view. We think that the current system, which recognises development for residential purposes, is adequate, given the clear guidance in PAN 74 and the definition of five types of affordable housing. It would be useful for local authorities, and for planning authorities in particular, to

recognise the value of different types of affordable housing within that mix. There could be an argument for stronger planning briefs for particular sites, where a planning authority might express a desire to have a certain mix of development in response to properly defined and evaluated housing need and demand analysis in that area. We would support that.

Jamie Hepburn: You might have heard in our previous evidence-taking session with the SRPBA the suggestion that stronger powers—primarily compulsory purchase orders—could be employed against landowners who are totally recalcitrant or unwilling to release land for affordable housing. What is Homes for Scotland's view of that suggestion?

Jonathan Fair: We should draw a distinction between landowners and house builders. On occasion, they can be one and the same, but often they are not. In the context of rural development, there is obviously a great deal of public commentary about the action or otherwise of large estates or people with significant land holdings in areas where two or three homes would be sufficient to respond to the affordable housing needs of a town or village. Local authorities have CPO powers but have traditionally been reticent about using them. Compulsory purchase powers have to be part of the mix in circumstances where ransom strips are being held or there is a clear housing need and no alternative way of meeting it can be found.

However, it is important to acknowledge that landowners have a legal obligation to protect the assets that they hold, either as a result of the requirements of the trust arrangements under which they operate or, if they are a company, as a consequence of the terms of the Companies Act 2006. Although I sympathise with the view that land banking, or land owners being reticent about providing appropriate land to meet an identified need is a problem, we must find a mechanism to resolve it that is lawful and which respects those landowners' needs and legal obligations.

Jamie Hepburn: You said that CPO powers could be part of the mix. What else would you throw into the mix?

Jonathan Fair: I argue that, in the context of the planning system, if you have additional land allocated in an area, you create and introduce competition to the land market and provide alternatives for people in the allocation of sites and the provision of affordable housing. Where competition exists, people will take a different view of the asset value that they might be protecting. If competing sites are made available legitimately, there is less of a driver for people to protect a singular asset interest.

Des McNulty (Clydebank and Milngavie)

(Lab): A few months ago, you had some fairly strident comments to make about the way in which the planning system was working—or not working, from your point of view—in the Borders. Will you highlight what you see as being the key barriers to increasing the supply of housing in the Borders, which you believe is necessary?

Jonathan Fair: In the press release to which Des McNulty referred, we said that in the Borders there is a requirement to justify significant public infrastructure investment in order for certain levels of development to proceed. We were drawing attention to the fact that commitments that had been made, or economic assumptions that had been used to justify the investment, had yet to be delivered. That goes to the heart of the matter in respect of delivering affordable housing provision in Scotland. Delivering affordable housing is not the same as allocating sites within development plans or local plans.

A variety of processes happen after planning consent is secured, particularly the negotiation of section 75 agreements and other legal consents to allow development to proceed. If we are going to achieve a significant increase in the output of housing of all types in rural zones, we need to recognise the encumbrances in the process, as exemplified in the Borders, and account for them in land allocation policies and the speed with which we bring new projects through development planning processes.

There are other issues related to the definition of housing need and demand within an area. Scottish Borders Council has been keen to consult our members and to seek their views and their assessment of those needs. All of us, Scottish Borders Council included, run into the difficulty of finding an appropriate methodology of defining that need—one that considers demand for housing in the round rather than specific sectors of housing need, which is the current common practice.

11:15

Des McNulty: Can I get you to be a bit more direct, which you were in your press release? What is Scottish Borders Council doing that is not right in relation to its obligations on housing consents and infrastructure commitments?

Jonathan Fair: The criticisms centre around the speed with which consent is given and the degree of certainty, which Bruce Walker alluded to earlier, that developers who want to invest in the area can place on timely decisions to allow them to propose what are in some cases multimillion pound investments in infrastructure. Even in an ostensibly rural local authority area, there are key urban zones, and there is an important distinction

to make when we talk about rural development. In rural areas there are rural-urban and rural-remote solutions, which may be very different. There is a need for significant investment in towns such as Peebles, Galashiels and Kelso, and the building industry can have the confidence to make such investments only if timely decisions will be taken.

The Convener: I will turn that question around to balance out the discussion. Are any local authorities in Scotland getting it right? I know that you would not describe them as perfect, but are there any to which you would point as examples of better practice?

Bruce Walker: Do you mean in their processing of planning applications?

The Convener: Yes. Jonathan Fair has commented on issues relating to Scottish Borders Council. Are there councils that handle things rather better, whether through a faster planning process, better engagement with you or whatever?

Bruce Walker: There are. My sites acquisition programme is often decided on the basis of which local authorities I am dealing with, and I obviously identify a greater number of land acquisitions in the areas of the speedier councils. A good example is West Lothian Council. It has an extremely efficient development control department, partly because it has secured from its membership extensive delegated powers. There is a direct link between planning efficiency and delegated powers—members will probably not be surprised to hear me say that.

