

Rural and Islands Housing Action Plan

Business and Regulatory Impact Assessment

October 2023

Final Business and Regulatory Impact Assessment (BRIA)

A: Title of Proposal

1. This BRIA relates to the publication of the Rural and Islands Housing Action Plan.

B: Purpose and intended effect

B1. Background

2. In March 2021, the Scottish Government published Housing to 2040, Scotland's first long term housing strategy. Housing to 2040 puts our ambitions for place at its core, creating not only quality homes but quality places too. This applies to all communities in Scotland, recognising that all places are distinct, but also taking account of the particular challenges faced by our rural and island communities as well as our town centres and urban communities.
3. Housing to 2040 includes the ambition 'We will take action so that rural and island communities have access to high-quality, affordable and market housing which has been planned alongside the economic and physical infrastructure and helps people to live, work and thrive – and we will help to stem rural depopulation'.
4. The Shared Policy Programme between the Scottish Government and Scottish Green Party published in August 2021 included a commitment to develop a Rural & Islands Housing action plan to ensure we meet the housing needs of those areas and help retain people and attract them to these communities.
5. A Fairer, Greener Scotland Programme for Government 2021/22 included commitments to deliver 110,000 affordable homes across Scotland by 2032, with at least 70% in the social rented sector and 10% in our remote, rural and island communities supported by a Rural & Islands Action Plan.
6. Programme for Government included our commitment to publishing the Action Plan, as did the FM's recent policy prospectus, published in April 2023.

B2. Objective

7. The Scottish Government has set an ambitious commitment to the delivery of affordable homes across Scotland, with the delivery of 110,000 affordable homes by 2032, with at least 70% in the social rented sector and 10% in our remote, rural and island communities. We know that the delivery of high-quality, place-sensitive housing, particularly in rural and island communities takes time and commitment. For new build homes, there are issues of land availability, quality and cost, as well as higher materials, transport and development costs.

8. The Action Plan is rooted in the actions, principles and vision of Housing to 2040 and will set out a range of actions to address the barriers to delivery of more homes in remote, rural and island areas.

B3. Rationale for Government intervention

9. In March 2021, the Scottish Government published Housing to 2040, Scotland's first ever long-term national housing strategy. Housing to 2040 includes a specific focus on rural and island housing and commits to "take action so that rural and island communities have access to high-quality, affordable and market housing which has been planned alongside the economic and physical infrastructure and helps people to live, work and thrive – and we will help to stem rural depopulation".
10. In September 2021, the Scottish Green Party and Scottish Government published the Bute House Agreement – a policy programme which included a commitment to develop a Rural & Islands Housing Action Plan to ensure we meet the housing needs of those areas and help retain people and attract them to these communities.
11. Programme for Government reinforced this commitment, as did the First Minister's Policy Prospectus, published in April 2023.
12. The Rural and Islands Housing Action Plan supports the following National Performance Framework objectives:
 - We live in communities that are inclusive, empowered, resilient and safe.
 - We have a globally competitive, entrepreneurial, inclusive and sustainable economy.
 - We have thriving and innovative businesses, with quality jobs and fair work for everyone.
 - We tackle poverty by sharing opportunities, wealth and power more equally.
 - We value, enjoy, protect and enhance our environment.
 - We are creative and our vibrant and diverse cultures are enjoyed widely.

C: Consultation

C1. Within Government

13. The Action Plan has been developed collaboratively with Land Reform, Rural and Islands Policy Division which includes the Islands Policy Unit, Land Reform, Land Use Strategy and Rural Communities Policy Unit, Natural Capital and Community Land Unit, and the Rural Economy Policy Unit.
14. We have engaged with More Homes Division Area Managers who lead on delivery of the Affordable Housing Supply Programme across Scotland.
15. We have engaged with Planning and Architecture Directorate to align with proposals in National Planning Framework 4.
16. We have engaged with Fair Work and Skills Division to ensure alignment with the Skills Action Plan for Rural Scotland.
17. We have engaged with the Population and Migration Team to align with commitments included in 'A Scotland for the Future: opportunities and challenges of Scotland's changing population' which was published in March 2021.
18. We have engaged with Regional Economic Development Division, Local Economic Delivery, Water Policy and DECC Operations, and Transport Scotland.

