Cross-Party Group on Islands

09 October 2024 – 13:00 – Online via Teams

Meeting Minute

Present

MSPs

Jamie Halcro Johnston MSP

Liam McArthur MSP

Arianne Burgess MSP

Tim Eagle MSP

Non-MSP Group Members

Aimee Labourne, Bressay Development Ltd

Alan Whiteside, Stonnivation Ltd

Alex Reid, Scottish Rural & Islands Transport Community

Alex Durie, Fraser Architecture LLP & 7-22 Systems Ltd

Amy Esslemont, Highlands and Islands Enterprise

Ana Vuin, SRUC

Angela Smith, Comhairle nan Eilean Siar

Ann Nisbet

Anna Gehlen, University Centre of the Westfjords

Anna Marriott, Aquatera

Artemis Pana, Scottish Rural Action

Augustijn van Gaalen, Tiree Community Development Trust

Bryony Nelson, SRUC

Cecilia Ann MacDonald, SFT

Colin Buchanan, Isle of Luing Development Trust

David Cameron

David Campbell, Shapinsay Development Trust

Dawn Campbell, Minguinsh Community Hall Association

Diarmaid Lawlor, Scottish Futures Trust

Donna Smith, TIG

Doug Blackie

Douglas Scott

Elizabeth Clarke, Shetland Islands Council

Elizabeth Taggart, Raasay Development Trust

Euan Scott, Coimhearsnachd Bharraidh agus Bhatarsaidh Ltd

Finlay MacLennan, Community Land Outer Hebrides

Gary Nickells, Community Council

Gerard Mcgoogan, Tiree Community Council

Gillian Tolmie, North Ayrshire Council

Gordon Thomson, Unst Partnership Ltd

Irina Protasova, SRA

James Paterson, Scottish Parliament

Jane Cooper, Orkney Boreray

Jane Metcalfe, Coll Community Council

Jean Mary Knowles

Jeff Pyrah, Cairngorms National Park Authority

Jemma MacVicar, Urras Oighreachd Ghabhsainn

Jennifer Foley, Papay Development Trust

Jeremy Nelson

John Forbes, Communities Housing Trust

John Clarkson, Home Energy Scotland

John Grieve, Scottish Rural Action

Jules Gibbs, Dougarie Estate

John Maughan, Mull and Iona Community Trust

Karen Macrae, Crofting Commission

Kate Payton, Mull and Iona Community Trust

Kate Bauen-Hughes,Tiree Community Development Trust

Kathlene Morrison, Comhairle nan Eilean Siar

Katie Bell, North Ayrshire Council - Housing & Public Protection

Kaydence Drayak, Young Islanders Network

Kieron Brogan, Sanday Development Trust

Kirsten Gow, University of Aberdeen / James Hutton Institute

Kirsty MacFarlane

Kirsty MacColl, SIF

L Logan, Dùthchas Arainn CBS & Arran Island Plan Steering

Laura Worku, DTAS

Laurence Lasselle, St Andrews Uni

Lina Ärlebrant, Umeå Universitet

Louise McQuaid, Stronsay Development Trust

Lucy Sumsion, NFU Scotland

Lucy Conway, Isle of Eigg Heritage Trust

Luke Fraser, North Ronaldsay Trust

Mali MacLennan, Dunvegan Community Trust

Marcus Craigie, University of Aberdeen / JHI

Mel Groundsell

Meng Wu, Heriot-Watt University

Mia Lalanne , Rural Youth Action Network

Mira Byrne, Outer Hebrides CLLD

Naomi Macdonald, Young Islanders Network

Paul McAdam, Mull and Iona Community Trust

Paula Duffy, University of Aberdeen

Philippa Brosnan, Scottish Fuel Poverty Advisory Panel - Secretariat

Pippa Milne, Argyll and Bute Council

Professor Mike Danson, Strathnairn Development Company

Rachel McNicol, ALIenergy

Rebecca Munro, Pragmatix Advisory

Rebecca Long, Isle of Eigg Heritage Trust

Rhoda Meek, Isle Develop CIC

Rob Flett, BBC Radio Orkney

Rosie Macinnes, Raasay Development Trust

Sarah Baird, North Ayrshire Council

Sarah Sidgwick, University of Edinburgh postgrad student

Seán Ó Drisceoil, Staffin Community Trust

Sebastian Tombs, Kilmoluag Liosmor

Sheena Borthwick-Toomey, Arran Development Trust

Sheila Gilmore, VisitArran

Simon Ross-Gill

Stephen Kemp, Orkney Builders (Contractors) Limited

Susan McKellar, The Scottish Women's Convention

Terry Hegarty

Tim McKeown, Thorntons Law LLP

Tom Tracey, Arran Development Trust

Trudy Mackenzie, Hebridean Trust

Apologies

Kathryn Duffus, Bressay Community Council

Theona Morrison, Scottish Rural Action

Rhoda Grant MSP

Lynsey Rendall, Shetland Islands Council

Philip Coghill

Beatrice Wishart MSP

Gemma Corbett