The Convener: So, the answer is to remove the democratic input.

Bruce Walker: Well, obviously—

The Convener: That is a serious point, because you are in effect saying that reduced democratic input makes things more efficient from your point of view.

Bruce Walker: That seems to be the way that planning legislation is going, in that there is the suggestion that any development of less than 100 houses will be dealt with under delegated powers, with the potential for it to be brought in front of a local review board of three to five members if the applicant is aggrieved with a decision. Planning legislation is pointing us in that direction; it is not just me saying that.

Jonathan Fair: I can give the committee another example of two authorities that are setting useful precedents, particularly in the context of commuted sums. Aberdeen City Council and Aberdeenshire Council are working together on the appointment of a planning gain co-ordinator. We as an industry body and our members who are active in the north-east have been able to engage with that individual and seek clarity on the

requirements for commuted sum payments for certain activities across both rural and urban settings. That has brought a great deal of certainty to our members in taking decisions on investments that they want to propose. That is a good example of two authorities taking a slightly different approach to what is usually a fraught process.

In the context of progress and timely decision making, many commentators have made observations on the speed of the planning system in the round. Clearly, the Planning etc (Scotland) Act 2006 is designed to improve the system. We have reservations about the speed with which it will deliver the necessary improvements, but we will reserve judgment on that until the secondary legislation is finalised.

Karen Gillon (Clydesdale) (Lab): What would “affordable” be for an average person living and working in rural Scotland who wanted to buy a house?

Jonathan Fair: Frankly, that is an impossible question to answer because what “affordable” means to one person will be completely different from what it means to someone else. The definition depends entirely on the circumstances of the person concerned. Given the variety of affordable housing that is available across Scotland, which ranges from rented accommodation to shared ownership and discounted properties, it would be foolhardy to hang on a single definition of affordable housing. What is affordable depends entirely on a person’s circumstances.

Karen Gillon: Given that the average person earns less than £30,000 a year and that a sensible mortgage is three times one’s salary, a house that costs £100,000 or thereabouts would seem to be affordable. How many houses in that price bracket has your organisation built over the past year?

Jonathan Fair: I do not have that statistic to hand.

Karen Gillon: Could you provide us with that information?

Jonathan Fair: I am sure that I could give you a flavour of it if I inquired among our members.

Karen Gillon: I would guess that you have not built many houses in that price bracket.

Jonathan Fair: I do not know what the number is. Setting arbitrary levels of affordability or giving arbitrary definitions of what is affordable can be quite problematic.

Karen Gillon: It is an extremely important question. The wages of people who live and work and want to buy houses in rural Scotland tend to be lower than average.

Jonathan Fair: I agree.

Karen Gillon: The houses that you are building in my constituency, which is a rural constituency, range in price from £170,000 to £500,000. They are not affordable. What obligation do developers have to build houses that are affordable to the average person in Scotland? Notwithstanding the fact that any definition of affordability is arbitrary, given the figures that I have mentioned, what proportion of the housing that you build should cost less than £200,000?

Bruce Walker: Does the local authority for your constituency have an affordable housing policy?

Karen Gillon: I am not interested in the local authority or housing associations. I am interested in people's right to buy a house that they can afford on the salaries that they earn. What is your role as developers? Should you not put something back instead of squeezing as much money as possible out of the housing market?

Bruce Walker: I asked that question because it relates to the whole ethos of the planning advice note. Provided that a local authority has done a housing needs assessment and has rolled out an affordable housing policy, it can secure 25 per cent of development sites for affordable social rented housing for the people you are talking about.

Karen Gillon: You are missing my point. I am not talking about social rented housing; I am talking about houses that people want to buy. As a developer, what obligation do you have to provide houses that people can reasonably afford to buy? I think that you are saying that you have no such obligation and that you do not want to have such an obligation.

Jonathan Fair: I completely disagree with that statement. Bruce Walker was trying to make the point that developers have an obligation to turn over a quarter of the area of their sites to affordable housing. As I said earlier, the PAN 74 definition of affordable housing includes discounted homes for sale and homes for sale that are, by their nature, inherently affordable.

The problem that our members encounter is that local authorities will not accept the provision of houses that meet such a definition as a means of purifying that condition, so they oblige developers to hand over that proportion of the site at a discounted value for rented accommodation or to provide rented accommodation on that proportion of the site. In other words, we are not able to provide—

Karen Gillon: I would like to see some evidence that local authorities are turning down applications for private housing developments that would involve the building of houses that would cost less than £200,000. That is an extremely serious accusation, which we would want to explore.

Jonathan Fair: I would be delighted to provide that to the committee.

The Convener: You can provide us with examples of such cases.

Jonathan Fair: They are well documented. I would happy to provide such information to the committee.

The Convener: We would all find that useful.

Peter Peacock wants to pick up some infrastructure issues.