C2. Public Consultation

19. Extensive engagement has previously been undertaken with rural and island communities to inform both the content of both Housing to 2040 as well as the National Islands Plan. Housing to 2040 has set out what our key ambitions are for housing, and the primary focus of the Action Plan is around how these could be implemented in rural and island areas. Likewise, the National Islands Plan makes a number of key commitments that will fit within the deliverables of the Action Plan.
20. To help inform the development of the Action Plan, we engaged with the following organisations. The list is not exhaustive:-

Agencies

South of Scotland Enterprise

Highlands and Islands Enterprise

Scottish Forestry

Scottish Water

Scottish Land Commission

Forestry Land Scotland

Nature Scot

Scottish Land and Estates

Bòrd na Gàidhlig

Crofting Commission

Community Land Scotland

Scottish Crofting Federation

National Farmers Union Scotland

Crown Estate Scotland

Loch Lomond and Trossachs National Park Authority

Cairngorms National Park Authority

Local Government

Argyll & Bute Council

South Lanarkshire Council

Highland Council

North Ayrshire Council

Comhairle nan Eilean Siar

Aberdeen City Council

Orkney Council

Moray Council

Shetland Council

Midlothian Council

Scottish Borders Council

Dumfries & Galloway Council

Angus Council

South Ayrshire Council

Perth and Kinross Council

East Ayrshire Council

Other Stakeholders

Convention of Highland and Islands

Convention of the South of Scotland

Rural and Island Housing Association Forum

Scottish Rural Network

Rural Housing Scotland

Scottish Island Federation

South of Scotland Community Housing

Scottish Rural Action

Communities Housing Trust

Business Representatives

Salmon Scotland

Scottish Council for Development and Industry (SCDI)

Sonas Hospitality (Skeabost) Ltd

Shetland Building and Allied Trades Association & Shetland Construction Trading Group

Cothrom Ltd

MacLeod Construction

T. Fleming Homes Ltd

Border Safeguard Ltd.

Chivas Brothers

Ortak Ltd

Katoni

Portavadie

Cairngorms Group

Tulloch Homes

Openreach

The Springfield Group

C3. Business

21. The Scottish Government has had constructive engagement with bodies with a strong interest in delivery of housing in remote, rural and island communities. This has included local authorities summarised in the table above and numerous housing associations. We engaged with rural housing enablers including Communities Housing Trust, South of Scotland Community Housing, Rural Housing Scotland and a number of Development Trusts representing remote, rural and island communities.
22. We engaged with a range of organisations in a Rural Session with Scottish Government Officials and Developing the Young Workforce Chairs. These included Highlands and Islands Enterprise, and South of Scotland Enterprise as well as most of the businesses named in the table above. Housing was an agenda item discussed at the meeting, amongst other things, and primarily focused on the lack of affordable housing for employees and the high proportion of second homes in rural areas.
23. We have engaged with a range of businesses that operate in remote, rural and island areas. We met with the Director of Strategic Engagement of Salmon Scotland. Discussions focused on employee housing of various tenures (long-term homes, temporary HMOs). Local businesses are keen to engage more and have resource to spend – they would like greater guidance and advice on how best to utilise their resources to support SG ambitions.
24. As part of a summer tour of engagement on rural housing, the Minister for Housing engaged with SCDI. SCDI have a wide range of members

representing industries across Scotland. Present at the meeting alongside SCDI representatives were The Springfield Group, Tulloch Homes and Openreach.

