

INFORMATION NOTE

Changes to CROFTERS BUILDING GRANTS AND LOANS SCHEME (CBGLS)

To be known as **Croft House Grant Scheme (CHGS)** from 1 January 2005

1. Following Ross Finnie's announcement of 17 August 2004 on the main changes to be made to CBGLS, this note provides a list of all the changes within the package.

2. The changes to be made from 1 January 2005 are : -

- The new scheme will be called the Croft House Grant Scheme (CHGS).
- The scheme will channel all new funding into direct grants instead of a mix of grants and loans as at present. As from 1 January 2005, new loans will not be available.
- The new scheme will be geographically targeted. Grant levels will be determined by priority areas with the highest grant maxima available in the more remote and fragile communities. The priority areas are yet to be determined.
- The new grant rates for a **new house** will be:

	Geographic Priority Area		
	High	Standard	Low
New House grant	£22,000	£17,000	£11,500

- There will be significantly more scope for house renovation with the new Rebuilding and Improvement Grant providing assistance levels similar to those for new housing and with similar geographic targeting. The rates for these grants will be: -

	Geographic Priority Area		
	High	Standard	Low
Rebuilding and Improvement grant	40% of costs up to a maximum grant of £22,000	30% of costs up to a maximum grant of £17,000	20% of costs up to a maximum grant of £11,500

- Rebuilding and Improvement Grants will be subject to a minimum project cost threshold of £10,000
- The current water and roads services grant will be fully incorporated into the new scheme from 1 January 2005 and no applications for that element of the existing scheme will be accepted after 31 December 2004.
- Grant will normally be paid in 3 instalments as work progresses, but up to 5 instalments can be paid where necessary.
- In addition to these changes, the period over which grant conditions apply will be revised in line with the proposals in the consultation paper.
- After grant conditions for a new house expire, crofters will be free to re-apply for assistance for a further house on the same croft, for example, where a new generation wishes to take on the croft while providing for retired parents to remain in their croft house.

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3. The new scheme will be open to applications on 1 January 2005. CBGLS will close to applications on 31 December 2004.

4. A Geographic Targeting Working Group is to be set up to define the 3 priority areas. The group will consider the fragility of the communities, remoteness, building costs and planning factors. The priority zones will aim to achieve 50% of applications at the standard rate and 25% in each of the high and low priority zones. The priority zones will be subject to regular review. That group will be expected to make recommendations later this year. A further Information Note will issue when priority areas are known.

Future

5. Ministers propose to consider the scope for providing additional incentives to encourage renewable or “green” energy elements in housing projects.

6. Certain changes proposed in the review and endorsed in the consultation will require primary legislation. The proposed Crofting Reform Bill will provide a legislative opportunity to make the necessary changes and Ministers will consider the inclusion in the proposed Bill of measures which will allow: -

- Extending support to croft owner-occupiers (currently only some owner occupiers are eligible for a period of up to 7 years after purchase of the croft or house site).
- Flexibility in eligibility conditions to allow support for communal projects.

Current applications

7. Crofters who have an approval letter for the existing scheme will have a choice of continuing with that scheme or re-applying for the new scheme when it opens. They should contact the Department to discuss their applications. **Applicants who have started work by 1 January 2005** on the basis of an existing approval will not be eligible to re-apply for the new scheme.

Loans already made under the existing scheme will not be affected by the changes.

Location

8. The new location for the administration of the scheme has not yet been settled as there have been a number of bids, and careful consideration is necessary to take account of all the relevant factors to ensure the greatest impact in an area which can sustain these jobs. It is hoped that an announcement on that matter will be made fairly soon.

Contacts:

9. You may wish to contact your Local Area Office, however in this instance Crofting Branch may be better placed to discuss individual cases.

Crofting Branch Tel: 0131.244.6210 or 0131.244.6216

Crofting Branch
Scottish Executive Rural Affairs Department
Pentland House
47 Robb's Loan
EDINBURGH
EH 14 1TY

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