Peter Peacock: I will move on to the unplugged house idea. I have two points. You said that whereas some developers are happy to build two or four houses, many developers want to build 50, 100 or 200 houses. Thinking about those who are happy to develop two, three, five or 10 houses, what difference would it make to your ability to develop and to bring costs down if local authorities took a different approach to the zoning of land that is not close to established water and sewerage services and allowed the development of smaller portions of land that are unplugged from public infrastructure? Would it make a lot of difference if you had more latitude?

Jonathan Fair: We have noticed a trend, particularly in the past five or six years, whereby the minimum acceptable standards and specifications that Scottish Water, SEPA and other public infrastructure providers will accept or adopt are raised all the time, particularly in the context of drainage systems and surface and foul water treatment. Those urbanised standards might not be appropriate in rural areas, particularly in remote rural areas. That is not to say that they are irrelevant or can be ignored, but they might not be entirely appropriate in those locations. Some additional flexibility is required to allow people to come up with equal performance measures of different specifications—ones that are more appropriate to the norms in rural areas. That would help our members as they try to respond to the agenda.

Peter Peacock: So you believe that a different, more liberal approach would generate more interest in the development of housing and would therefore produce more housing supply.

Jonathan Fair: Yes, I think so. That is particularly true in the context of roads engineering and the like, because that has a significant impact on the density of development and on the continuing costs of maintenance and upkeep.

Peter Peacock: I return to a point that the convener raised with the earlier panel. Do local authorities anticipate the way in which standards are applied when they zone land? Do they think, "This land isn't near to water or sewerage, so SEPA is likely to object and Scottish Water is

unlikely to supply it. We won't zone it"? Alternatively, is it the case that they zone the land, and SEPA, Scottish Water and the electricity and roads people then apply conditions to the development that make it impossible in practice? Do local authorities anticipate the way in which things will be interpreted?

Bruce Walker: In my experience, there is little engagement with SEPA and Scottish Water in the development planning process. Local authorities allocate land without input from SEPA or Scottish Water. The position is improving, but I can give an example of that lack of engagement. Four hundred houses have been allocated in a semi-rural location to the south of Forres, but we recently received correspondence from Scottish Water that suggests that, without substantial investment, the waste water treatment works can accommodate only an extra 44 units. It would have been useful if the local authority had known that when it allocated the land, because it could have allocated less land or tried to address the problem earlier in the process. The information came out only as a result of a consultation on the planning application.

Peter Peacock: That is pretty astonishing stuff. To what do you attribute that?

Jonathan Fair: Ultimately, there is no obligation on local authorities to work with or co-ordinate their land allocation policies with public infrastructure providers. The two do not have to align their work and it is not common for that level of engagement to occur when public infrastructure providers are completing key infrastructure planning. They do not always align their expected plans for facilities or future funding with the land allocations in the local area. However, there are some notable exceptions to that rule. A number of local authorities in Scotland are engaging with and co-ordinating their planning regimes with the likes of Scottish Water, which has created a number of co-ordinators whose purpose it is to do that very thing. That has made a noticeable difference to the incidence of the problem.

Peter Peacock: So two things might be going on. In some cases, such as the one that Mr Walker gave as an example, local authorities are zoning large bits of land for potential development, but developing the land requires huge public infrastructure spending—

Bruce Walker: Or substantial developer contributions.

Peter Peacock: In other cases, it might be that local authorities are not zoning land because they anticipate that Scottish Water or SEPA might have difficulties, so the land does not get zoned in the first place. Is that conceivable?

Bruce Walker: That is possible, but they also have a responsibility to implement the

requirements of the relevant structure plan, so they could not defer zoning for too long. They have to grab the cudgel and allocate land.

11:30

Des McNulty: I was interested in the Forres example. I see nothing wrong in principle with an authority zoning land and saying to a developer, "Well, if you want to develop this land, you'll have to make a pretty substantial developer contribution to putting in additional waste water treatment." That seems to me to be the burden of the existing arrangements.

Bruce Walker: Yes. I do not have a problem with that. The difficulty is that the timing is a bit after the event. If we fund the waste water treatment works, we have to think about how long it will take to set up and commission the works, which might not be commensurate with our development programme and our contractual obligations for the land. We are concerned about timing.

Jonathan Fair: Another aspect is that what is being sought is developer contributions to the investment programmes, not the entire funding of the infrastructure. The developer may be willing and able to make a contribution at an early stage, but the match funding from the coffers of the public infrastructure provider concerned may not be in sequence with the developer's contribution.

John Scott: I have two questions on slightly different aspects. What effect will current fuel prices have on the demand for affordable rural housing near to and, indeed, distant from larger conurbations?

Jonathan Fair: I must be honest and say that I am not aware of evidence that would allow me to give a sensible answer to that today. It is clear that increased fuel costs have a significant impact on rural areas, compared with urban zones in which people have public transport alternatives. Many people in rural areas, particularly those in remote rural areas, have no form of public transport at their disposal, even if they wished to use such transport.

Rising fuel prices have a knock-on impact on the people who purchase our homes, but they also have a significant impact on business costs in rural communities and on any external organisation that might want to invest or operate in such communities. For example, a developer constructing properties in a remote location might have severe difficulties because of increased fuel costs associated with the development appraisal.

