

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 29 October 2008

Session 3

£5.00

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

19th Meeting 2008, Session 3

CONVENER

*Roseanna Cunningham (Perth) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

Karen Gillon (Clydesdale) (Lab)

*Liam McArthur (Orkney) (LD)

*Alasdair Morgan (South of Scotland) (SNP)

*Elaine Murray (Dumfries) (Lab)

*Peter Peacock (Highlands and Islands) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Rhoda Grant (Highlands and Islands) (Lab)

Jamie Hepburn (Central Scotland) (SNP)

Jim Hume (South of Scotland) (LD)

Nanette Milne (North East Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Nick Bailey (Fisheries Research Services)

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

Stewart Maxwell (Minister for Communities and Sport)

Coby Needle (Fisheries Research Services)

John Simmonds (Fisheries Research Services)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Roz Wheeler

LOCATION

Committee Room 6

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 29 October 2008

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

Decision on Taking Business in Private

The Convener (Roseanna Cunningham): I welcome the Cabinet Secretary for Rural Affairs and the Environment and the Minister for Communities and Sport. I remind everybody to switch off their mobile phones, pagers and BlackBerry's, because, as everyone now knows, they interfere with the sound system.

The main purpose of the meeting is to take evidence for our affordable housing inquiry, but we will also take evidence on the fisheries council talks.

I have received long-term apologies from Karen Gillon, who is on maternity leave. Rhoda Grant is substituting for Karen on a long-term basis. No other apologies have been received; everyone else is present.

Under agenda item 1, we must decide whether to take our consideration of evidence on the December fisheries council and future reviews of evidence on that subject in private. It is standard practice for the committee to take such items in private. Do members agree to do that?

Members *indicated agreement.*

Subordinate Legislation

Inshore Fishing (Prohibition on Fishing) (Lamlash Bay) (Scotland) Order 2008 (SSI 2008/317)

The Convener: Item 2 is consideration of a negative instrument. The order proposes the prohibition of fishing in an area of Lamlash Bay off the coast of Arran. The area is a no-take zone; it will be the first community marine conservation area and is intended to protect and enhance biodiversity and to form part of the wider scallop enhancement measures.

We should note the work of the Community of Arran Seabed Trust, which played a huge part in securing protection for the area, and lodged a petition in the Parliament. The Public Petitions Committee, this committee and the previous Environment and Rural Development Committee have all been involved in progressing the issue. There have been a number of evidence-taking sessions on the petition and correspondence with the Government over a period of time.

The Subordinate Legislation Committee has commented on the order. An extract of its report has been circulated to everybody. No members have raised any points on the order and no motion to annul has been lodged. Do members agree to make no recommendation on the order?

Members *indicated agreement.*

Peter Peacock (Highlands and Islands) (Lab): I am in agreement, but I just want to say that the no-take zone is a thoroughly good thing that I am pleased to see happening. My former colleague Maureen Macmillan, who put a lot of effort into the issue, will also be pleased to see it happening.

The Convener: Indeed.

Rural Housing Inquiry

10:05

The Convener: We move to item 3—satisfactorily five minutes ahead of schedule—which is further evidence taking as part of our rural housing inquiry. For what is likely to be our last evidence-taking session, I welcome the panel from the Scottish Government: the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead; the Minister for Communities and Sport, Stewart Maxwell; David Brew, who is deputy director in the rural communities division; and Pauline Innes, who is head of regional team (north) in the housing and investment division.

Both the cabinet secretary and the minister have asked to be allowed to make brief opening remarks. Before they do so, I advise them that it would be extremely helpful if they could each confine their remarks to no more than five minutes. We try to keep opening statements short.

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Convener, let me just concur with the comments that were made under the previous agenda item in consideration of the Lamlash Bay order, which I have also been involved in.

I thank the committee for inviting us to contribute to its inquiry into rural housing, which is an important issue for rural Scotland in relation to promoting sustainable economic growth, providing support for local labour markets and enabling young people who wish to do so to remain in the communities where they grew up. I am working closely with the Minister for Communities and Sport to generate solutions that will seize the opportunities to create a sustainable future for our rural communities.

The Scottish Government strongly supports sustainable economic growth in rural areas and recognises the need for an adequate housing supply to support that growth. In the current economic climate, I welcome the committee's inquiry into what can be done to improve supply, quality and choice in Scotland's housing. We recognise that people in rural areas can struggle to find affordable homes to rent or buy. That is why the Government is encouraging increased housing supply in rural communities to support local labour markets, to help to retain young people and to encourage inward migration where appropriate.

We are determined to see a substantial increase in housing supply to provide the right number of homes in the right places to support Scotland's economic development. We need to work out the right balance of tenures in our rural settlements to

meet local needs, so an integrated approach to housing and planning at local level is crucial. We expect to see that strengthened and improved through recent changes to planning and other guidance that is issued to local authorities.

The fact that rural policy is mainstreamed across directorates means that all cabinet secretaries and ministers take account of the rural dimension in their strategies and policies. That also means that I am in close discussion with all my Cabinet colleagues across a range of issues. In that spirit of joint working, I shall now hand over to the Minister for Communities and Sport, who will outline his portfolio interest in this important issue.

The Minister for Communities and Sport (Stewart Maxwell): I, too, thank the committee for the opportunity to contribute to its important inquiry. As Minister for Communities and Sport, I am very clear about the significance of maintaining a supply of good-quality and affordable housing if we are to succeed in sustaining our rural communities and the complex but vital contributions that they make to the social and economic fabric of Scotland.

The subject of rural housing is particularly topical just now and has been the focus of a great deal of helpful debate and consideration. For example, earlier this month I attended the convention of the Highlands and Islands, at which the provision of housing in the region was a substantive agenda item. It would be true to say that the subject created intense interest among all convention members, some of whom—such as Scottish Natural Heritage, the Forestry Commission and the university of the Highlands and Islands—might not have had an obvious and direct interest in housing.

Later today, the housing supply task force will consider a number of papers relevant to rural housing, including papers on the role of rural housing enablers, the Highland Housing Alliance and the model that has been developed in the Highlands for a revolving land bank. In addition, the task force will hear a presentation from the rural and islands housing association forum.

Let me comment briefly on the key themes of planning and funding that the committee has pursued. On planning, the Scottish Government has reformed the housing and planning delivery framework, in order to achieve the effective integration at both regional and local level of the two previously separate systems for housing and planning, with the aim of ensuring that the right numbers of houses are built in the right place. The implementation of the reformed framework will be critical to achieving the Government's long-term goal of increasing housing supply. The new framework has three key elements: new guidance for assessing housing need and demand; a

revised planning policy—Scottish planning policy 3—on planning for homes; and new guidance on preparing local housing strategies.

Taking action on housing is one of our highest priorities. That is why we have brought forward up to £100 million this year and next to help to meet the demand for affordable housing. We outlined the first £9 million of funding in September and £5.6 million of that was for projects in rural areas. We expect to make further announcements on future tranches in the coming weeks.

I am sure that you will also be aware that the First Minister has just announced a £60 million expansion of the open market shared equity pilot for 2009-10. That will now cover the whole of Scotland, and is designed to help low-income, first-time buyers to find affordable homes.

More generally, in our main grant programmes, we recognise that the cost of housing in remote and rural areas may be higher, so we continue to make provision for that. These are exceptionally turbulent times for the housing sector across all tenures and in rural and urban Scotland. I look forward to helping the committee with its inquiry, and to the light that I hope it will be able to shed on these areas when it publishes its inquiry report.

John Scott (Ayr) (Con): Obviously, the first thing that one needs to build houses is land. What are the Government and its agencies doing to provide land that they own in rural areas for affordable housing?

Richard Lochhead: That is a good point. The issue has risen up the Government's agenda in recent months because we have many agencies and public bodies that hold land for the Government. Before the end of the year, we will start an investigation into how we are using publicly owned land in Scotland. One of my officials will chair that review, which will address John Scott's point exactly: it will look at what land is publicly owned in Scotland and what could be made available for purposes such as affordable housing. We want to be sure that we are using the massive amount of land that is held for the public.

There are schemes in place. For example, the Forestry Commission Scotland's national forest land scheme has been up and running for about three years. It aims to make forestry available for local communities to purchase for affordable housing. It was reviewed in the past few months to ensure that it is accessible and that its administration is working properly. So far, 21 applications have been made to the national forest land scheme and four affordable housing projects are part of that, which means that there are 24 plots in all so far. Clearly, the scheme took a bit of time to get up and running, and that is where it is at the moment. There have also been six

community acquisitions, so communities also have the opportunity to use that land for affordable housing if they so wish. There have also been 11 sales of surplus land through the scheme, and some of that land might well be used for affordable housing.

John Scott: What powers and tools are at your disposal to encourage private landowners to release more land?

Richard Lochhead: There is a new pilot scheme that does that. The minister can give you some more information.

Stewart Maxwell: Earlier this year, we announced the rural homes for rent pilot scheme, which is an attempt to address the particular problem that John Scott has raised. The pilot was launched with £5 million initially, and we have had somewhere in the region of 67 applications or expressions of interest, of which at least 40 to 50 will be going forward for more detailed analysis.

The purpose of the scheme is to release land that is in private hands but which could be used for affordable housing. There are individual landowners who, for a variety of reasons, many of which are entirely reasonable, do not wish to sell their land or pass it into other ownership but who are still interested in helping with the problems of affordable housing in their local communities in rural areas. To access that land, we have implemented a scheme that will provide a grant to private landowners so that they will build affordable houses for rent on their land. The schemes will be small and they will all be in rural areas. The criteria will ensure that those houses are available for affordable rent for at least 30 years, and we hope that they will be available well beyond then. That is one small scheme that we have just started to run as a pilot. We will announce the successful bidders early in the new year. That is an example of an attempt to make land that is not currently available for affordable housing available for that purpose as soon as possible.

10:15

John Scott: Anecdotal evidence is emerging that linking planning decisions to section 75 agreements slows the planning process. Such allegations are being made in my constituency. Do you have plans to revise planning advice note 74 to make it more effective in rural areas?