1. Welcome & apologies

**Jamie Halcro Johnston MSP** welcomed attendees to the 7th CPG Islands meeting and noted that apologies had been added to the chat.

He reminded participants that the 6th CPG took place on 22 May, concluding the examination of the review of the National Islands Plan, and noting that this theme may be revisited when the Scottish Government publishes a draft NIP for consultation.

Jamie noted that the CPG Secretariat circulated a survey asking for members’ preferred agenda topics and housing, unsurprisingly came out as a top priority and therefore, the meeting today will focus on island homes and will gather views and key points to take to a second meeting with Paul MacLennan MSP, Minister for Housing, in late November or early December.

In the New Year, the CPG will start looking at Islands’ economy and enterprise, including social enterprise, and the CPG will host an in-person enterprise showcase event in the Scottish Parliament on 02 April 2025.

2. Minutes of previous meeting

The minutes of the meeting on 22 May were agreed with no corrections requested (Proposed by Jane Cooper and seconded by Colin Buchanan).

3. Note of resignation of Dr Alasdair Allan MSP

Jamie Halcro Johnston MSP noted the resignation of Dr Alasdair Allan MSP as Depute Vice Convenor of the CPG Islands due to his temporary Ministerial role.

4. Scene setting from presenters

Jamie Halcro Johnston MSP introduced the main agenda, noting that access to affordable housing is critical to supporting sustainable, permanent communities in the islands, and has consistently been at the top of the list of difficulties island groups are trying to tackle.

This is the first of two sessions that will focus on island homes and will discuss the challenges and some potential solutions around the rising costs of building and renovating as well as access to funding and finance.

Jamie introduced, Rhoda Meek, Tiree Community Development Trust, and Luke Fraser, North Ronaldsay Trust - who will outline the housing situation in Tiree and Orkney, what communities are doing, the impact on population and community sustainability. Both Rhoda and Luke are members of the Island Communities Housing Working Group which is run by the Scottish Islands Federation and exists to enable practitioners with an interest in housing to exchange learning with one another and develop collaborative projects and policy positions reflecting island needs and opportunities.

Presentation from Rhoda Meek, Tiree Community Development Trust

Rhoda described how it can feel like being “blocked at every turn” as the community trust considers solutions to the housing crisis in Tiree. 46% of houses are not in permanent occupancy and at the most recent community consultation, at least 30% of the resident population were not confident they would still be living in Tiree in 5 years’ time.

There is a great deal of concern about the situation and the Trust is trying lots of different routes to figure out how to alleviate the housing crisis. It is currently trying to move forward with 6 options - new build development, modular self-build with shared equity, purchase for long-term lets, encourage conversion of short-term lets into long-term lets, top up shared equity and investment opportunities – each with its own hurdles.

**New build development:** will be part of the mix, and the Trust is currently preparing a stage 2 application**. The cost of “filling the gap” between stage 1 and stage 2 for architects fees is off putting.** Tiree has a community wind turbine and hopes to be able to cover it but its still not easy and there are many other communities that can’t cover that gap.

With the funding reduced, Rhoda asked what will happen in the future in terms of build costs**. In islands, these have soared, with Tiree and many others seeing costs of over £300,000 per unit**, and for Tiree’s planned 12-14 units, this is a massive investment.