John Scott: How could public funds be used more effectively in rural areas to increase the supply and quality of affordable housing?

Jonathan Fair: As we have noted already in this evidence session, we are of the opinion that a greater use or recognition of the value of other types of affordable housing provision in the planning system and the behaviour of local authorities would allow a significantly increased range and number of affordable housing properties to be provided in rural areas. That could be done with no reference to public subsidy at all, which is of course the most effective use of public funds.

In the context of existing housing association grant and RSL activities in rural areas, there must be far greater recognition of the importance of liaison between the public and private sectors in understanding the requirements of particular rural areas. The private sector should then be able to step up to that plate in an informed way and present development proposals that suit the needs of the local community and which would, I hope, be more readily accepted and welcomed by the community.

John Scott: The SRPBA said that there was a huge lack of knowledge in the private sector, particularly among landowners, about how to create those sorts of developments. Do you concur with that view and with the view that more information should be made available?

Jonathan Fair: Certainly, we made great strides in providing information and other material to our members about interacting with registered social landlords and, indeed, with Communities Scotland, prior to its demise. Bruce Walker can talk from a practical point of view about issues in the development programme with which he is engaged.

Bruce Walker: Jonathan is right—it is about a mosaic of provision. We build between 24,000 and 25,000 houses a year, so if the PAN 74 benchmark is adhered to, that amounts to about 6,000 affordable houses per year. It is unrealistic to expect all those to come through the social rented sector to be delivered by housing associations—I do not think that there is the funding to do that. That is why we must have a mosaic of provision. Perhaps we should offer some discounted market housing, secured through homestake, via a housing association or by a developer retaining a golden share. That would ensure that housing is available to buy at below market value, which might address some concerns that were raised previously. We must not adopt a one-size-fits-all approach.

John Scott: So what is needed is better implementation of PAN 74.

Bruce Walker: PAN 74 sets out the criteria and the hierarchy of provision. It is an excellent

planning advice note—we just need more clarity on how it will be implemented.

John Scott: We also need consistency of approach across Scotland.

Bruce Walker: Indeed.

Jonathan Fair: Definitely.

The Convener: I have a slightly more general question about the extent to which developers look into the future when they plan their building. I represent one of the Perthshire constituencies, and to some extent I have had the same experience as Karen Gillon. I am slightly puzzled by the fact that private developers prefer to build houses of an enormous size—with four or five bedrooms, three bathrooms, two public rooms, double garages and so on. In southern Perthshire, such houses seem to be designed specifically for central belt commuters to buy—that is the basis on which they are built. Are developers thinking 15 years ahead, to a time when all the baby boomers want to downsize? I have an amazing image in my head, because at that point, with the countryside full of five-bedroom, three-bathroom houses, there will be nowhere for the baby boomers to downsize to.

The demographics show an increasing number of single-person households. The age-related demographics for rural Scotland show that the percentage of such households will be even bigger there than it will be in other parts of Scotland. Are developers thinking that far ahead? When you tender for building, do you take guidance from the planners, who say that they want to work on the basis of forward projections? Is it just about what you can sell in the six months? Because the housing market is really bad right now, do you decide to make your houses wind and watertight, shut the doors and do nothing else until the market has bottomed out? Are you looking only for short-term gain? It seems to me that much of the housing that is being built now will not fit with what we will need in 10 or 15 years' time.

Jonathan Fair: Bruce Walker will address the land aspects of the issue and the impact that valuation processes have on the mix and range of solutions on a site. I will address the issue of demographics and the influence of the market. Housing developers respond to market demand. It is not in their interest to construct homes that they cannot sell. When they plan new projects, they are acutely aware of what the market demand in a location is.

The Convener: Right now?

Jonathan Fair: Right now, they are thinking about the market demand for projects and/or sites that they are looking to plan or for which they want to enter into land purchase agreements. However,

if it takes three or four years to convert interest in a location into handing over the first set of keys to a consumer, it is extremely difficult to look to the future with certainty and to understand the implications of changing market conditions, because that is a long window. The process is driven by the time that it takes not just to get through the planning system but to secure all the other consents that follow. It is true that the trend in Scotland is for the number of people who are living alone to increase; the fact that we have an ageing population means that there will be an increase in the number of people who, ultimately, will have no family commitments. I expect that in future our members will adjust the mix of development—the type of homes that they provide in a location—to reflect those market pressures.

The Convener: However, the process is quite tightly tied to a timescale of a couple of years.

Jonathan Fair: Yes, because the market may move significantly within a two or three-year window, as we are seeing now. Interestingly, because land is the only factor of production in house building that has risen by a factor of three to four over the past 10 years, there has been a trend towards increasing density in urban areas—an increase in the use of flatted development—as a means to justify the level of land price that is required to secure sites in the first instance. In other words, for developers to secure their raw material—the land—they have to be able to find a way to offer a figure that is a suitably attractive to the landowner. The most straightforward way of doing so is to increase the density of housing on a given area. That is why a significant range of developments has made large use of two-bedroom flats or particularly dense urban development. It is driven by the requirement for land.