Stewart Maxwell: Whether to review that planning policy is up to the planning minister. You are right to say that the evidence is anecdotal; we have no hard-and-fast evidence. However, I suspect that what has been described is exactly what is happening. That is one reason why we brought forward up to £100 million for the

affordable housing investment programme in this year and the next, to ameliorate the situation throughout the country. Of the £9 million of spending that we have announced so far for this year, £5.6 million is for rural areas. The Highlands will receive £2 million, mostly for land purchases, which will build up land supply for developments.

We do not have hard evidence, but it is reasonable to assume that your suggestion is correct. By bringing forward funding to this year and freeing registered social landlords to buy off-the-shelf properties and land with that money, we have taken action that has been widely welcomed. That allows RSLs to help building companies that operate in rural areas and ameliorates difficulties.

The fact remains that the Government cannot step in and completely cover the marketplace. The difficulties in the marketplace are so huge that no Government could manage to do that. However, we are doing all that we can to help building companies to keep going and to bring forward projects earlier than otherwise.

John Scott: I take your point, but these are exceptional times. If section 75 agreements are holding up the granting of planning permission, should the Government not look into them urgently? Will you, as members of the Government, undertake to do that?

Stewart Maxwell: Absolutely. Every week at the Cabinet meeting, there is an economic paper that covers every aspect of the whole Government. At yesterday's meeting, the cabinet secretary and I discussed new action that we could take, how we could ease burdens on companies and builders and how we could bring forward projects and capital spend. The Government is examining all its portfolios in an attempt to deal with the difficulties. The planning minister, Stewart Stevenson, was also at the meeting to discuss issues for which he is responsible. The Government is looking at all its business in trying to produce policies and plans that help. That process continues.

Richard Lochhead: We await the imminent publication of research by the University of Stirling into occupancy conditions in rural areas, which I understand is due in the next few weeks. That will significantly influence our thinking.

The Convener: Developers' contributions—the commuted sums that developers pay in lieu of building affordable housing—have been a useful extra source of money for local authorities. However, in the current circumstances, few builders are building anything, and 25 per cent of nothing is nothing. Is an attempt being made to quantify the drop in the money that might otherwise have been available? Once upon a time, local authorities could get money out of developers, but that will not happen now, because

developers are not building any more, unless they are building purely affordable housing schemes.

Richard Lochhead: That is a good point. It is fair to say that we are in uncharted waters and we are trying to gauge the extent of what will happen in rural housing. Highland Council is holding a seminar today that will bring together house builders and other major players in housing to address some of those points and to ascertain exactly what will happen in house building in the rural Highlands. Our local authorities are taking a lead in trying to understand the issue and we must pay close attention to it.

Stewart Maxwell: It is also fair to say that many of the issues that the convener raises will affect future years. Many local authorities currently have money in their bank accounts from projects and proposals. In effect, the problem will not arise in this year but will arise in future years. We are encouraging local authorities to consider the moneys that they can obtain through other routes. Many local authorities have built up substantial sums from council tax income on second homes. We are encouraging them to use that to assist with the present affordable housing difficulties. The councils have a substantial amount of money that should be used for affordable housing and we are encouraging them to do that.

The Convener: Yes but, because of the concordat with local government, you cannot do more than encourage. Councils are not required to use the money in any way other than the way that they choose.

Stewart Maxwell: Yes, but there are restrictions, in that the money should be used for housing.

The Convener: But they can choose how to use it.

Stewart Maxwell: Absolutely. However, as Richard Lochhead pointed out, councils are equally concerned about the difficulties in their areas and they are looking at how they can help.

The Convener: But at present there is no central Government quantification of the financial hit that local authorities will take.

Stewart Maxwell: At present, we have no more hard evidence about the situation than you have.

Bill Wilson (West of Scotland) (SNP): As the convener said, 25 per cent of nothing is nothing. Might the Government consider allowing builders to delay payments for a couple of years, which would encourage them to keep building and would perhaps allow the councils to get the money down the line? Are you considering any flexible arrangements in relation to that 25 per cent?

Stewart Maxwell: Local authorities are responsible for negotiating with builders and have flexibility in doing so. That flexibility could be in the number of houses, as not every development must have 25 per cent affordable housing. Also, the flexibility is not always to do with housing; it sometimes involves a payment or other work. Local authorities have considerable flexibility. The problem is not a lack of flexibility but a lack of development, which takes us back to the point that if there is no building, there is no money.

Peter Peacock: I will pick up the point that the convener raised, but I want to move beyond the issues of the 25 per cent affordable housing and the cash contributions. Much of the affordable housing that we have built in Scotland has been built on the back of private development. The model is that a proportion of the houses that are built in private developments are affordable houses. As we have said, private development has dried up, which has potential cash implications for local authorities, but it also means that the model under which we all thought a significant amount of affordable housing would be delivered has vanished, because we no longer have the private developments. Richard Lochhead mentioned an initiative by Highland Council, but what is the Government doing to rethink the model that has hitherto produced the houses that we need and which we thought would continue to produce those houses?

Stewart Maxwell: We are considering a range of options for providing affordable housing. The rural homes for rent scheme is a small example, but it is a new initiative. We have also announced attempts to incentivise councils to start building again, which they have not done for years. Those attempts are beginning to bear fruit, with councils willing to start projects on the ground. East Lothian Council, West Lothian Council, Midlothian Council and one or two others are showing an interest. That is one model, but we are considering other models for ensuring that, as far as possible, we replace the loss in the short to medium term, or however long the difficulty in housing lasts—nobody knows about that.

We are in regular contact with the building industry through Homes for Scotland in particular. Immediately after this meeting, the housing supply task force will meet to address rural issues and how we can tackle some of our current problems, a subject that has taken over the whole agenda of the meeting.

There is no doubt that the Government is attempting to do what we can to shore up the situation, but there is no point in pretending that we can replace lost private sector development. Beyond that is the affordable housing investment programme, the consultation on which we will

announce shortly. It is an attempt to maximise the number of properties that we can get from the available money. It is difficult to see what lies beyond that project, but we are very open to any new models that people propose about how we build houses, how we build more houses for the available money and, in particular, how we get land in areas where that has been difficult before. Several RSLs and councils are beginning to think innovatively about how they can do that in the current circumstances.

Peter Peacock: Could I press you slightly further on that? You have given me the impression that, although you are trying to take measures that are within your powers to ameliorate the situation, as you put it, they are at the margins of the total problem. As the minister responsible, do you have any sense that when we come out of the trough into which we are now moving, we will not be able to depend on the current model to deliver affordable housing in future and we will have to find something entirely fresh and new to achieve the objective that we all want to achieve of having more affordable housing in rural areas? Is it the case that the current situation is only temporary and we can go back to depending on that model, or do we have to move away from it?

Stewart Maxwell: You are right to suggest that we have to move into new areas and new models; that has been accepted. The problem is that no one knows how long the current situation will last or quite what the financial situation will be like at the end of it. Those are the difficulties.

Discussions with the building companies lead the housing supply task force to believe that new models will emerge from some of the work that they are doing. Builders are beginning to look at whether they should invest in housing and retain a share in it—whether they should practise a rent-to-buy scheme as opposed to the other way round, a mortgage-to-rent scheme. We are working with building companies to develop some of the new models that they are working on. We have had initial indications from some areas of the country—from Grampian, for example—that they are looking at a new model of funding for affordable housing, although I have not yet received any detail from Grampian. We are aware that there will be a new model, but it is a bit early to say what it will be.

The Convener: I have another question about the current circumstances and Government monitoring of the situation. Are you monitoring the banks' new lending practices, particularly in relation to anything that is not a mainstream mortgage? We know that mainstream borrowing is hard enough to get, but there seems to be evidence that anything that is not mainstream is even harder to get. Is the Government doing

anything to monitor that with a view to bringing pressure to bear on the lenders?

Stewart Maxwell: We are having on-going discussions with the lenders, particularly at official level, to ensure that they are absolutely clear about our proposed models, so that there is no misunderstanding and we do not get into a situation in which, because of the nervousness in the system, banks pull in their horns and do not lend in cases of solid investments.

It is fair to say that most of the mortgage lenders are clear that lending to the RSL sector and Government schemes is still a safe investment in difficult times. The problem is clearly a much wider one of lack of liquidity in the whole market and the fact that lenders are very risk averse and unwilling to lend to one another or anybody else. We are doing what we can to encourage them to stay committed to some of our projects, but we are working in a difficult environment.

The Convener: There is evidence that housing associations are also beginning to encounter difficulties with the banks. Are you monitoring that too? It is not about mortgages; it is about financing housing for rent.

10:30

Stewart Maxwell: Yes, we are well aware of the issue. Many of the housing associations have deals in place, but as they come to an end they have to be renegotiated, and those who are experiencing difficulties are having to renegotiate at this particular point in time. We keep a close eye on the situation through our connections with the Council of Mortgage Lenders and the Scottish Federation of Housing Associations to ensure that we are doing all that we can to assist them. We are making positive noises to the mortgage lenders to ensure that they know that, particularly in these difficult times, the housing association sector is a very safe bet for lenders, and that they should maintain and secure that connection. If lenders are worried about risk, they should know that housing associations are a low-risk venture.

The Convener: Surely the problem is not that they do not know that the sector is safe but that, because it is safe, the sector will be hammered for interest.

Stewart Maxwell: There is no doubt that interest rates in finance deals have crept up, and we cannot change the interest rates that the banks charge for the money that they want to lend. We can do nothing about that except encourage the lenders to see that the RSL sector is a safe environment for investment, and that their money will see a good return over a long period of time. Many financial institutions are looking for such an environment in these difficult times.

Bill Wilson: Part of the concern is that innovative designs might lose opportunities. About a year ago, I read that it was quite difficult to get a mortgage for a wood-built house, despite the new technologies that such houses use. It is liable to be more difficult to get a mortgage for a wood-built house now, and I am concerned that if the Government does not now give very clear support and guidance to banks about innovative and sustainable design, we might halt interesting new developments.