**Modular self-build with shared equity:** the Trust is looking at modular self-build with shared equity to help people to build their own home, potentially on croft land but even with a modular build, the estimated cost is still around £350,000 per unit. Working with other islands to achieve economies of scale could be an option and the Trust has worked with HIE to put together a case for this.

Rhoda highlighted, however, that they have discovered that **no providers will offer a mortgage with shared equity and a rural burden** and therefore where does that leave the ability to futureproof our communities.

£250,000 is the average market value in Tiree, and research carried out with an independent mortgage advisor indicated an income of over £50,000 would be needed to get a mortgage of £250,000. This isn’t achievable and, doesn’t account for offers over and the reality that the majority of houses in Tiree are bought as cash sales.

**Purchase of long-term lets:** exploring whether the community could buy properties that come on the market. Given the reduction to the SLF and that the Trust is already applying for new build housing makes this additional avenue unlikely.

Rhoda also highlighted **the challenge of EPC requirements**: the cost of retrofitting to EPC level c in an island context with old properties just isn’t achievable, particularly with **no ability to reclaim VAT**. Acknowledging the matter is reserved to the UK Government, Rhoda underlined action needed to develop a derogation for areas that have declared a housing emergency.

**Encourage conversion of STLs to long term lets:** the Trust has found very little interest in this, there is no incentive for owners that would see a cut to what they earn. Rhoda asked if there be some sort of top-up, relief or other incentives to support owners?

The EPC requirements are also a real barrier with people struggling to reach D, C out of reach, and, unique to Tiree, many houses have felt roofs which are not recognised by EPC standards and are therefore leading to worse ratings than they should.

**Investment opportunities:** given that SLF and public funding is being reduced, the Trust is exploring other types of investment and income. This piece of work is ongoing and has so far included looking at Social Investment Scotland (SIS), the feasibility of approaching private investors, as well as ways of generating additional income. Investment doesn’t come for free and the Trust would struggle to cover even the lower interest rate required by SIS of 7-8% through affordable social rents alone. Adding on tourist accommodation to supplement income may be an option.

**Top-up shared equity:** as the cost of the buying a property in Tiree is out of reach to many, the Trust has investigated providing top-up funds. For example, if a couple has £240,000 but the property costs £250,000 and they have exhausted all means of accessing additional funds, the Trust could take some equity. However, it has become clear that, unless there is government backing, shared equity is not accepted by mortgage providers. **Rhoda asked whether solutions could be developed around enabling government or rural housing bodies and RSL’s to be able to offer that equity?**

Presentation from Luke Fraser, North Ronaldsay Trust

In addition to some of the challenges described by Rhoda, many of which are experienced across members of the Island Housing Group, Luke added that further down the line in the housing journey there are also **significant challenges with planning** and the time it takes to get a project to the point of development, and with insufficient supply and excess demand.

In Orkney, the community Trusts have had success in overcoming some of the hurdles. Initially this has involved redefining how housing needs are calculated to give a clear demonstration of quantifiable demand when seeking support from the Council and the Scottish Government.

**Housing need:** as well as considering individual needs, this looks at what the community needs to be sustainable in the longer-term. Communities want to retain and attract people, draw in younger people, more families to help sustain schools and vital services like the air service, ferries, fire service etc, there are employment opportunities, a need for more workers and for specific skill sets and all of this requires housing. **Developing a housing needs case that shows the sustainability of what the community requires has been key in helping Orkney’s community trusts take forward housing projects.**

**Shared learning and templates:** Orkney has a really good network of Development Trusts that work together, sharing learning and templates and have developed a model that works and can be replicated and built upon. 7 of the Trusts have completed housing projects with some taking forward a further phase and another 2 islands starting out.

**Start simple:** in Orkney the Trusts have started small with refurbishment of one or two existing buildings. This demonstrates it can be delivered, build confidence and can then be scaled up.