Bruce Walker: Jonathan Fair stole my thunder a wee bit on that last point. Land supply being rationed in the way that it is creates an extremely competitive environment in bidding for sites, and it is not unusual for there to be 35 or 40 offers for a site. It is all about square-footage, as we say in the industry: the greater the square-footage of accommodation that a developer can get on the site, the more likely they are to win it. The outcome of that is four and five-bed detached houses, because they generate the most square-footage. If local authorities were more prescriptive about what they wanted on sites through their development control standards or their development briefs and applied that policy consistently, we would automatically have to adhere to that and adjust accordingly. However, we always have the landowner in the background who wants £1 million an acre for his site because farmer Giles down the road got that five years ago.

The Convener: That has answered our questions on small-scale developments as well. I thank you both for coming. As always, we may follow up your evidence with a request for clarification or other questions. Equally, if there are further points that you wish to draw to our attention, that would also be useful. In response to Karen Gillon, we explored some matters on which you will come back to us with further information.

I suspend the meeting for a couple of minutes while we bring the cabinet secretary in.

11:42

Meeting suspended.

11:45

On resuming—

Subordinate Legislation

Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 2008 (Draft)

The Convener: Agenda item 2 is subordinate legislation. Before we discuss the draft order, I seek members' agreement to discuss our report on the order in private at our next meeting.

Members indicated agreement.

The Convener: I welcome the Cabinet Secretary for Rural Affairs and the Environment to the meeting, together with his officials Richard Robertson, who is a policy manager at the waste and pollution division of the environmental quality directorate, and Heather Wortley, who is a solicitor with the food and environment division of the legal directorate.

The order is subject to the affirmative procedure, which is why we have invited the cabinet secretary here to discuss it. Members can ask questions about the order before we move to agenda item 3 and the formal debate. Officials may contribute now, but may not contribute during the formal debate.

I invite the cabinet secretary to make an opening statement, if he so wishes. Committee members will then ask questions.

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Thank you, convener. It is a pleasure to be back before you for the first time in a few weeks. I thank the committee for giving me the opportunity to present the draft order.

The Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc) Order 2008 will transfer to the Scottish ministers a number of functions in the Pollution Prevention and Control Act 1999 and the Environment Act 1995. That will ensure that the Scottish Government is able fully to implement certain European Community energy efficiency obligations. The functions that will be transferred under the order will allow the Scottish ministers to empower the Scottish Environment Protection Agency to ensure that energy is being used efficiently at industrial installations that fall within the scope of the integrated pollution prevention and control directive.

The order is made under section 63 of the Scotland Act 1998, which enables any function of a United Kingdom minister of the Crown to be exercisable by the Scottish ministers. It is

proposed that the functions listed in the order will be exercisable by the Scottish ministers concurrently with a minister of the Crown. Committee members will have seen the executive note that sets out the policy objectives, legislative background and content of the draft order.

Why is the order required? The IPPC directive introduced an integrated approach to controlling emissions from industrial installations. As many members may know, that is achieved through a permitting system that requires operators to take an overall view of the potential for their installation to pollute. Operators are required to adopt measures to prevent pollution and improve the environmental performance of their installation, including its energy consumption and energy efficiency. Member states are required under the directive to ensure that installations are operated in such a way as to use energy efficiently.

We have concluded that some aspects of the requirement fall within the subject matter of the Energy Act 1976 and so are reserved matters under the Scotland Act 1998. There is an exception to the energy conservation reservation for

"The encouragement of energy efficiency other than by prohibition or regulation."

However, relying only on encouraging operators to use energy efficiently would not be sufficient to implement the IPPC directive in full. The directive has been transposed in Scotland through the Pollution Prevention and Control (Scotland) Regulations 2000, commonly known as the PPC regulations, which currently are enforced by SEPA. Around 450 industrial installations across Scotland fall within the scope of the IPPC directive, covering a wide range of sectors.

Without the order, the Scottish ministers will be unable to give SEPA the powers to include all the prescriptive conditions in IPPC permits. Those conditions are needed to ensure that energy is used efficiently within industrial installations, in compliance with the directive's requirements.

The order will transfer a range of pollution control functions to the Scottish ministers to ensure that the Scottish Government is able to implement all aspects of community law concerning energy efficiency at industrial installations. Many of the industrial processes that fall within the scope of the IPPC directive tend to be energy intensive in nature. Energy efficiency is a key element of our climate change agenda and is an integral component of our strategy to create a strong, sustainable economy. Improving energy efficiency can provide real opportunities for many businesses to improve profitability, particularly at a time of increasing energy prices.

In drafting the order, Scottish Government officials worked closely with the Scotland Office, the Department for Environment, Food and Rural Affairs, and the Department for Business, Enterprise and Regulatory Reform to agree the content and scope of the draft order. I invite the committee to discuss and approve the order.