Stewart Maxwell: We certainly give out positive messages about the sector and the fact that banks should be confident about lending to it. At the end of the day, it is up to the banking industry to decide who it lends to and at what rates of interest. We cannot force the banks to lend to particular organisations or at particular rates.

As I said, we are doing all that we can to make sure that the banks do not withdraw from the sector and cause difficulties such as those that Bill Wilson suggests. We are in a difficult situation. The financial sector is going through uncharted territory. The Government will do all that it can to ameliorate conditions, but we cannot change the global economic downturn to ensure that it does not impact on some sectors of our society. We will do all that we can to help, but there are going to be difficulties—there is no point in trying to hide from that.

Richard Lochhead: During the next few days, I will meet the clearing banks. I have regular meetings with them to discuss the state of the rural economy and their role in that. I assure the committee that these issues are raised regularly with the clearing banks.

Liam McArthur (Orkney) (LD): I go back to the convener's point about interest rates, which the minister accepted are creeping up. Other than the cabinet secretary's meetings with the banks, not a lot can be done about that.

In its evidence, SFHA tells us that an assumption of private finance borrowing at 6 per cent is built into the housing association grant, whereas the best available rate is 6.75 per cent. In fact I know from my local housing association that the market rate is closer to 7.25 per cent. I am interested to know what new thinking the Government is doing to take into account the additional costs of attracting private finance. Along with assumed rent levels, there are unrealistic loan terms. My local housing association tells me that there is no chance of its delivering its own development projects in the near future, let alone over a 30-year period.

Stewart Maxwell: The assumptions that underlie the changes to the HAG that we introduced in April were based on two fundamental

points. First, the assumptions were based on figures that the organisations provide about rent levels, void levels and so on—that is, all the figures that they provide to the Government. Secondly, the assumptions were based on housing associations' projections of likely void levels, rent levels and development opportunities. We therefore took into account the reality on the ground in setting the HAG level.

We also took into account the regulator's report, which clearly stated that the sector was in robust financial health and could bring into play substantial resources for building affordable housing.

The new grant levels brought HAG into line with what the housing associations had reported, which was reasonable. However, given the current situation and circumstances that change almost every week, we have been discussing matters in detail with the sector. We recently held six seminars across the country to discuss with the sector what is happening and how we can help it to take forward development projects. Those discussions are part of the affordable housing investment reform project that I mentioned a moment ago.

We have listened closely to the sector's responses, including that of the SFHA, to the "Firm Foundations: The Future of Housing in Scotland" consultation document. We have also listened to the sector's responses to the recent difficulties in the financial market. I accept that those responses have had an impact on our plans. We will introduce plans for consultation that understand the difficulties that the current situation has brought about. However, the underlying direction of travel is still to ensure that we maximise the amount of housing that we get from Government investment, which is the right course of action. We will ensure that the plans that we introduce take into account the current difficulties and our discussions with the SFHA and individual RSLs across the country.

Rhoda Grant (Highlands and Islands) (Lab): I will ask questions on the HAG because I think that they follow on from this discussion. I am grateful that the minister is reviewing the situation in discussion with the housing associations. Will the review mean that more HAG per unit will be made available to allow housing associations to borrow less? Available flexibility means that rents will be higher than is affordable in rural areas. Is increasing the HAG per unit for housing associations part of the discussions?

Stewart Maxwell: Two separate issues are involved. One is the HAG levels that came in in April 2008; the other is the affordable housing investment reform project, which is the wider reform that was first discussed in "Firm

Foundations". However, our thinking has moved on considerably from that document because of the review, our discussions and the current market conditions. I referred to those issues in my answer to Mr McArthur.

The HAG levels that we have set are a target. Anything below the target will be approved, but further evidence will be required for anything above the target. However, we have always stated that that does not mean that the HAG is capped. For example, we are negotiating with organisations where HAG levels will be higher than the £73,000 figure, which I think is the one that Rhoda Grant is talking about. There is no doubt that figures for HAG per unit will vary across the country and that HAG levels will be higher for rural and some island areas because of obvious difficulties that I do not need to go into. Discussions are on-going; even as we speak, officials are discussing with individual associations how they will take forward their development programmes and how we can better understand the difficulties and costs that are associated with particular developments.

The fact remains, however, that the bulk of developments that are inside the HAG target can go forward easily, smoothly and efficiently, with less bureaucracy. We will have to look carefully at those above the target to ensure that we get value for money. We have always said that HAG levels can and may be higher for some projects, particularly those in rural areas and those involving some of the smaller associations.

Rhoda Grant: I have a couple of supplementary questions. Will you look at the rent profile for developments that go above the £73,000 target, which is causing housing associations a great deal of concern? You talked about housing associations being well financed, but those that had housing transferred to them from local authorities are not well financed because they have not built up reserves. Indeed, the well-financed part comes from a build-up of reserves for property maintenance over a 30-year term. By pulling reserves from housing associations, you will damage the maintenance programme in the long term. You might get a short-term gain, but long-term damage will be done to housing standards throughout Scotland. We will end up back where we were with council housing before the transfers took place, because there will be no money to maintain the houses. Some thought should be given to the fact that short-term expediency may not be in the long-term interests of our housing association tenants.

Stewart Maxwell: I do not accept the premise of your question. Our proposals are for the long term; they are not a short-term expedient to deal with a particular difficulty. We believe that the process

will make the whole sector more efficient by providing more quality houses and allowing us to take forward a programme that increases rather than reduces the number of houses being built.

Before some of the changes that we are making—and those that we will make—the HAG was on a steep incline, which was unsustainable. We were on a course that meant spending more and more money to obtain fewer and fewer houses. Most of the sector accepts that some sort of stop had to be put on that, with a review of the situation and a change to ensure that we get the maximum value. I understand the concerns that exist, but it is accepted that our approach is reasonable. I also do not accept your suggestion that all the reserves in the sector are for maintenance only. That is an oversimplified view of the situation, as the regulator stated clearly in its report.

It is true that those who have been involved in stock transfer effectively started from year zero on the date of transfer, but the stock transfer organisations have been exceptionally well funded in the amount of money that they were guaranteed from the point of transfer and over the following few years, for up to 10 years or more. They are guaranteed to receive that money.

I know that some of the stock transfer organisations are saying that they are now experiencing some difficulties. Our officials are in discussion with them to try to understand the points that they are making about the difficulties that they are experiencing, given the level of funding that has been provided to them. Although they may have started from a blank sheet of paper, they have been very well funded since they came into existence. Many other organisations would be delighted to receive the level of funding that some of the transfer organisations are getting.

Rhoda Grant: Can I ask one more brief question?

The Convener: Provided that it really is brief.

Rhoda Grant: The concern that SFHA brought to us is that housing development has stalled and stopped because of the HAG. The minister must be concerned about that. Will he take steps to ensure that development is restarted? In the current climate especially, we need affordable housing.

Stewart Maxwell: I would be concerned if I thought that your statement was true, but the fact remains that we expect to build 7,000 units this year. I accept that there are concerns—I have discussed them with a large number of organisations throughout the country—but we will be able to move forward with those developments. An enormous sum of money is being invested. As the housing minister, I wish that it was more, but

we are investing in excess of £1.5 billion over the three-year spending period. That is an enormous amount of money by anybody's measure.

Some of the wilder scare stories about the whole thing coming to a halt are nothing more than that—I do not believe that they are true. Allocations have been made throughout the country for the next phase of developments that housing associations are taking forward. I know that officials and organisations are in detailed discussions about how some of those will be taken forward. Housing associations are having to adjust to operating in a new climate, but that is entirely reasonable. They have reserves and they also have the ability to borrow. It is important to use not only grant but all the facilities that we have at our disposal if we are to achieve the higher building targets that we all want to achieve.

Alasdair Morgan (South of Scotland) (SNP):

The minister mentioned the new rural homes for rent scheme, but he will be aware that there are several grant mechanisms, including the rural home ownership grant, the rural empty properties grant and the croft house grant. There are question marks over how effective or efficient those schemes are. When I asked in the previous parliamentary session how many rural empty properties grants had been awarded in Dumfries and Galloway—which one would think should be a good area for such a grant—I was told that take-up in the area had been absolutely zero. I know that the Government announced a review of rural grant schemes at the beginning of this month. Has the Government formed a view on how cost-effective those schemes are? What is the scope of and timescale for the review?

10:45

Richard Lochhead: I will kick off and then hand over to the housing minister.

Alasdair Morgan is right that the schemes are being reviewed. The various schemes grew up in different areas of Government but, given their patchy success, we concluded that they should be reviewed. The Shucksmith report recommended that the croft house grant scheme be reviewed. There are various issues with the rural home ownership grant, including its effectiveness and the fact that it is taken up only in certain parts of the country. The issue is not simply whether the schemes are used but the extent to which people know about their existence in the first place. A serious concern of mine since coming into office has been the fact that, in many parts of the country, people do not seem to know about the schemes.

However, the schemes are still in place at the moment and are open for business during the

review, which we hope will conclude in the coming months. In addressing the success or otherwise of the schemes, we will take steps to ensure that people are aware of them in the meantime. For instance, the rural housing enablers that are now being established across Scotland will play a key role in ensuring that local communities are aware of the existence of the different schemes. It may well be that the take-up of the schemes will therefore improve, but they still need to be reviewed.

The housing minister can speak further about the rationale behind the review.

Stewart Maxwell: Alasdair Morgan is right to ask about the timetable, which is critical. The overall timetable for the review breaks down into two stages. We are currently coming towards the end of stage 1, in which we are looking at the evaluation of the outputs of the various programmes. Discussions have taken place on a number of issues, such as targeting arrangements, eligibility criteria, promotional publicity, geographical coverage and the profile of houses that have been assisted. A variety of different criteria have been looked at. After examining all the outputs from stage 1, we will decide what to focus on in stage 2 and whether we need to make any immediate adjustments. The final report of the overall evaluation will be available in spring 2009. That is the deadline for the review's conclusion.

