



Scottish Affairs Committee

Oral evidence: The Referendum on Separation for Scotland, HC 140 xix Tuesday 8 April 2014

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Members present: Ian Davidson (Chair); Mike Crockart; Jim McGovern; Graeme Morrice; Pamela Nash; Alan Reid; Lindsay Roy

Questions 5096 - 5178

Witnesses: **Councillor Steven Heddle**, Orkney Islands Council, **Norman Macdonald**, Comhairle nan Eilean Siar, and **Councillor Gary Robinson**, Shetland Islands Council, gave evidence.

Q5096 Chair: Gentlemen, can I welcome you to this meeting of the Scottish Affairs Select Committee? As you know, we have been interested in a whole number of issues that impinge upon the lives of people in the islands, and, while we do not have a specific inquiry running at the moment into the proposals that you have put forward, we thought, in the context of ethical opportunism, we would just take this chance while you were down in London to meet you and raise a number of issues with you.

Could I start off by asking if you could introduce yourselves and tell us your positions at your relevant local authorities just for the record?

Norman Macdonald: My name is Norman Macdonald, and I am the Convener of Comhairle nan Eilean Siar.

Councillor Heddle: I am Steven Heddle. I am the Convener for the Orkney Islands council; that is the political and civic leader.

Councillor Robinson: I am Gary Robinson. I am the leader of Shetland Islands council.

Q5097 Chair: Can I start off the formal questioning by asking you to explain to us the background to the Our Islands Our Future Campaign, in particular, how it came about and what its central objectives are? As I indicated earlier on, we've got to be away by 9 o'clock, so we do not want a full exposition of right back to the Norwegians and the Vikings and so on, but just the general guidelines if we could.

Councillor Heddle: Okay—well, in 1458—

Chair: Two minutes and three; right, okay.

Councillor Heddle: I suppose the genesis of this campaign started probably over a year and a half ago when the three islands councils, in the forms of myself, Gary and Angus Campbell, the political leader for the Western Isles council, met in Inverness and discussed a whole range of issues that were common to us and saw the merit in taking this forward collectively rather than individually. This idea developed further in the full acknowledgment of the constitutional question that Scotland is posing itself in the form of the referendum on 18 September. We realised that this was an opportunity, when the country was navel-gazing, for us also to put in the perspective of the islands councils. We came to the conclusion that, whatever the outcome of the referendum, we wanted the position and the needs of the islands to be acknowledged and respected.

We felt that our basis for bringing these arguments forward was good. It was well-founded through the European articles—particularly article 174, which makes provision for special consideration for the islands due to their permanent geographic disadvantage; and article 170, which makes reference to trans-European networks and the need for access to these networks and connectivity, both broadband and power, but also related to transport, which is also a key issue in the islands.

Also, we made reference to the Montgomery Committee, which reported in 1984. That was a committee of inquiry into the functions of the islands councils, and it met without having any particular axe to grind. It could have said that the islands councils should be disestablished, but, instead, it said that the islands councils were, in effect, performing a very good function, and, explicitly, that the powers and responsibilities of the islands councils should be carried forward and expanded in development of local democracy in the islands. That is great, but nothing has happened in the last 30 years through successive Governments, so we felt that this was our opportunity to bring our argument forward through what became the Our Islands Our Future Campaign launched in June last year.

We were driven to this because we think that this is a time of opportunity for us and also a time of fragility, because the opportunity lies in the prospect related to renewable energy. We have tidal energy primarily for Orkney, offshore and onshore wind for the Western Isles, and onshore wind and marine renewables in the case of Shetland, so we have a common interest there. This is a new industry that we could be at the forefront of, and it would transform our economies if it takes off in the right way.

But, obviously, we are at a time of fragility as well, because local government, in general, can be disestablished at the stroke of a pen. It is the same with the Scottish Government—it could, in principle, be disestablished at the stroke of a pen.

So we came together on a wide range of common issues for our campaign, and, after much research, we considered the full extent of the powers and functions that we should be aspiring to. We looked at models from other island areas in Europe and beyond Europe, and we came to the recent decision to take forward a campaign that is non-party political, independent of the referendum outcome, which is reasonable and well-founded, and has a realistic chance of being acted upon by both the Scottish and the UK Government.