25. The Minister also engaged with organisations with sectoral and business interests as part of the summer engagement. This included organisations such as Scottish Crofting Federation and National Farmers Union Scotland, as well as the Scottish Islands Federation and the Rural and Islands Housing Association Forum, whose members represent varied interests across all of Scotland's rural and island communities.
26. Additionally, the Minister held a roundtable event in Perth, primarily to discuss opportunities around land amongst other things. Representatives at the meeting included Community Land Scotland, Scottish Land and Estates, Enterprise Agencies and the National Park Authorities, amongst others.
27. The businesses we have engaged with represent a wide variety of sizes and sectors, from local enterprises to nation-wide and multi-national companies, from fishing, tourism and construction. We have had significant engagement with both HIE and SOSE on the Action Plan and both organisations widely represent local businesses and their interests.

D: Options

28. This BRIA focuses substantively on two options:

Option 1 - Do nothing

29. The Scottish Government could choose not to publish a Rural and Islands Housing Action Plan. However, the Scottish Government has committed to publishing the Action Plan. The Scottish Government's ambition is to deliver 110,000 affordable homes by 2032 – 70% of which will be for social rent and 10% of which will be in our remote, rural and island communities. The publication of the Action Plan will help address barriers to delivery of affordable homes in remote, rural and island areas of Scotland. There are a number of strands in Housing to 2040 that need to be brought together through a rural lens. The Action Plan provides an opportunity to ensure that strategic housing links have been made with other key areas of Scottish Government policy including National Planning Framework 4, the National Islands Plan, and A Scotland for the Future: opportunities and challenges of Scotland's changing population strategy. The Do Nothing option will not be a viable option.

Option 2 - Introduce a Rural and Island Housing Action Plan

30. As noted above, it is important that a Rural and Islands Housing Action Plan is published to help address barriers to delivery of the Scottish Government's ambition to deliver 110,000 affordable homes by 2032 – 70% of which will be for social rent and 10% of which will be in our remote, rural and island communities. The Action Plan will be designed to provide effective and achievable actions to be undertaken by the Scottish Government and housing industry delivery partners.
31. The Action Plan is likely to not involve changes to legislation and therefore a whole new regulatory system is not likely to be required. The Action Plan is more likely to involve voluntary regulation subject to streamlined processes and updated guidance.
32. Guidance notes state: "Voluntary regulation is a mechanism that can be used within a regulatory framework as an alternative to statutory regulation, to achieve a particular outcome through a change in behaviour. It typically involves industry and/or professionals developing voluntary agreements or standards, pledges, codes of practice, certification and accreditation schemes, to regulate behaviour or standards to achieve a particular outcome. Government involvement may vary from no involvement to the measure being Government sponsored. Voluntary regulation provides an alternative to statutory regulation. It can be a more agile form of regulation in that it can be put in place faster, can be more flexible and adaptable to introduce and update, and requires a commitment from those involved."

E. Summary costs and benefits by sectors and groups affected

Sectors affected

33. The provisions in the Rural and Islands Housing Action Plan will apply to local authorities, registered social landlords, community housing trusts, private house builders, local employers and community groups.

Benefits

Option 1

34. Doing nothing could exacerbate an already difficult situation facing the housing sector to deliver more homes in remote, rural and island communities.

Option 2

35. The actions set out in the Rural and Island Housing Action Plan will help organisations to work collaboratively, building networks and strengthening

supply chains for the delivery of more affordable homes in remote, rural and island communities.

Costs

Option 1

36. The cost of doing nothing could be significant. A lack of affordable housing in remote, rural and island communities is anecdotally already impacting on the ability of businesses to operate and they could be forced to close with subsequent job losses and supply chain impacts. A lack of affordable housing in remote, rural and island communities could result in people moving away from these areas to work and live elsewhere in Scotland. This could be particularly damaging to the rural economy in Scotland.

Option 2

37. There is currently no additional capital or resource budget allocated to the Action Plan but actions are being delivered through a collective recognition of the need to support the rural economy. There will also be associated cost benefits seen in improved supply chain opportunities.
38. One of the actions in the Action Plan is to support the funding of Community Housing Trusts. A joint funding package has been agreed between the Scottish Government and Nationwide Foundation. There are additional costs associated with this action, with the funding coming from the SG Housing resource budget.
39. The Action Plan will also bring forward the Affordable Rural Homes for Key Workers Fund. Up to £25 million is being made available from our Affordable Housing Supply Programme (AHSP) budget to allow suitable properties, including empty homes, to be turned into affordable homes for key workers and others to allow for local housing needs to be met. The initiative will be funded from the AHSP budget 2023-2028 up to £25 million.