As the cabinet secretary explained, the underlying reason for carrying out the review is that we have a variety of different grants that have grown up independently of one another. For example, the croft house grant scheme grew up in a silo inside rural affairs and the rural home ownership grant grew up entirely within housing so it was a case of never the twain shall meet. We are now looking at the issue across Government. We are bringing matters together, first, to ensure that the individual schemes are efficient and work as intended and, secondly, to examine the differences between them. In some areas, people may apply for one or more schemes, but the criteria for entry and the levels of funding available for the different schemes are quite different. It is probably well past the time that we reviewed the schemes not just in isolation but against each other to see whether they are fulfilling their original purpose.

Alasdair Morgan: I welcome the review and I welcome the interim publicity. Clearly, a scheme designed for rural areas that has zero take-up in Dumfries and Galloway, which is a rural area with a big housing shortage, has some problem somewhere.

The Convener: I want to drag us back to more fundamental issues. I think that both the minister

and the cabinet secretary are aware of the recent Organisation for Economic Co-operation and Development report that was fairly scathing about what it saw as the rigid regulation of land use in Scotland. According to that report, the rigid regulation of land use is one reason why land has become such a scarce resource here. A vicious circle is involved.

Several difficulties with how land use is approached in the planning system have also been flagged up to us. In particular, there is a difficulty with affordable housing. There is a perception that affordable housing needs to be built in, for example, areas in which transport infrastructure and other infrastructures are already in place to support it. However, of course, buses will not go to an area if there are no houses there; there will be no buses until the houses are built. There is a perception that there has been a big stall on the potential development of land for affordable housing because of such attitudes. I do not want huge, long waffly answers, but we have received evidence from various witnesses on things that have happened as a result of such attitudes. Does either the minister or the cabinet secretary want to comment on that? Does a slightly more flexible or a bolder approach towards planning in rural Scotland need to be taken?

Richard Lochhead: The answer to that question is yes. Indeed, only yesterday, the Cabinet Secretary for Finance and Sustainable Development, John Swinney, held a planning summit that brought together many public agencies to address that issue. All the bodies present signed up to a statement that was made at the meeting. The aim was to streamline and make more effective their involvement in planning in Scotland, which is largely to do with land use. Some of the Government agencies that attended the meeting come under my remit—the Scottish Environment Protection Agency and Scottish Natural Heritage, for example. I will come on to them.

In the bigger picture, local authorities are clearly on the front line in addressing some of the issues that you raise. The Government is putting a lot of effort into bringing together local authorities and many public agencies so that they work much more closely together. I hope that that will be much easier after yesterday's statement, which will progress some of the key principles that local authorities and public agencies want to pursue. The issues are streamlining and public agencies responding proportionately to planning applications.

I will give an example. The City of Edinburgh Council is undertaking a plan in which it will work in partnership with SEPA, SNH, Scottish Water and Transport Scotland to promote a new strategic

development planning process for the Edinburgh city region. You spoke about many people restricting planning processes. The express purpose of that partnership work is to achieve the outcomes that you are looking for. A cultural change is taking place that involves bringing together all the public agencies.

Over the past 18 months, a huge amount of work has been done on reviewing the engagement of SEPA and SNH in the planning process. It is clear that SEPA and SNH have important, often statutory, roles to play in safeguarding the environment, but we are now moving towards being enablers for projects to proceed in the right context, which will mean a cultural change for many public agencies. All the Government agencies exist to facilitate projects moving forward, not simply to find reasons why they should not go ahead. As we all know, there has been huge frustration, particularly in this committee and throughout rural Scotland, with the planning process and the impact that it has had on economic development, but we are confident that a breath of fresh air is coming in.

Stewart Maxwell: The underlying point is about the change in culture. Getting a change in planning culture is exceptionally important. That aim led us to revise the planning guidance in Scottish planning policy 3 in the summer. We thought that there must be a cultural change so that the planning system makes it easier for local authorities to bring forward land to meet housing requirements and so that new houses are delivered without the lengthy delays that there have been in certain projects in the past. That was the underlying aim behind the review of SPP 3.

We have also issued new housing need and demand assessment guidance, which supports local authorities in developing a consistent evidence base for their local housing strategies. We helped to support them with funding for that work.

The important point is that we have to get a consistent evidence base throughout the country to make sure that local housing strategies analyse properly the situation on the ground so that we can know for sure what we need to do in different parts of the country. Some of the recent changes will improve the situation, particularly the review of SPP 3 and the fact that we have put out a consistently strong message to planning authorities that where planning and development are appropriate, their role is to assist rather than block development.

John Scott: I am sure that many people will be pleased to note your final statement that the planning authorities exist "to assist rather than block". You cannot say that often or loudly enough.

The Scottish Rural Properties and Businesses Association has suggested to us that there simply is not enough funding available for many local authorities to have adequate numbers of planners. Will you comment on that? How will you address that situation? There is increased demand for planners, but are there enough planners in Scotland?

Stewart Maxwell: There is no doubt that many planning authorities are under a great deal of pressure; that is commonly accepted. I spoke at the young planners conference earlier in the year. A new generation of planners is coming through who have a positive attitude as they come into planning. I hope that there will be a sea change in attitudes in planning authorities.

Most of our planning authorities do an excellent job despite the difficulties and pressures. The best thing that we can do is take your question to the planning minister, Stewart Stevenson. Perhaps he will write to you about his plans for the number of local authority planners.

Liam McArthur: Reference has been made to the OECD's comment about rigidity. I offer a couple of other quotations from the evidence that we have received. Tweed Homes argued:

"Scottish Ministers should consider making an urgent review of road specifications that will retain the attractive rural characteristics of our villages and reduce costs to make the provision of affordable housing more cost effective and deliverable."

On a similar theme, the Scottish Federation of Housing Associations said that

"separate rural infrastructure standards could be the way forward"

in producing more affordable housing in rural areas. Although the Government would get no support from me or other committee members for substandard infrastructure in rural areas, I wonder what thinking has gone on about the advantages and disadvantages of separate, more tailored specifications for road and other infrastructure developments in rural areas.

Stewart Maxwell: Again, that is a detailed question that deserves a detailed answer not from me or the cabinet secretary today but from the transport minister, given that the subject falls within his portfolio of responsibility. I am not trying to avoid the question, but it would be better if we were to get the transport minister to give you a detailed response on his thinking about how to develop transport issues in rural areas.

Liam McArthur: Has the issue been raised with you as a potential block to or drag on new housing development?

Stewart Maxwell: In the housing supply task force, we have looked at the drag on development

caused by blockages in the system—whether those are planning, infrastructure or other blockages—to the development of affordable housing and housing more generally in all tenures. The housing supply task force will report by the end of 2008 and produce recommendations.

We are concerned that there has been a disconnect between many of the different agencies involved with regard to their coming together at an early stage to ensure that a project moves forward timeously. It seems that in many of the examples that we looked at, there was miscommunication between organisations, or organisations were brought into the process very late in the day. As a result, organisations said only at a late stage that they were unhappy with the project as proposed, which caused further delays and meant going back to the drawing board in some cases.

There is no doubt that the housing supply task force has been concerned about how we create a culture and structure that allow early intervention and communication between all the different organisations—Transport Scotland, SEPA and local communities, for example—and how we can try to minimise difficulties and problems at an early stage so that in future we do not have the problems that many developments face further down the line, when they grind to a halt because such organisations and agencies were not brought in at an earlier stage. The housing supply task force is examining in the round difficulties with developments, but it would be worth getting a response from the transport minister on the question about roads.

11:00

Liam McArthur: I suspect that I will swell his mailbag yet further.

You touched on Scottish Water and SEPA. It is obvious that early engagement in any proposed development is welcome, but those organisations operate within their own regulatory structures and apply certain rules accordingly. We have had evidence that Scottish Water's design requirement for 223 litres per person per day is unnecessarily high, for example. Alasdair Morgan and I were discussing our personal usage, and I am ashamed to say that I do not have the foggiest what mine is. However, such requirements are set for Scottish Water, so it does not matter how early in the process it engages; it is obliged to set certain requirements. In keeping with the question on transport infrastructure, could a case be made for tailoring specifications for housing developments in rural areas?

Richard Lochhead: We want to explore that issue further. I know that the committee has taken

evidence from Scottish Water on how it interacts with local authorities on such issues. That is a benefit of its holding an inquiry into the issue. We would welcome any recommendations that the committee makes on that important issue—especially a recommendation on Scottish Water's guidance on litres per person.

Liam McArthur: We are working on it.

The Convener: I want to move on to the social rented housing issues that we still have to address.

Elaine Murray (Dumfries) (Lab): I apologise. As a new member of the committee who has come in at the end of the inquiry, some of my questions are related to my experience in my constituency. I discussed some of these issues with Shelter the week before the recess.

In Dumfries and Galloway there is huge pressure on registered social landlords. We have no council housing; we have only RSLs. The way in which the housing legislation, which I voted for and supported at the time, has operated has perhaps not been as encouraging as we might have hoped. We now have approximately 8,000 people on housing lists and almost 60 per cent of the available housing stock from the largest registered social landlord, Dumfries and Galloway Housing Partnership, goes to people coming off the homeless list. People are applying as being homeless and are using the criterion of their property being unsuitable for accommodation to try to get sufficiently high up the housing list to have a chance of being accommodated. That is an issue in both urban and rural areas, but in rural areas it adds to the perception that young families who live and work in the area have little chance of getting affordable housing. They see homeless people coming in to take over the properties in rural communities.

My question is perhaps for the housing minister. How does he think the legislation is working in practice? Do we need to review it? In particular, do we need to review the homelessness category and consider how we define homelessness?