**Maximise funding:** ensuring available funding options are maximised is key, particularly with a reduced SLF and public funding and the gap in support between feasibility and the main fund. Some communities have turbine income, and this can help but would not enable a community to deliver on its own, and **Luke stressed that the SLF and RIHF are absolutely vital and their continuation into the next parliament needs to be a priority if community led housing is to continue and communities are to be sustainable in the longer-term.**

A game changer in Orkney has come through working with Orkney Islands Council. The Council was approached just after the Covid pandemic when material and build costs had spiked leaving community Trusts, even those with turbine income, unable to meet the funding gap. The Council provided an initial £400,000 funding pot which has since been topped up with £200,000 from second homes council tax. **This provides up to £50,000 per property to help get projects across the line** and the Council has seen the benefit in providing investment to enable communities to take forward housing themselves.

**Pund project:** Luke has been taking forward the Pund project in North Ronaldsay which includes a 2-bedroom flat but also a gym, wellbeing centre, hot desks and meeting room, a new build wool mill, a meat larder, community transport garage, and the Scottish Fire & Rescue Service has taken on the garage to refurbish into the fire station. It’s a £2million community hub project and the scale and breadth of the project has been key to sourcing a contractor as well as attracting funding and enabling economies of scale with just one set of professional fees, one set of planning fees etc.

North Ronaldsay doesn’t have a turbine or its own income and therefore by using the hub model with all its different elements, it has been able to attract a wide range of funding. Going forward the Trust will take this approach with more projects, trying to **maximise what it can do within the footprint of a building or site, being more joined up and seeking to encompass different elements that can cross fund each other** and deliver a wide range of local benefits.

**Jamie Halcro Johnston MSP** thanked Rhoda and Luke for their presentations and encouraged CPG members to add questions and comments to the chat. Jamie then introduced Diarmaid Lawlor of the Scottish Futures Trust (SFT). Diarmaid is Associate Director of the Scottish Futures Trust, a company owned by the Scottish Government which supports infrastructure projects. The housing team at SFT is responsible for developing initiatives and solutions that support the delivery of SG plans to deliver 110,000 affordable homes by 2032.

Presentation from Diarmaid Lawlor, Scottish Futures Trust

Diarmaid sits within the Place, Housing and Economic Investment team at SFT as well as the Islands Programme team. SFT is focussed on 3 key areas within its housing remit:

**Place based housing pilots:** SFT is working with the Highlands & Islands Regional Economic Partnership (HIREP) to progress place-based housing pilots along similar lines to the excellent example Luke gave around scale. This work is looking at localities and the aggregate need across different sectors, bringing that need together to build a pipeline of who is doing what, when and how and how that can be choreographed to manage down fees, create opportunities to aggregate construction contracts, achieve better use of skills and labour etc. Diarmaid would be interested to explore extending this pilot work to island communities and noted the key aspects are around collaboration, looking at economic based housing, community needs, private housing etc and bringing it all together around scale to achieve more that the sum of its parts.

**Key worker collaborations:** noting how essential key worker housing is for island communities, Diarmaid outlined the work SFT is taking forward around the definition of a key worker as well as the tenancy pathways around short-term leases and mid-market rent, aiming to provide clarity within the legal framework and policy to enable investment.

**Investment innovation:** SFT is currently building an investment innovation toolkit for housing, partly due to the challenges around access to funding and investment. It will explore what investment is available, how it could come together, what scale is needed etc, and noted three areas of particular interest for island communities: institutional investment which looks at place-based models and opportunities to scale up as a way of accessing private investment; outcome-based funding which SFT is exploring with the Scottish Government (some islands have already seen investment as a result of the learning estate investment programme which sets out outcomes over 10-20 years to drive the revenue model); land and surplus estate which, similar to the co-location of the fire and rescue service in North Ronaldsay, looks at the public and civic estate to widen the options and explore what is possible if things are combined.

**Jamie Halcro Johnston MSP** thanked all the speakers for their interesting and helpful presentations and welcomed the presence of MSPs at the CPG – Liam McArthur, Tim Eagle and Ariane Burgess – ensuring that island voices are heard directly across different political parties.

5. Questions & discussion

**Jamie Halcro Johnston MSP**, noting the plethora of funding involved in the North Ronaldsay Pund project and the difficulties around funding highlighted by Rhoda, asked **whether the funding landscape needed to be simplified**.

Luke has found the RIHF and SLF fairly straightforward to navigate, having gained experience in the process and built up good working relationships with the relevant teams. For those that are just starting it can be hard but there is support around and routes to learn from the experience of others, for example though DTAS, Scottish Islands Federation, Community Housing Trust etc.