Regulatory and EU Alignment Impacts

40. This measure is not likely to impact on intra-UK trade.
41. This measure is not likely to impact on international trade and investment.
42. This measure is not likely to impact on the Scottish Government's policy to maintain alignment with the EU.

Scottish Firms Impact Test

43. There has been wide engagement with stakeholders across the housing sector and we have ensured that differing views and issues have been addressed. The Rural and Islands Housing Action Plan includes a series of actions to benefit organisations involved in the delivery of affordable housing in these communities across Scotland. There will be no differential effect on small businesses and the actions will apply to all regardless of the size of the business.
44. The Affordable Rural Homes for Key Workers Fund will positively impact local areas struggling to recruit or retain key workers as it will offer them a distinct funding route to meet their housing needs.

Competition Assessment

45. We do not foresee significant competition issues within the Scottish housing sector, as the actions within the Rural and Islands Housing Action Plan are intended to apply across the entire sector and the benefits will be felt by all organisations who are delivering housing in these areas.

Consumer Assessment

46. Consumers will benefit from the Rural and Islands Housing Action Plan as the actions included in it are intended to address barriers to delivery of more affordable housing in remote, rural and island communities.

Test run of business forms

47. There are no new forms associated with this proposal.

Digital Impact Test

48. The Rural and Islands Housing Action Plan will be published on the Scottish Government's website. A PDF version of the document is available on the website for consumers who prefer to use that format. In the unlikely event that a consumer cannot access the website, or print off a PDF, a printed copy can be provided on request.
49. The Rural and Islands Housing Action Plan will be available in both English and Scottish Gaelic. If a request is received requiring guidance in another language or braille, the request will be dealt with appropriately.

Legal Aid Impact Test

50. The Rural and Islands Housing Action Plan does not in itself create any new legal rights. It sets out a range of actions addressing barriers to the delivery of more housing in remote, rural and island communities and it is not anticipated that this will result in any legal challenges from employees or individuals.

Enforcement, sanctions and monitoring

51. The Rural and Islands Housing Action Plan includes a series of actions to address barriers to the delivery of housing in remote, rural and island communities. The actions will be voluntary and delivered collaboratively and we do not foresee they will result in any need for enforcement or sanctions.

Implementation and delivery plan

52. There will be on-going engagement with stakeholders including local authorities and community housing trusts following the implementation of actions set out in the Rural and Islands Housing Action Plan. Through current practices there is ongoing engagement with delivery partners and the sector so feedback can be communicated through these existing channels. Delivery of affordable homes in remote, rural and island areas is already undertaken through wider programme monitoring, this would continue.

Post-implementation review

53. The Action Plan has been developed to bolster the delivery of more homes in remote, rural and island areas and to meet the Scottish Government's target of delivering 110,000 affordable homes by 2032, 10% of which will be in remote, rural and island communities. Scottish Government publishes annual reports on affordable housing, as such the progress of the plan in meeting this target will be monitored through the delivery of more affordable homes in remote, rural and island communities.
54. The Minister for Housing will chair an annual summit on the progress of the Action Plan.

Summary and recommendation

55. We propose Option 2 as it is essential that the Scottish Government develop a series of actions to address the barriers to the delivery of more affordable homes in remote, rural and island communities. The Rural and Islands Housing

Action Plan has been developed collaboratively with a wide range of stakeholders in the housing sector.

Declaration and publication

I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:

A handwritten signature in black ink, appearing to read 'Paul McLennan', with a horizontal line drawn underneath the name.

Date: 11 September 2023

Minister's name: Paul McLennan

Minister's title: Minister for Housing

Scottish Government Contact point: Craig Stevenson, More Homes Division



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