The Convener: As no member has any questions, we move to the next item of business, which is the formal debate on the order. The cabinet secretary is entitled to make an opening speech, but in the circumstances he might wish just to move the motion formally.

Richard Lochhead: I am so pleased that there are no questions that I am happy just to move forward on the agenda.

Motion moved,

That the Rural Affairs and Environment Committee recommends that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2008 be approved.—[*Richard Lochhead.*]

The Convener: Does any committee member wish to contribute to the formal debate?

Karen Gillon: It is good to see such effective co-operation between our Governments.

The Convener: That is a statement and not a question.

Karen Gillon: It is a statement in an open debate, convener.

The Convener: Thank you. No one else seems to want to speak. Again, cabinet secretary, you are entitled to make a short winding-up speech, but you might wish to dispense with it.

Richard Lochhead: I just want to thank the committee for its co-operation. The order closes an important loophole and will be of assistance.

The Convener: The question is, that motion S3M-1894, in the name of Richard Lochhead, be agreed to.

Motion agreed to.

The Convener: Thank you, cabinet secretary. It is the procedure that pulls you in front of us.

Richard Lochhead: Thank you. I expect that response to be the norm.

Budget Process (Finance Committee Inquiry)

11:52

The Convener: Item 4 on the agenda is the Finance Committee's inquiry into the budget process. As members will recall, we began a substantive discussion of our response at the previous meeting. Today offers the final opportunity for discussion, because responses must be received by the Finance Committee by Friday 30 May. Areas of discussion that were raised previously are noted in paper RAE/S3/08/11/6, which has been circulated. I invite further comments from members. I think that Peter Peacock has comments, but I have had no indications from other members.

Peter Peacock: I want to pursue the point that I started to make at the previous meeting: there is a case for the Finance Committee to consider whether changes are needed to allow more amendments from members at stage 3. As I said last week, I do not take a hard position, but suggest that this committee should say that stage 3 amendments should be allowed and invite the Finance Committee to consider whether there is a case for that. That is all that I am advocating. I was pleased that Bill Wilson and others defended the previous Executive's approach to the matter. As someone who used to be a sinner, but who might have been thanked for his repentance—

Bill Wilson: Are you making a confession, Peter?

Peter Peacock: If you regard it as a sin, I am happy to be repenting. However, I do not take a hard position; I just think that the Finance Committee should consider the matter, and I hope that this committee will make that point in its response.

The Convener: The question is what this committee recommends formally to the Finance Committee. We can take a vote on the question if members prefer. My sense is that the majority of members are not moved to support Peter Peacock's proposal, but I have no objection to stating that although the majority did not support the proposal, expressions were made in committee about that stance and that our position is by no means unanimous.

Peter Peacock: I accept that the committee's position will not be unanimous, but I would rather put the matter to a vote.

The Convener: Okay. We need a proposal, I suppose.

Peter Peacock: I propose that the Rural Affairs and Environment Committee invite the Finance Committee to consider the case for greater latitude at stage 3 of the budget process for amendments proposed by members, and to report on its considerations to the Parliament.

The Convener: The question is, that Peter Peacock's proposal be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Gillon, Karen (Clydesdale) (Lab)
McNulty, Des (Clydebank and Milngavie) (Lab)
Peacock, Peter (Highlands and Islands) (Lab)

AGAINST

Cunningham, Roseanna (Perth) (SNP)
Hepburn, Jamie (Central Scotland) (SNP)
Wilson, Bill (West of Scotland) (SNP)

ABSTENTIONS

Scott, John (Ayr) (Con)

The Convener: The result of the division is: For 3, Against 3, Abstentions 1.

In that case, I must use my convener's casting vote, and I cast my vote in accordance with the status quo, so we will recommend that the present procedure should continue. However, we will indicate that there was a division.

Des McNulty: There is a problem with that, convener. You need to justify that a bit more. The Finance Committee is raising in its proposition—

The Convener: I have just said that my casting vote is to remain with the status quo for the budget bill procedure. That is a perfectly clear position. I am not required to justify it at all in committee, but I have done so and on that basis.

Des McNulty: To be clear, your view is that, despite the issues that the Finance Committee raises about the existing budgetary arrangements, none of those issues requires any reconsideration by that committee. Is that what you are saying?

The Convener: My position is that we have had a vote on Peter Peacock's proposal in respect of stage 3 of the budget process. That is the position that we are in now.

Des McNulty: I just want to be clear what the majority view in the committee is.

The Convener: We are clear, Des. I am not going to go on with this argument. We could have had the discussion before the issue went to a vote, but you did not have it. We have had the vote and I have made my position clear. Nothing about the vote or my position is in any way unusual or unclear. On that basis, can we just move on?