I should stress at this point as well that we realised that there are more facets to the campaign than just the two Governments, because there is a European election very soon,

there is a UK election next year, and there is a Scottish Government election the year after that. So we have advanced our campaign to all political parties. In particular, we were very pleased to see the response from Scottish Labour recently, recognising the merit of our asks in the recommendations coming forward from the report from the Devolution Commission.

We do not believe that the UK's island areas are particularly well considered in the United Kingdom. We feel that this is anomalous with respect to other European island regions—in particular, the Faroe Islands and the Canaries. We meet these other island regions regularly at the Islands Commission meetings of the CPMR, of which each of our island groups is a full member. We envy the special status that they enjoy, particularly in terms of the European dimension, and we feel that the lack of provision for islands in the UK's Accession Treaty is to our detriment. We feel we do not have access to programmes and measures that would address the key issues, such as cohesion, movement of goods, services, people, capital, access to markets and so on, that we would like.

In advancing our campaign, we feel that there are many positive messages. I will come on to the actual aspects of the campaign in a moment, but we feel that there are positive messages for both the UK and the Scottish Governments in that this chimes with their own agendas, viz localism in terms of the UK Government, subsidiarity in terms of the Scottish Government, and, indeed, in terms of the Lerwick declaration. We think that, if we are successful in what we ask for, we will be able to enable our islands as drivers of the economy in terms of the renewables aspect, but also in terms of the traditional industries which we could support and advance—agriculture, fishing, aquaculture, and, indeed, the existing situation with regard to oil and gas in Orkney and Shetland.

We recognise that we are sitting in the middle of the North sea or at the side of the Atlantic ocean, surrounded by much of the UK's natural resources—fish and energy, and the oil and gas, as I mentioned before. The whole oil and gas situation, we feel, is a very positive example of what the islands councils can do if they are afforded additional powers. With that, I make reference to the Orkney County Council Act and the Zetland County Council Act, which I think was 1973—

Councillor Robinson: 1974 in Shetland.

Councillor Heddle: —1973 or 1974, which afforded additional powers to the councils over formally becoming harbour authorities and having the abilities to acquire land for strategic purposes, which both councils did in the form of buying the land which became the sites of the subsequent Flotta and some of the oil terminals. Since then, as harbour authorities, we have been able to accrue revenues which have been channelled into reserves which have benefited our economies and have been reinvested in renewables and the whole range of industries and functions in the islands. In the case of the Orkney Islands council, we have invested or contributed to investment worth £20 million in respect of harbour infrastructure for the marine renewables.

So we feel we have a positive message to take forward in saying that, if you enable us, we will drive things forward for both our own economies and for the economy of the country as a whole. But we are not that naive—well, we don't need to be naive because it is rubbed into our face that the new economy faces obstacles in the form of access to grids, transmission charges and potentially obstacles to leasing of sites for renewables in respect

of the Crown Estate. I am sure you will be asking us more questions about the Crown Estate later on, but the Crown Estate can effectively veto development by not permitting leases in the areas.

The other side of the coin is that we discover that leases have been let and we are not the first to know, and this is perhaps against our wider interests. We would like to seek more powers in respect of that to make sure that development is both sustainable and in the interests of the islands.

We think it is an opportunity not just for ourselves but for the UK in that the UK has a chance to lead in this new industry and that one-size-fits-all regulatory regimes potentially may prevent this happening, which would be a tragedy.

We think all this could be addressed by a number of measures, and I will outline some but not all. This is themed according to a number of strands. The first is the increased local control and decision making, and the enshrinement of the position of local government. As the islands councillors, we feel that we obviously care more about our areas than people who are at a distance. We can be more nimble and responsive to the opportunities that arise, and more sensitive to the local feeling about how things should be carried forward. We think this is very resonant with the localism agenda, as I mentioned—subsidiarity in the Lerwick declaration. We think that this could be powered by community benefit as an understood concept for major development, and we have seen, in the form of onshore wind, that the community benefit is a recognised concept now. It is established that there should be a developer contribution of approximately £5,000 per megawatt, but this is disbursed in a piecemeal fashion to disparate bodies and can end up setting communities against each other. We take the wider view that the community benefit should be spread more widely—it should be socialised—and that the development is of such a scale that it affects the whole island group and should benefit the whole island group. The example that I often cite is that, if the marine renewables was going to take off to the maximum extent, there could be 4,000 extra jobs in Orkney, which is a 20% increase in population and would obviously lead to stresses on housing, education, infrastructure in the form of roads and, indeed, medical services. This would affect everybody, so everybody should benefit.