Stewart Maxwell: The Government, like the previous Executive, is committed to the 2012 homelessness target, which is a very enlightened target and one which we should be proud of, despite its challenging nature. We have begun to examine how we can meet the target. We have had feedback from a number of local authorities and in mid-September we concluded a consultation on the use of the private rented sector to meet some of the demand from homelessness applications. We are aware of the difficulties that the legislation is causing in some areas, but we can expand the number of properties that are available by using the private rented sector to

provide good-quality properties that are appropriate for some people at some stages of their life.

Beyond that, the feedback shows that for many years, the housing system in Scotland has had a fundamental flaw, which is that we have been unable—I would not say unwilling—to build enough houses. There has been an undersupply of houses for many years and across all tenures, and that has had a number of consequences, not least of which is the growing list of people who are waiting for affordable housing and rocketing prices in the private sector.

The fundamental issue for me to tackle is homelessness and the wider Scottish housing problem, which can be done by increasing supply. That is being made extra difficult at the moment because of the current situation in the housing market, but if we are to address homelessness, we must build more houses and—we have just consulted on this—we must give local authorities the ability to use all the properties that are at their disposal, including those in the private rented sector, more effectively than they have used them in the past. That will help, but we also have other things to do.

There is a need for common housing registers to be operated right across the country. I know that the previous Executive was keen on those, and I agree with it that they are a valuable tool in properly ascertaining the situation with waiting lists across the country. They are working well in some areas; in others, people are on multiple lists, which skews the picture.

Therefore, there are a number of partial solutions to the problem; the solution is not to walk away from the homelessness target or our commitment to eradicate the priority need distinction.

Elaine Murray: I will ask you about the private rented sector in a minute.

In answer to an earlier question, you said that something like 7,000 houses will be built for social renting. Shelter has said that we require 30,000. We are not getting anywhere near that number, are we?

Stewart Maxwell: The Shelter target is 30,000 over three years not per year. As I understand it, the target is to build 10,000 houses per year for affordable renting. The figure that I was talking about is the total number in our affordable housing investment programme.

There is no doubt that we have to increase the amount of housing, but we must increase it across all tenures. That is perhaps the fundamental reason for the discussion document “Firm Foundations: The Future of Housing in Scotland”,

and for the discussions that we have had and the consultation that we will hold on the affordable housing reform project. There is an attempt to maximise the number of houses that we have for the money available.

We all agree that it would be nice if a large sum of extra money was available to spend on housing, but we have a substantial three-year budget and, as Elaine Murray knows only too well, we have to work within a fixed income. The Scottish budget cannot go beyond the overall settlement that we have received. We can move money around and bring some money forward to use now but, in effect, we are constrained in what we can do to grasp some of the existing opportunities.

I know that there are many problems at the moment, but the flipside of the coin is the opportunity to buy up land and units at cheaper rates and to start projects. We are constrained in what we can do, but we must work within that difficulty.

Elaine Murray: The problem in Dumfries and Galloway is that, although some policies are decided locally, people who come in through the homelessness route get so many points that they are right at the top of the list, and others who are in housing need, whether they are in overcrowded conditions or have physical disabilities that make their properties unsuitable, find it difficult to get high enough up the housing list to get an offer of a property. That is causing problems. There is a perception that only the homeless are likely to get houses.

Stewart Maxwell: I accept what you are saying, and the fundamental answer is supply, although that will not be fixed tomorrow.

As I have gone around the country, I have found that there are misunderstandings about the allocations policy rules. Local authorities must take account of the needs of the homeless, but they must also take account of the needs of those who are living in overcrowded or unsuitable conditions or who are disabled. Beyond that, it is up to local authorities to determine the allocations policy in their area. It is difficult to envisage a move away from housing allocation based on housing need, and I would be wary of such a move. Although I understand what you are saying, we could roll back to a situation in which people in genuine need are let down and people get houses because they have been on the waiting list for longer. There is a balancing act in that regard—it is a genuine difficulty. The fundamental and only answer is a long-term increase in supply, and if there is no such increase we will discuss the matter ad nauseam for years to come.

Elaine Murray: The private rented sector provides accommodation to many people in rural

areas, for example on big rural estates. I know that you have had discussions with private landlords. When there is great pressure for housing in an area, what incentives are there for private landlords to take someone from the housing or homeless lists, if they must offer a tenancy that might last for a year and will be more constrained than a six-month assured tenancy, particularly given that the Parliament rightly passed legislation that requires private landlords to be registered and to take more responsibility for tenants' behaviour? A landlord could simply advertise in the newspaper and probably a long list of people would want to rent the property on an assured tenancy. How can we motivate private landlords to get involved in solving problems with the housing lists?

Stewart Maxwell: A number of points can be made in that regard. Many private landlords are resident in their communities and there is a social responsibility aspect to what they do. Of course that is not the case for all landlords, but many private landlords regard part of their role as being to return something to the community in which they live.

An advantage of the scheme for private landlords is stability of income. In many parts of the country, private landlords can find tenants for summer lets but cannot let properties in winter or other parts of the year. When they join the scheme, they agree to provide accommodation to tenants that is of a quality that might not be available elsewhere. The benefit to landlords is that they get a long-term commitment and long-term income streams from their properties. The value of that stability of income to a business should not be underestimated, particularly in uncertain economic times, when there is a high demand for properties in some areas and less demand in others, and there is uncertainty for private landlords who want to ensure that their stock is let for as long as possible. When landlords enter into arrangements through the private rented scheme, they can be assured of a great deal more security of income, which is worth while.

Elaine Murray: There are problems in the purchasing market and probably more and more people will look to the rented sector for accommodation, because they will not be able to get mortgages. A tenant can get a six-month assured tenancy, which can continue month by month, with either side being able to give notice. Under such circumstances, where is the attraction to a private landlord of a more restrictive one-year tenancy, perhaps for tenants who are more vulnerable because they have been in difficult circumstances? I am concerned that strands of the policy will not work given the current situation.

11:15

Stewart Maxwell: The premise of your question is the pressure on the system, which brings us back to the problem of supply—I will not go over that again.

Some private landlords will prefer to operate in the way that you have suggested, while others will prefer to operate in the way that we have suggested. Of course, the issue of length of tenure has gone out to consultation and so is still up for discussion and is yet to be agreed, and there is a variety of opinions about what the minimum length should be. However, it is clear from the schemes that have been introduced, such as that in Edinburgh, that a reasonable number of private landlords are very interested in entering into these arrangements. The schemes are not for everyone—I am not suggesting for a moment that they are—but any scheme that expands the number of options available to local authorities in dealing with some of the difficulties on their housing lists must have some value. Even if in some areas only a small number of properties become available, those are still additional properties that can be used.

As I say, this approach is not a panacea and will not solve every problem; however, if it makes extra properties available to local authorities, it will be very valuable.

Liam McArthur: As you have said, the homelessness legislation enjoys cross-party support. However, concerns have been raised locally with me about the impact of the loss of the local connection criterion, particularly in a very small community such as Orkney, which has little flexibility and already quite pronounced housing pressures, and whether it will result in additional and unsustainable pressure being placed on the housing association. What assessment have you made of that potential problem? What flexibility will the local council or housing association have to reintroduce the local connection criterion or some element of it in due course?

Stewart Maxwell: You are quite right to raise that issue, as it has been raised with me by authorities and others as I have travelled around Scotland. As a result, I have asked officials to review the allocations policy with a view to providing revised guidance for social landlords that, I hope, will address concerns. Obviously, I cannot give you any answers on the outcome of that review, but I have listened to the concerns that have been raised in various parts of the country.

Peter Peacock: I want to ask about the right to buy in rural areas and the concept of pressured area status that was set out in recent legislation. How successful has the introduction of that status

been in easing pressures on rural housing in some areas?

Stewart Maxwell: The Government has found pressured area status to be a worthwhile and valuable tool—indeed, the previous Government used it and I will continue to use it. I have already signed off some new pressured area status areas and I know that a number of authorities are considering making applications under the legislation.

However, the measure has not gone far enough, and a tremendous number of properties have still been leaking out of the social rented sector. As members know, the legislation applies only after a certain date; I will not go over that ground, but it means that, although the measure has helped to indicate problems in certain areas and has slightly slowed down the number of properties sold under the right to buy, it has had limited impact. Nevertheless, it has been valuable and will probably increase in value as time goes on.

That said, it was right for us to look beyond that at the overall right-to-buy policy, which, as we have already announced, we intend to abolish for all new-build properties.

Peter Peacock: What are the timescales for that wider review?

Stewart Maxwell: Our proposals for abolishing the right to buy for new build will probably come forward in 2009-10 and the wider review that I mentioned will be carried out in the run-up to the introduction of that legislation. We have not yet taken a view on whether further changes should be made to the right to buy. It has been suggested that the right to buy should be abolished for new tenants and tenancies; that local authorities should have the flexibility to abolish the right to buy in certain areas; and that abolition should be based not just on geographical differences but on the composition of houses—for example, the right to buy might be abolished for all three-bedroom properties in an area. There are many suggestions that we need to consider and we will consult on the issue next year.

Peter Peacock: Interestingly, the evidence that we have received suggests that local authorities have very different views about the value of pressured area status. Although some have found it helpful in the way that you have described and use it with ease, others think that it is really not worth the bother. They consider the concept to be too bureaucratic and the process too onerous to go through. Is there any validity in the view that the whole thing is too difficult? Are you considering any ways of easing the process?

Stewart Maxwell: That argument has been expressed in a number of areas and has some validity. However, the counterbalance to that is the

fact that quite a few local authorities have gone through the process and have managed to secure pressured area status for some areas; indeed, I have just signed off two major applications and am aware of a number of new applications that have been submitted.

Although some might feel that the system is too bureaucratic, the concerns that authorities have raised with me have centred more on the question of whether pressured area status will make a substantial impact on the problems that they face. They are looking for different mechanisms to address some of those difficulties, which is why it is important for us to carry out a review not just of individual policies but of the right to buy in the round.

Peter Peacock: And pressured area status will form part of that review.

Stewart Maxwell: Yes.