Luke **emphasised how critical it is for island communities that the RIHF continues into the next Parliament, there is no other way of delivering island community housing projects.** In Orkney, the investment from OIC into community housing makes things more achievable, but not all areas have access to this or to wind turbine income and finding a way to pull alternative money in to make projects viable is urgently needed.

Rhoda agreed that communities aren’t on their own, there is support available through the Communities Housing Trust and others and the Council is trying to take developments forward. Building new homes takes a long-time, however, and Rhoda would like to see **more guidance and financial support for buying, renovating and retrofitting existing properties** which could fill the gap in the short-to-medium term. Rhoda underlined concern over the increasing costs for building in the smaller, harder to get to islands, noting the point from Eigg in the chat, and the worry that the amount of investment and top up funds needed will go far beyond the reach of existing public funding.

Luke highlighted the **Key Worker Fund, indicating that extending this fund, currently only available to Local Authorities, to community organisations would make a huge difference**, giving communities access to this much needed tenure option as well as the potential for economies of scale.

**Tom Tracy, Arran Development Trust** spoke of the Trust’s work around housing, recently completing a build of 18 affordable homes which are hoped to be fully let by Christmas. Funding was sourced from the Regional Housing Fund and private capital and several learning points have been picked up along the way. One of these is around the cost which has increased dramatically. With costs of £300,000 per unit plus the gap during the feasibility stage**, island housing needs to be subsidised to overcome the market failure**. Tom also pointed out that Arran is only 12 miles off the mainland and yet struggles to access a reliable ferry service and the cost this adds to housing development is in the hundreds of thousands. **The ferry situation and its direct impact on the ability to fulfil housing requirements in islands must be better recognised and accounted for**. **Tom commended OICs investment in community housing and would like to see best practice around housing shared and implemented across all Local Authority areas.**

**Terry Hegarty** is part of a group in Mull concerned with decarbonisation and also part of a community trying to decide where to spend £40 million of funding on a new education campus in Mull. Terry outlined the benefit of building the school near to a site that has 19 new homes under development, enabling integration, economies of scale and the potential to incorporate district heating more cost effectively than if the school is considered a separate and discreate project. Terry asked if it is up to the Council to decided on the site or if there is a way for the community to push for the integration that is recognised as being so valuable.

Luke noted that he did not know the local situation but from his own experience believed that through local place plans there are opportunities to engage in decision-making and for developments to take a more holistic and integrated approach.

Diarmaid highlighted the current consultation on the campus location as one method of adding a community voice to the process. When considering the location, Diarmaid suggested 3 main aspects to think through: synergies, as Terry had pointed out, around net zero and infrastructure and how to create a package of investment over time; the suitability the sites which first and foremost must consider the specific education needs; and finally, how the project is funded through the Learning Estate Investment Plan. Diarmaid explained this is a revenue model that covers 20 years and includes achievement of certain Passivhaus performance standards. It could present an interesting model around how the supporting infrastructure and place-based plans tie in over time.

Diarmaid picked up on a point from the chat around the appropriateness of rural standards and highlighted the **Proportionality Group which is linked to NPF4 and is working across the 34 planning authorities to pick up on common areas**, and within this, Diarmaid believes there is a good opportunity to influence standards for island and rural settings.

Also linked to NPF4, Diarmaid identified the use of policy mechanism such as master plan consent areas, often viewed as something that is being imposed, as an enabler, exploiting them to use in a way that is adaptable to your local context.

**Jamie Halcro Johnston MSP**, also picking up on points from the chat, asked if communities feel there is enough of a forum where these sorts of learnings can be shared. Luke believed there were places where communities can access good information and share experience, but **a** **gap does exist in how the things communities are saying can influence policy and effect meaningful change**. For example, there are key issues around planning which, rather than facilitating development, often makes it more difficult, and this has been highlighted over many years.

Diarmaid added that the CPG forum was an excellent example of how island communities can mobilise, to share, provoke and challenge and felt community to community sharing was growing. There is also more sharing in a policy-to-policy context and Diarmaid noted the National Planning Improvement Framework as a route to improve planning performance.