The result of the vote is that the Rural Affairs and Environment Committee is not taking on board the position that Peter Peacock wants us to take on board. In respect of the other proposals, we have had a discussion and—

Des McNulty: I am sorry convener, but I want to be absolutely clear. We have been asked to consider a paper that contains several questions. I refer you to the section entitled "Stage 1—issues to consider", which asks us questions on the current arrangements, the alternative arrangements and the founding principles. There is a further section entitled "Stage 2—the current process", which asks further questions. The paper contains a series of questions. Is it the committee's view that we have no response to any of those questions? Are you saying that, on the basis of refuting Peter Peacock's proposition—on your casting vote, I remind you—

The Convener: That is the only proposal that is before us.

Des McNulty: We have had a prior discussion on the issue. It is your responsibility as convener to allow a proper rounded discussion of the issues that we want to raise with the Finance Committee. When the question on the proposal was being put, you did not say that if the vote was lost you would simply ignore all the questions and that the response from the Rural Affairs and Environment Committee would be that everything is fine. If that is what you want to say, I want you to put that on the record. I want you to say that you are going to ignore the Finance Committee's questions—

The Convener: Des, I have had enough of this. Could you just stop now? The only substantive debate that we have had was the debate about the issues that Peter Peacock raised in respect of stage 3 of the budget process. We have now had a vote on that—

Des McNulty: We have had a vote on one specific proposition.

The Convener: Yes. Would you let me finish, please? The rest of the discussion—

Des McNulty: I do not accept that you should be rude to me, convener. I have been a convener, as well. You have a responsibility to allow members to speak.

The Convener: The rest of the discussion will be reflected in the letter that we send to the Finance Committee.

Des McNulty: That is what I was asking about.

The Convener: It would have helped if you had put something in writing or in a motion if you wanted specific issues to be raised. We have had a vote and I have set out what we are going to do. There is no set way in which to respond to

consultations. We can reflect the discussion, but the only formal vote that we have had is the one that we have had today, and that will be reflected, too. That is the position that we are in.

If members want to see the letter that will go to the Finance Committee, that is fine, but it will have to be circulated and it must be with the Finance Committee by Friday. You will need to stand by your e-mail inboxes. I am happy to do that as a matter of practice. Our letter will reflect the discussion that we had last week as well as the discussion that we have had this morning. Only Peter Peacock has raised any issues this morning.

12:00

Karen Gillon: It might also be useful if the clerks looked back at our previous budget discussion to see whether any issues emerged from that which could usefully be included in the letter.

The Convener: That is fine. The letter to the Finance Committee will reflect that discussion. The only decision that we have made, in practical terms, has been on Peter Peacock's motion. That is the one issue that has been substantively debated in the committee today. We had a discussion at our previous meeting and we have had one at this meeting, and the deadline for the letter being with the Finance Committee is Friday. That is how we will proceed.

Des McNulty: I beg to differ on your interpretation of events, convener. We had a discussion at our previous meeting and you asked for a specific proposition. I asked you, after the specific proposition was voted on, whether that was going to be the sum total of what we put in our letter to the Finance Committee and no other issues were to be raised. You seemed to suggest that the only issue that was germane to the discussion was the vote on Peter Peacock's proposition, and I wished to query that. I thought that a number of questions were asked in the Finance Committee paper that either were not addressed or were addressed in our previous discussion, therefore the report that will go to the Finance Committee—

The Convener: I have already said that the report that will go to the Finance Committee will reflect the whole discussion that the committee has had.

Des McNulty: Well, I am sorry, but I do not think that you said that at the outset.

Bill Wilson: We seem to be having a rather circular conversation.

The Convener: The vote that we took this morning will be part of that discussion. The

proposal was the only practical one that was put forward.

Des McNulty: That is a very unsatisfactory outcome, convener, and I believe that you are abusing the chair in that context.

The Convener: Well, that is fine. You can take that away. In my view, we have had two discussions on the issue. The substantive point that Peter Peacock raised at our previous meeting has been discussed again today and has been voted on. The whole discussion that we had last week will be reflected in our letter to the Finance Committee. We will, of course, look back at some of the issues that were raised in the budget process—I think that we talked about that at our previous meeting—and our letter will be sent to the Finance Committee by the deadline on Friday. The letter will pull together all the various views that were expressed in both the budget process and the discussion that we had last week.

We need to move on, now.

Budget 2009-10 (Adviser)

12:02

The Convener: Item 5 on the agenda is also related to the budget process and concerns the appointment of an adviser. The committee is asked to agree to seek approval from the Parliamentary Bureau to appoint an adviser for our scrutiny of the Scottish Government's 2009-10 budget. We must do that as early as this because the appointment process is quite long. If we want to have someone in place by the time we next scrutinise the budget, we need to start now. Subject to the bureau's approval—that has to be stated as a qualification—a person specification will be brought to the next meeting of the committee, on 11 June. I ask the committee to agree to seek approval for the appointment of a budget adviser, to get the ball rolling.

Members *indicated agreement.*

Ticks and Tick-borne Diseases

12:03

The Convener: Item 6 on the agenda is ticks and tick-borne diseases, which the committee will recall was raised by members at our away day last summer. A tick task force—I must be careful how I say that—has been convened by the Government and we appointed John Scott as the committee's reporter on it. He attended a meeting of the tick task force on 25 April. I invite him to make some comments about that meeting.