Peter Peacock: The interesting point behind the concept of pressured area status is that it identifies very small locations where the pressures are so great that very special measures are needed to allow the development of housing. Is there any merit in extending the concept to other policy areas and, for example, seeking to relax certain planning or infrastructure requirements to deal with the pressures in a particular area and encourage more movement?

Stewart Maxwell: Whether or not that kind of approach is taken, the Government has made clear its determination to review all portfolios with a view to simplifying many areas and making things less bureaucratic and more flexible. Indeed, the announcement on planning that the Cabinet Secretary for Finance and Sustainable Growth made, I think, yesterday was predicated on that very approach. We have sought to simplify things not only in large-scale areas such as planning; for example, last month or the month before, we negotiated with the Scottish Federation of Housing Associations on ways of simplifying and speeding up the HAG application process and the timing of payments during and on completion of the process to ensure that money is available quicker and earlier.

As I say, the Government is examining all areas to find out how we can make things more flexible and ensure that we are able to pinpoint and deal with difficulties. I suppose that we are taking a scalpel rather than a sledgehammer to these issues, but the fact is that no one-size-fits-all model will work right across Government. It will depend on each area and on whether the whole system or very specific mechanisms for an application process are under consideration.

Richard Lochhead: I would be very interested in hearing the committee's views on that debate.

Mr Peacock's question focused on the potential for relaxing certain requirements in pressured areas. As the minister has explained, we could also prioritise the efforts and involvement of various agencies and bodies such as Scottish Water, SEPA or SNH as well as prioritising the areas under greatest pressure.

John Scott: On private developers and the need to build more housing, Buccleuch Estates has suggested to the committee that "infrastructure costs killed" off a project to build social housing under the rural homes for rent scheme. I think that the same has happened to other developers.

Might the Government provide a greater level of financial support to help private developers to create social housing? What are your views on the idea of a separate infrastructure fund for rural housing providers?

Stewart Maxwell: One of the issues is that the main utility supply mechanisms will not be available to everybody. We should, of course, expand those facilities to communities wherever possible, but we must also consider other, different, cleverer ways of providing those services to ensure that we can get housing in rural communities. We have undertaken a research project into the concept of the unplugged house—a house that is not on mains facilities. That project will report by the end of the year or early in the new year. I will be interested to see the report because there may be cleverer ways of providing services than banging our heads against the brick wall of continually expanding the main utilities. We should certainly consider the unplugged house; it might be a much more fruitful way of tackling some of the difficulties.

Richard Lochhead: It would also be interesting to have evidence from Buccleuch Estates or others about the extra costs. None of us doubts that there are extra costs for installing infrastructure in rural areas, but water and sewerage infrastructure is still built in islands with relatively small populations, so there is disproportionate infrastructure investment in some areas. It would be good to have evidence about the impact on housing.

Alasdair Morgan: I do not know whether the minister wants to talk about it, as the research is still going on, but I would be interested to know just how unplugged an unplugged house is. I do not want people in rural areas to end up being entitled to lower standards of accommodation than those in urban areas.

Stewart Maxwell: That would not be acceptable. The concept is about allowing people to live in remote rural areas with a high standard of

infrastructure but without the inherent problems of trying to drive some of the utilities huge distances.

The Convener: We have had some detailed written evidence along those lines. I do not want us to end up in a big debate about the unplugged house.

Richard Lochhead: No, but it is important to put on record the sustainability aspect of the concept. It is not simply about cost; for energy production, it is more sustainable to have unplugged houses than on-grid houses in some circumstances.

John Scott: I will take you back to the central point. Do you envisage yourselves offering private developers who are trying to create affordable rural housing any incentive or assistance apart from advising them to think more intelligently, box more cleverly or build an unplugged house?

Stewart Maxwell: There is a mechanism of grants for rent or ownership, which are available to private developers to build houses for sale in areas where there is a housing need but housing is not being built for whatever reason. It is fair to say that they have not been used to any great extent, although the position varies in different parts of the country. I accept that it is a fairly small grant.

Richard Lochhead: It is an important debate. Many of the schemes that we have referred to are rural schemes that are available to people who wish to live in rural homes.

The Convener: I think that we have just about exhausted everything, including one another. You mentioned a series of meetings that you hold with mortgage lenders, a series of seminars and other on-going projects that are part and parcel of your work and connect to affordable rural housing. It would be useful if one of your officials could give us a quick summary of that work so that we have a picture of what is happening. If you want to come back to us on anything else, we are always happy to receive further evidence. Equally, we might well come back to you with specific questions.

11:30

Liam McArthur: I am conscious that some of the points that I raised relate to Stewart Stevenson's area of responsibility. I think that they are linked to Peter Peacock's point.

The Convener: The clerks will take them up separately and ask for the planning minister's views.

Thank you for coming this morning. The session was a fairly long one, but it has been useful. There is a particular issue that we have to deal with. We began our inquiry before the credit crunch and economic catastrophe, but we are now confronted

with a different picture and a different set of parameters. As a result, we will need to think carefully about how to construct our report. At the moment, we do not have a definite timescale for that.

Richard Lochhead: Thank you. For the committee's information, the housing supply task force meets in 29 minutes and it will discuss rural housing. As Cabinet Secretary for Rural Affairs and the Environment, I will be attending the meeting, which is an appointment that has been in the diary for many months.

The Convener: You will be glad that I have given you a few extra minutes, then.

Richard Lochhead: I will leave you in the capable hands of my other officials to discuss cod, haddock, nephrops and so on.

The Convener: Thank you. We will have a brief suspension before the next item.

11:31

Meeting suspended.

11:38

On resuming—

Fisheries Council

The Convener: As we reach agenda item 4, we are 12 minutes ahead of schedule, which is useful. We have allocated roughly half an hour for this evidence session. I welcome our panel of witnesses from the Fisheries Research Services. Nick Bailey is co-ordinator of fisheries advice, Coby Needle is assessment scientist and demersal stock adviser, and John Simmonds is assessment scientist and pelagic stock adviser.

We have received written evidence from the Fisheries Research Services, so we can dispense with opening statements and go straight to questions.

Peter Peacock: Good morning, gentlemen, and welcome to this annual fixture. Your role is to advise Government on the science from a Scottish perspective and to try to relate that to what is happening in a wider set of fisheries. We have the International Council for the Exploration of the Sea advice for the current round of negotiations. To what extent do your perspectives marry with those of ICES? Are there clear differences in your views about the state of the stocks and the implications of that?

You could answer that question fishery by fishery, but it might be difficult to do so. Perhaps you could give us a general picture and tell us where there is a clear divergence of view.

Nick Bailey (Fisheries Research Services): In broad terms, our position regarding the advice that is given on the states of stocks is pretty much in line with the ICES view. Where we sometimes differ in emphasis from the ICES approach and the advice that it gives is in the precise formulation of some of the management recommendations that are put forward by ICES. An obvious example relates to cod stocks. Last year, a fishery had an allowance but this year the approach is no longer precautionary and the fishery must close. It is very much an on-off switch related to a line in the sand, and we feel that that is in some ways an unhelpful way forward. Surely, we could do things better.

It is probably best if I allow my colleagues to have some input. As you said, we cover a range of species and one answer on one stock does not cover them all.

John Simmonds (Fisheries Research Services): I will address the advice relating to pelagic species in general. The advice on mackerel and herring is subject to management plans in the development of which we have been closely involved or that are on the brink of being

developed. We are slightly more in line with the ICES advice in that area, as we are quite heavily involved in preparing some of that. In such areas, we are closer to and more supportive of the ICES advice. I do not see any major differences.

Coby Needle (Fisheries Research Services): I agree with my colleagues. We are quite heavily involved in the ICES process, in the generation of the stock assessments that give an indication of stock size and structure. We are involved in the collation and management of data in the assessment process that goes on. It would be difficult for us to say that we do not believe the ICES indications of stock size, because we have been involved in that process.

There are occasional differences over the advice that is issued. As Nick Bailey said, ICES tends to adhere strictly to a particular protocol that it has, and we may find fault with that occasionally. However, I do not think that there are strong differences of opinion on how many fish there are and what is likely to happen next year.

Peter Peacock: That is helpful. On how ICES reaches broad agreement about the robustness of the various stocks and turns that into policy recommendations, picking up on your point about North Sea cod, is it your view that the ICES advice is too precautionary, given the circumstances as you perceive them? What would give rise to your view if that were the case?

Coby Needle: With regard to North Sea cod, ICES has been consistent, in recent years, in advising as small a catch as possible or a zero catch—the smallest catch possible is, in effect, a zero catch. That has been the advice for several years, since the cod stock reached its low level. There are indications of at least a partial recovery in that stock. There seems to be an interim period in which the stock is increasing to a certain extent, but not at the rate that would allow ICES to say, with its precautionary management hat on, that the stock is recovering sufficiently quickly for the precautionary approach to apply and for it to advise a catch of a certain amount.

At the moment, the situation is difficult because we are teetering on the line between allowing a catch, which is what we did last year, and not allowing a catch, which is the ICES advice for the current year. Presentationally, there is a big difference between advising a zero catch and advising a small catch. However, because of the way in which the advice structure is set up, ICES will fall on either one side or the other, and the side on which it falls can come down to uncertainty in the assessment. That structure is not without its problems. However, although there has been a slight improvement in the cod stock—certainly, in comparison with what it was in previous years—

the overall conclusion that it is still fairly low is robust.

11:45

Peter Peacock: I will not ask you to reveal your exact advice to the minister, because you would probably not tell me, but your instinct is that the same approach as last year—a low catch rather than a zero catch—is okay.

On nephrops, the recommendation is for no increase in effort in the North Sea and on the west coast; in effect, as I understand it, that means a reduction. Will that lead to a reduction? What is your view of that, given the apparent advice that stocks are pretty stable?

Coby Needle: With regard to cod, I agree that a zero catch advice is pretty much unworkable in the North Sea. More or less all the fisheries would have to be closed, and it is a very mixed fishery. The various management plan proposals that are on the table, from various parties, all suggest that a quota of some kind is a reasonable option for achieving the sort of exploitation rate that you would want to achieve for that kind of stock.