Diarmaid observed that an area not as well developed is the funding landscape with work needed to map and simplify the plethora of funding pots and the conditionality and policy relationships attached to each.

**Kirsten Gow, Jura** shared examples in the chat of some research she had undertaken on options for market shared equity, with one in particular, where a Welsh Council provides loans for property purchase, that would be interesting to explore in a Scottish context. Kirsten was interested to hear views on whether there is enough recognition of the diversity of islands, for example, location, capacity, population, volunteers, income streams, access to land etc, and if not what should we be doing about it.

**Colin Buchanan, Luing** had a similar point about the differences in scale. For example, it was interesting to hear of the situation in Mull around the ability to plan ahead and build infrastructure and housing together, while in Luing, which is on a much smaller scale, there is a real struggle to safeguard the existing school, to keep the ferry running 7 days week etc.

**Tom Tracy, Arran** asked to build on the question, are we being heard and what is the impact of being heard? Tom outlined a paper that the island housing group prepared and presented to the Minister for Housing which, in summary, underlined the need for agreement in principle that a different planning process, supply process and funding process is needed for island communities. **Tom noted frustration at continual talk about the same challenges and suggested an island cookbook be developed that pulls together the guidance and best practice.**

**John Forbes, Communities Housing Trust**, raised concern over the current RIHF which comes to an end in March 2026 and therefore, at the moment, can only accept projects that can draw down funding before then. **John highlighted the danger that if there isn’t a commitment soon to extend the fund, projects will stop and there will be no pipeline.** John also noted excellent community housing support from some Local Authorities and the need for the Scottish Government to develop clear guidance and support for consents and filling the gap between the feasibility funding and main application as currently communities are having to find significant sums to cover the cost of building warrant, planning consent etc.

**Jamie Halcro Johnston MSP**, agreed with these points and noted some discussion from the Finance Secretary on options for multi-year funding which could make a difference and allow a longer period for community development projects. Jamie also suggested the idea of an island cookbook or one stop shop for housing guidance and support could be a practical solution to raise with the Minister.

Luke, going back to the point on diversity, underlined the importance of developing housing on a case-by-case basis and not trying to replicate the same thing in every community. **These developments are about the long-term sustainability and viability of our communities and that needs an individual island by island approach**. Also, stressing how critical it is to see the RIHF extended beyond 2026, Luke concluded that if we can’t get housing to work, our island communities will fail.

Rhoda, picking up on a question in the chat about the **Croft House Grant Scheme** and although not directly involved, anecdotally believes the two key points that create the biggest barriers include the percentage of funding intervention which is not covering enough to make projects viable, and in planning where the house site makes sense for the crofter but doesn’t make sense for planning.

In summing up, Rhoda made the point that **as well as differing needs, islands also have different cultural background and different cultural norms**. An aspect of the community housing proposals in Tiree that Rhoda is struggling with is the need, in order to solve the crisis, to build a big centre of housing. Tiree is traditionally and culturally a township island with groups of townships around the island, each with its own identify. The Trust is exploring modular homes to inject younger families into elderly dying townships but if forced to create a centre of population that hasn’t previously existed the traditional townships and their history are at risk of becoming holiday camps surrounding the centre and that prospect is very sad.

**Rhoda emphasised the need for more support for short to medium term solutions.** Tiree is losing people now and whilst busy building a long-term development there is a danger that when finished in 3 years’ time people may have already had to move elsewhere.

**Sheena, Arran Development Trust** wanted to share an early success of ADT in lobbying North Ayrshire Council during its consultation on the Local Development Plan, for special dispensation for community groups that were properly constituted to be able to build on agricultural land as long as it is adjacent to the village boundary. This made buying land much more affordable and ADT found that landowners and farmers were keen to be part of the solution to local housing.

4. AOCB

**Jamie Halcro Johnston MSP** brought the meeting to a close, thanking the speakers and member contributions and to everyone for attending and provoking such an important discussion. Jamie stressed the desire for the CPG to drive change and believed a number of practical actions had been highlighted during the discussion. With a view to the second meeting around housing, Jamie invited members to continue sending in thoughts and ideas to the secretariat.

5. Date of next meeting

Next meeting date will be circulated in due course.