John Scott: The meeting focused on the incidence of ticks throughout Scotland and we heard of the growing danger of Lyme disease to countryside users. We heard of the need to make the public more aware of that danger in a responsible and proportionate way. We also discussed the need to develop a better communication strategy for those who walk and live in the countryside. We must examine best practice in dealing with tick-borne diseases elsewhere in the world, particularly in the Baltic states and Russia, bearing in mind that there are different types of tick-borne diseases elsewhere in the world, such as encephalitis.

The group's work is on-going. It was extremely interesting and the next meeting will be in autumn 2008. I was given more papers prior to the meeting, should anyone want a copy of them. If you are the least bit interested in ticks and the diseases and dangers thereof, you will find them fascinating.

The Convener: At the risk of finding this fascinating, members with constituents who have been diagnosed with Lyme disease or whose diagnosis is disputed have become aware that the national health service in Scotland is perhaps not geared up to diagnose tick-related diseases. I ask that, while the task force is on-going, you feed that information back to it, because there seem to be issues surrounding the early diagnosis of tick-related diseases, which obviously is vital.

John Scott: Early diagnosis is vital in the treatment of Lyme disease. It is fair to say that the NHS in Scotland could perhaps do more to ensure that general practitioners, in particular, as they are on the front line, are better informed about how to identify the disease.

On a practical note, I put it on the record that it is vital for anyone who finds a tick attached to their body to remove it as soon as possible and to do so in the proper way.

Peter Peacock: On John Scott's final point, my son has had two such incidents. On one occasion he ended up in hospital following a tick bite. I do

not think that he had Lyme disease, but the bite caused a very severe reaction.

People who work on the land have made the point that because of climate change, ticks are surviving through the winter as well as through the summer months, which is a serious issue for anyone in the countryside.

John Scott's final point is important. How do people know what to do? I hope that the task force will focus on the media and encourage them to write the story up in a positive but sane and sensible way and to give advice to people on what they should do if they find a tick. It is extraordinarily difficult to remove ticks, and there are lots of myths and folk remedies, which can be dangerous. It is important to encourage the media to treat the issue as being serious for a lot of people and to write about it in a sensitive way. I hope that that will happen.

John Scott: I assure you that the task force's intention is to provide better public information. It is looking at different ways of doing that, such as putting information on notice boards at the entrance to national parks to ensure greater public awareness of ticks. That is work in progress.

There is a growing public health issue in Scotland, partly because many sheep are coming off the hills, particularly in northern and western areas. Sheep are now regarded by some estate owners as tick mops and tick sponges because, regrettably, from my point of view—I declare an interest as a sheep farmer—that is their only value. The perception is that sheep are used for that purpose on certain sporting estates.

The Convener: I flag up the danger of assuming that the issue applies only to vast tracts of land and in the hills, because ticks are now in people's domestic gardens. I have experience of animals that do not leave their garden nevertheless getting ticks. There is a need to disabuse people of the notion that ticks are a problem only for hikers in the hills, because that is not the case. It is now possible for people to receive tick bites in relatively urban gardens.

Bill Wilson: Is the same species involved?

John Scott: In different parts of the world there are slightly different species.

Bill Wilson: Is there a single species in Scotland?

John Scott: I am afraid that I cannot say.

The Convener: Ticks are generally seen as things that we should guard against when we walk in the hills or out in the fields, but people need to be aware that it is possible to have an altercation with a tick in their own back garden. That is the concern. It is now a far more important health

issue for urban Scotland than may hitherto have been the case.

John Scott can take our comments back to the next meeting of the task force, which I understand is in the autumn.

John Scott: Yes.

Bill Wilson: Is there a vaccine?

John Scott: Vaccines have been created for sheep, the most memorable of which is the louping ill vaccine from the Moredun Research Institute. That vaccine is becoming more and more difficult to manufacture, given the low level of demand and, because it is very unstable, the high cost of producing it. To the best of my knowledge—which is not exhaustive—there are no vaccines for humans. However, there are effective treatments for Lyme disease, provided that they are delivered early. If you have a tick bite, it is vital that you remove the tick within 24 hours to reduce the chance of being infected with Lyme disease.

European Union Issues

12:12

The Convener: Item 7 is European Union issues, for which members have a paper. The most pertinent information relates to the common agricultural policy health check, on which there is a debate tomorrow morning.

Karen Gillon: I have a comment about the fisheries section of the paper, particularly in relation to the Scottish Government's consultation paper on safeguarding our fishing rights and quotas. It would be useful if the Cabinet Secretary for Rural Affairs and the Environment came to committee to discuss that further.

The Convener: The away day is coming up. We can talk about fitting that into the future work programme. We will return to fisheries-related issues anyway.

Karen Gillon: As I understand it, we will return to them sooner rather than later, because the science will be available this year.

The Convener: We will park that point with our discussion of the away day. If there are no further comments, we note the update.

12:13

Meeting continued in private until 12:32.

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