Nick Bailey: The circumstances with nephrops arise for an entirely different reason, which I will explain as briefly as I can. Two or three years ago, we were fortunate in securing quite good outcomes for nephrops and a rather large increase in the TAC. That was based on an approach that made use of a scientific method using underwater television and what we call a harvest rate applied to the absolute count of the animals, or the burrows of the animals.

In science, things move on, and in the past couple of years there have been at least two workshops considering the TV approach and incorporating new ideas and new developments. It meant that this year, when ICES was confronted with the information from the TV surveys, it felt unable to agree that it was safe to use the information in an absolute sense. The abundance indices from the TV surveys can still be used to indicate what the general state of the stock is—whether it is going up or down—but it was considered unwise by ICES to say, “This number of animals means that we can take this amount of total allowable catch.”

ICES has reverted instead to an approach that is based on average landings for a recent period. I will clarify why that is important. Historically, with nephrops, there was a long period when landings were regarded as unreliable because of underreporting and various practices of that sort. The use of average landings was considered unsafe for the reason that it did not generate a reasonable TAC.

More recently, legislation has been introduced covering buyers and sellers. I am sure that the committee will have heard from many sources that the platform on which fisheries data is built is much more secure now, and the landings information much more reliable. ICES agreed that the average landings should be based on the past couple of years, when the information was more reliable.

Having said that, there is concern among us and many other scientists that, in the long term, the persistent use of average landings is not a sensible way forward for providing advice on stocks. As I have indicated, stocks go up and down. Historically, previous landings are not necessarily a good reflection of what will be best over the next two or three years. To that end, ICES has established a workshop early next year with a view to revisiting that. There is even the possibility of an update assessment next year, which will mean that we will get nephrops advice a year earlier than we would otherwise have done. That is the background to that stock. It is a change in methodology.

Peter Peacock: On the face of it, if you took the average landings of the past couple of years and maintained that as the allowable catch in future, no one's interests would be terribly badly affected. However, we are advised that that would result in quite a big reduction—of 24 per cent, in the case of the west coast. First, how does that arise? Secondly, were that to be the ultimate position, what would be the implications for Scottish fishing?

Nick Bailey: First, those comparisons—the figures that you quoted—are made in relation to the total allowable catch. In fact, landings for recent years have come nowhere near the total allowable catch. This year, the uptake for nephrops is in the order of 70 per cent. It is unlikely that we will take the TAC at all.

The trajectory of fishing effort by different fleets in Scotland is being monitored as part of another piece of evidence on conservation credits, which we may touch on later. In the nephrops fleet, the effort that is going in is at least as much as, if not slightly more than, in previous years. As we are not taking the TAC in that context, the likelihood that the TAC for next year will seriously impact on the industry's economics is small. In fact, I think that the available quota for next year will deliver something akin to what we have at the moment. As has been mentioned, however, the move can be presented as an enormous cut in the TAC that will cause great hardship.

Peter Peacock: So even if the TAC fell to the actual catch, it would not make a huge difference to economic effort in Scotland.

Nick Bailey: I return to my point that that idea maintained in the long term can run into difficulties because stocks move. In the short term, however, my judgment is that that would not be likely to cause serious problems.

The Convener: Do you have a supplementary question, John?

John Scott: It is more of a philosophical point, convener. The forecasts are obviously an inexact science, so what is their margin of error? I think that all members would like advice that was the same year on year. It is difficult to cope with the changing patterns.

Nick Bailey: I think that the same question was asked at the evidence session last year, and the point was made that, even with the best will in the world, the advice will always be variable and some predictions will always go up and down. John Simmonds may have some comments on scale and mitigating the problem.

John Simmonds: It is more or less impossible to give the committee a number to say how precise the estimates are. We could go through the numbers stock by stock and try to give you a feel for the individual situation, and some estimates are more precise than others. For example, there is greater precision on North Sea herring than perhaps on mackerel and, although the information on cod is not precise, its position in broad terms is well understood.

The key point for us in providing advice is that the way forward is a movement to structured management rules that deal properly with variability and the restrictions on changes in TAC in order to provide the stability that the committee wants as an outcome. A way out of the difficult, fluctuating situation would be an approach in which we did not react immediately to every piece of information on rapid change but instead there was a structured shift based on repeated pieces of information over a period of time. We should go for exploitation rates that are workable under that scenario.

That approach would require taking a little lower extraction rate and leaving a larger amount in the sea but overall getting similar catches. It has worked reasonably well with haddock and North Sea herring, and it is on the table for mackerel stocks. That is the way out of the problem, but we will not get there for all stocks instantly. The structure takes time: there is a process to go through and there are a lot of arguments and difficulties to sort out before arriving at a sensible management process for each stock.

Coby Needle: Marine populations are naturally variable—much more so than terrestrial populations. With the advice, we are trying to achieve a balance between allowing the quota to

track the population directly and trying to maintain some consistency in quota from year to year.

The system can play both ways. When a stock declines, the industry and other stakeholders are keen to have, for example, a 15 per cent constraint on how much quotas can change from year to year, because that maintains their quotas above what they perhaps should be. However, more fish are coming back into the North Sea cod population now. If a consistency argument is applied in that situation—if we do not allow the quotas to change by as much as the population change would indicate—the amount of fish that is available is more than the catching opportunity allows for the industry. It is a balance between having quotas that more faithfully reflect the biological underpinning of the population and maintaining consistency from year to year. That shows the problem that we get into if we decide that we will have a quota of 50,000 tonnes for a given stock for the next five years, say. Almost inevitably, the stock will be either too big or too small for that quota within that period.

Elaine Murray: The traditional advice from ICES has been on an individual stock basis. As has been said, commercial fisheries are often mixed, and we have received written evidence from the Scottish Fishermen's Federation stating that, by the time the quota is set, the stock has moved on and recovery, discarding and mixed fisheries become inevitable. You, too, have expressed concerns about the deficiencies of the approach to mixed fisheries. Could you say a little more about that? What might be done to develop mixed-species fisheries advice in the future?

Nick Bailey: We anticipated that question—we were talking about it on the train. It is a hugely difficult problem to deal with, and I put my hand up to not having the answers—the other witnesses should feel free to pitch in. You are right to identify that ICES has tended to adopt the single-species approach, driven as much as anything by the structure in which we operate, and taking into account the fact that countries have quotas and interests in particular species. In fact, the boats go out and take a mixture.

On methods and the means of getting round things, it is fair to say that FRS has put in a lot of activity on selective gears and so on to avoid some problems. We have avoided some problems more successfully than others. We have not, however, made a great deal of progress in developing advice for truly mixed-species fisheries, or in developing TACs that are all in line with one another. That is true widely—it is not a problem just in Scotland or even just in the European arena. We are still a long way from achieving that. We have attempted various discussions on the matter. We belong to various of

the co-ordinated European projects that conduct research in these areas, but progress is slow and extremely difficult to achieve.

Coby Needle: Scientists generally recognise that single-species quotas in a mixed fishery will never quite provide the management outcome that we want. Individual vessels have different opportunities for catching fish, depending on where and when they fish and what kind of vessel they are fishing with. We are asked to provide quota advice that is applicable to the whole North Sea, for example. The northern North Sea and the southern North Sea are very different, and boats that fish in those two areas have very different opportunities available to them. We are trying to devise quotas that are equally relevant when they are divided up among all the boats and which avoid a mismatch between the catching opportunity and the catching availability for all the vessels involved in the fishery. If we think about the situation in those terms, achieving that is a functional impossibility.

The value of single-species quotas is that they enable a direct means of dividing up the available resource between the different countries and the different vessels that are prosecuting the fishery. That is their main purpose. As Nick Bailey said, we are working on different ways to get round the problem. We might think of different schemes to do that, but the aim is to devise them in such a way as to maintain fairness across the fishing industry while changing from one scheme to another. That is extremely difficult work.

12:00

Elaine Murray: I appreciate that the question is difficult and that there is a difference between the advice that you can give people and other ways in which you tackle the problem of discards. Obviously, the Scottish Government has considered the issue recently—indeed, it has been considered over a period of time—but will you elaborate on the other side of the question? Will you elaborate on TAC issues? Suggestions have been made about net sizes, temporarily closing areas of the sea and increasing quotas but reducing the number of days that a boat can be at sea—I think that the Scottish Fishermen's Federation suggested that. Obviously, discards are among the most offensive side-effects of the approach that has been taken. Fish that have been caught over a quota and which will die are being thrown back into the sea. Everyone wants to avoid that happening. Will you say a little more about the ideas that have been discussed recently?

Nick Bailey: Many recent ideas have developed rapidly under the conservation credits scheme, which Scotland has uniquely run this year. One

tool that has helped is real-time closures. To begin with, the approach was particularly directed at cod; it started with the idea of protecting juvenile cod. When the idea was first mooted, we thought that it was particularly good for Scotland. The year class that is causing the problems or the good things with respect to cod at the moment, depending on one's viewpoint, was very small, so protecting them to allow them a chance to grow was a good thing. Time moves on, of course, cod grow fast, and the scheme moved on fairly quickly to protect spawning fish at the beginning of this year. It has now extended to protect all sizes of cod, and the discussion has moved on further—I am getting to your point—to the need to extend the concept to whiting, haddock and other species. One can envisage a mosaic of closures around the North Sea that target different things and help to avoid unwanted mixtures of fish in catches at certain times. The scheme is therefore developing.

We have been quite supportive of the scheme in providing advice on thresholds that would trigger a closure or otherwise, on where to target the most effective places for real-time closures, and on shape configurations. It is easy to think of a square box or a circle in the sea, but configurations are based much more on the topography of the sea bed and the distribution of fish. To that end, we have made much more use of vessel monitoring systems with material provided. A hugely helpful database that indicates exactly where boats are going and is linked to landings material gives us a picture of which areas contribute most for different species. The issue is live and is one of the elements that you have mentioned.

Elaine Murray: Is the scheme voluntary, or is it policed in any way?

Nick Bailey: Essentially, it is still a voluntary scheme. A vessel is required to observe closures in order to stay within the scheme, but there is no legislation that will mean that a boat will be penalised or people will be taken to court if they go into a closed area. They would simply lose the right to belong to the scheme for the remainder of the year. There would be a sanction of that sort.

Liam McArthur: I am not a long-standing veteran of December fisheries councils, but I bear scars from them.

That technical measures and real-time closures, for example, have been accepted as part of the suite or armoury of management tools is a positive step, and you have painted a positive picture of the conservation credits scheme. Last week, I had a meeting with the European Commissioner for Fisheries and Maritime Affairs, Joe Borg, who accepted that the common fisheries policy needed to be reformed and that the conservation credits scheme may be one of the routes that the

Commission will look to go down, but he remained to be convinced that it was delivering its objectives. Do you share such pessimism, or are you optimistic about the scheme delivering its objectives?

Nick Bailey: I share his reservations, but “pessimism” is too strong a word—I am not a pessimistic person. The acid test will be what happens next April or May, when we conduct the next round of assessments of the species. Will we be able to demonstrate that the stock as a whole is benefiting? To be realistic, Scotland has implemented the scheme but Scotland accounts for only 30 per cent or so of the cod quota, so the scheme has to achieve an awful lot if it is to make an impact that will show up on the international stage.

Analysis of what is going on is a key element, particularly in relation to discussions in advance of the end-year council. We are considering matters such as the performance of vessels prior to the introduction of a real-time closure and we are tracking vessels during the closure. Do vessels just go to another area of cod or do they land reduced amounts of cod? What happens when the area is reopened? Do they go back in? There are positive signs from such analysis, which give me cause for optimism that the approach can work.

It is more difficult to be able to say, “The scheme has contributed this much to the further recovery of cod” or to be able to announce that the results are sufficient to make Joe Borg and others say, “That’s the way to go. We can abandon all our ideas about effort.” It is clear that there are reservations and scepticism about that—we share some of those reservations. We have to be able to demonstrate that the approach is working.

You said that you bear the scars of the end-year council. I think that we all agree that the scheme has engendered a great spirit among scientists, industry, non-governmental organisations and others. We get together monthly for the conservation credits meeting and we have frank and serious discussions about data that appear in real time. We do not discuss ICES material from 18 months ago; we discuss material from the previous month or week, which influences choices and decisions and forces industry to face up to the situation. For example, an element of the scheme was kilowatt days, which Scotland interpreted as kilowatt hours. During the scheme a day became 23 hours instead of 24 hours, because there was concern that effort was creeping up too much, and the industry accepted the transition. That kind of to and fro in debate has been encouraging to witness and to participate in, so I am optimistic in that sense.

Liam McArthur: What you describe certainly reflects what I am being told by the industry, which

is that it feels that it has more ownership of the process and more responsibility for the management of fisheries.

You talked about year-on-year fluctuations and the difficulty of providing a degree of stability. What are your views on the cod recovery plan, which is under review? There are wide variations in the assessments of the extent to which the previous plan worked and how we might put right the plan's faults and do things differently.

Coby Needle: I was involved in some of the ICES evaluations of the proposals that were on the table—there was a European Commission proposal and there was a Norwegian counterproposal. The differences were in the detail rather than in the overall direction of change. If we make assumptions about how the fleet as an entity will behave in future, the prospects for cod recovery are quite good. However, that depends on the maintenance of good behaviour.

The fish sellers and buyers regulations have made a difference to the possibility of landing fish illegally. Fish that in the past would have been landed illegally or just not recorded are now discarded, and during the past couple of years we have witnessed a dramatic increase in the amount of discarded fish that are marketable. That kind of change in fleet behaviour would cause a great problem for the success of any future cod recovery plan. If we assume that things will continue as they are now, that the biology of the stock will behave as we predict and that fishermen will maintain their current behaviour, the prognosis is fairly good. However, if circumstances change—particularly in fleet dynamics—it will be much more difficult to predict what will happen.

As for the development of recovery plans, a hybrid scheme between the Commission and Norwegian plans is now on the books. I do not know enough about the details of the scheme's latest incarnation to comment more precisely. The general theme of encouraging managers to move in the right direction is the underlying basis of all the proposals. That is worth while.

The Convener: I must ask members to ask much tighter and more focused questions if we are to get through them all. Otherwise, members will be cancelling their lunch plans to finish the committee's work.

John Scott: The west coast seems to have a huge problem with whiting, cod and haddock. I am not sure of the extent of the herring problem. Discuss, and tell me the solutions. We appear to have defined the problem, but what will the solution be?

The Convener: In general, being more focused does not mean just saying "discuss". When

members say that, they mean that the witnesses should be as focused as they can be. Thank you.

Nick Bailey: We should separate the pelagic and the demersal fisheries on the west coast, because they are completely different. It is true that the ICES advice is that the outlook for cod, haddock and whiting is rather bad and suggests that serious action needs to be taken. The scare story is that that means that the entire west coast will shut down for everything, but I understand that that does not represent how the discussion is going. Considerable work is being done on measures to enable the nephrops fishery and fishing for angler fish and other fish to continue.

John Scott: The danger is that the fleet will displace to the North Sea.

Nick Bailey: For white-fish boats that are dedicated to white-fish fishing and which are looking for similar opportunities for similar species, the North Sea is one option. Another option is Rockall fishing, which still offers opportunities for some bigger vessels.

The Convener: We move to questions on specific fish stocks. I ask members to address issues that have not been covered and I ask Rhoda Grant to keep her questions as tight as possible.

Rhoda Grant: Can I ask a short supplementary question on the previous subject?

The Convener: You can, but it must be extremely short, as the answer must be.

Rhoda Grant: I return to the scare stories about the west coast fishery. Can we consider conservation measures that would overcome the need for closures?

Nick Bailey: For cod, haddock and whiting, we are beyond the point at which simple measures work. The consensus is that something more serious needs to be done for those stocks.

Rhoda Grant: Fishermen have told us that the problems with herring stocks are not the result of overfishing. I am interested in why herring stocks are in a bad way.

John Simmonds: It is not herring stocks everywhere, but those that are close to the United Kingdom that are in particular difficulty. The recruitment of young fish into the North Sea stock—the arrival of incoming year classes—has been for the past seven years about 40 per cent of the long-term average in the previous 40 years. That appears to be environmentally driven and certainly does not appear to relate to the fishing industry. Nevertheless, the inescapable outcome of that reduction is that only 40 per cent is available of the catch that would otherwise have

been available if the stock had delivered the same productivity.

We know where in the life cycle the problem is occurring, but we do not have the exact cause of the process. The failure occurs in the first three months of life. We know that there are plenty of eggs and that larvae are being created from those eggs but, three months later, the fish do not appear among the youngest of juveniles. We have four or five potential reasons for that and we are researching some but not all of them. It is an expensive business to research things over such long timescales throughout the North Sea.

12:15

Similar reductions in recruitment have occurred on the west coast. We know less about that stock, but it seems that the same environmental drivers are giving similar results in that area, with the same consequences. That is not the fishing industry's fault, but the outcome is the same: fishing opportunities are reduced. It is therefore advised that there should be substantial reductions.

The reductions that have already occurred in the North Sea are nearly enough, but there has not yet been a big reduction on the west coast. That is why greater reductions are advised for that area. Over a four to five-year period, however, the two areas are probably fairly similar.

The Convener: We have covered cod and haddock, but we have not discussed the reasons for the change in the assessment of mackerel in the new plans.

John Simmonds: The mackerel assessment is driven by a single survey that is done only once every three years. The most recent one was conducted in 2007, and the one before that was in 2004. It is an expensive survey to conduct because it covers many months and many degrees of latitude. The stock extends all the way from Portugal to Norway. We simply do not have the resources to do the survey more than once every three years.

The data from that survey are the reason for the changes for the following three years. There was a preliminary change last year and the final results will be fully incorporated this year. The change was engendered by the incoming of that infrequent data and the consequential alteration in perspectives.

At the same time, we considered in detail the population dynamics of mackerel. As a result of requests from the European Commission, we developed a better way of examining the management of that in the context of the variability of the information and the way in which it comes

out. A management plan is on the table and I guess that it will be discussed at the coastal states meeting, which starts tomorrow. Whether the plan is taken on board is a province for the politics of the situation and not for the science.

The Convener: We have dealt with all the specific species and most of the general questions. We have a couple of minutes left. Does any member have a specific question that can be dealt with in that short time?

Peter Peacock: I have a question on the gear. Has there been any significant development in technology in the past year, since we last discussed the matter?

Nick Bailey: There have been a number of trials, several of which were conducted under the Scottish industry-science partnership, in which we are involved with the SFF. I am sure that representatives of the SFF will talk about that when they give evidence. A variety of gear has been trialled, some of which is already in place in the conservation credit scheme, such as the 110mm square mesh panel.

There have been some interesting results recently with much bigger meshes of up to 800mm, which have been used in the bellies of some white fish boats with a view to allowing cod to escape. Last year, we mentioned how inconvenient it was that cod tend to go down and straight into the nets, but the new method apparently allows some cod to escape by virtue of the fact that they go down. That is good news. On the other hand, the equipment is not suitable for all fisheries because, by the same token, we lose megrim, monkfish and others.

We are moving forward with the industry, which is also trialling a few gears. There have been some fairly significant steps. On the west coast, some people have suggested that they would be prepared to consider bigger square mesh panels—up to 200mm—in the nephrops fishery. Not everybody is prepared to do that, but some are. Those panels show good reductions in haddock and whiting, so the fisheries would become clean nephrops fisheries. That is a flavour of the work that is being done, but we have other trials in the pipeline.

The Convener: I guess that, short of training the fish to stick to their own patches and stop swimming about with other species, we will never be able to do much about that. I thank the three of you for coming along. The session was slightly longer than the one that you were told to expect, but there is no harm in that.

12:20

Meeting continued in private until 12:52.

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