We don't think that major developments should lead to community benefit in such a piecemeal fashion and that if this is understood up front it will be to the benefit of both the developer, who would have an understanding of expectation, and to the communities that would benefit from the resultant revenues and for the resultant reinvestment in the islands' economies by the islands councils.

We see examples coming forward in England in terms of fracking. We see resonances with the community infrastructure levies and the city deals. We see different mechanisms in Scotland in terms of section 75 agreements. We are keen that the developer contribution and community benefit from profitable industries should be understood up front.

Cutting across our ambitions is the idea of island proofing. By that, I mean too often we find ourselves having to represent to the UK and the Scottish Government over unintended consequences for legislation or legislation that manifestly does not fit our areas. This is an issue at a European level as well, and we are fighting the wars on unintended consequences of CAP reform at present. We would like this not to have to be done on a

reactive basis. We would like to get the arguments in up front so that we can point out the possible consequences and, hopefully, have them taken account of to everybody's benefit. That resonates with articles 174 and 170, as I mentioned, and also the European Charter of Local Self-Government.

Key in relation to this island-proofing idea is that of public service obligations, because it is distant islands and disparate communities spread over large numbers of islands. We have 70 islands in Orkney, 17 of them inhabited. We find that the spread of high-speed broadband is generations behind at present, and the digital divide is getting wider. So a public service obligation, as could have happened in 2012 when there was a proposal for a 50p levy on every telephone customer to put in a minimum standard of 2Mbps, could have brought us up to speed at that time at a stroke, and we would like to see this considered. So I make representations in that respect.

I have mentioned about the representation in Europe in the same way as we are looking for perhaps better representation across all spheres of government so that we are at a stage to influence policy.

Our issues with regard to Europe are that the state aid regimes apply to us in basically the same way as they apply to the most prosperous and urban areas, and we find ourselves being prevented from intervening in what would be a strategic and sometimes essential way due to a misplaced fear that it would distort the market. The whole element of this is to drive economic growth, as I mentioned, for our benefit and for the benefit of—

Chair: Sorry, I've got to stop you there because the bell is now ringing for the vote. We are going to have to go off and vote and then come back again. We are not sure at the moment whether or not there is one or more than one, but we will come back as quickly as we can.

Councillor Heddle: I am nearly finished anyway.

Sitting suspended for a Division in the House.

On resuming—

Q5098 Chair: One of our colleagues is unable to come back because he is away off meeting the Irish President. I am afraid he outranks you because he has a bigger island.

Councillor Heddle: It is always the same—they go for the bigger islands. I was outlining the basic thrust of our campaign and our aspirations for it. We have been taking this forward with the UK Government, through the Scotland Office, and it would be remiss of me not to thank them for the programme they have set up for us over the last two days. We have been in meetings, including meetings yesterday with the Secretary of State for Energy and Climate Change, Ed Davey, who is working with us to address our obstacles with marine renewables, which we very much welcome, and the representatives from a whole range of other aspects of the Government, including the Chief Secretary to the

Treasury, Danny Alexander, most recently. We are also taking forward our discussions with the Scottish Government, which has established the Island Areas Ministerial Working Group, which has met on a number of occasions. As I have said, we have met with representatives of the Labour party in Scotland, Sarah Boyack and Johann Lamont, and we are very grateful for the response in the Devolution Commission. Essentially, that is where we are.

Q5099 Chair: Okay. I take it there you are speaking on behalf of the three.

Councillor Heddle: Yes.

Chair: There are not two amendments, as it were, being proposed here.

Lindsay Roy: The Chair was serious about being here at 9 o'clock.

Chair: A lot of what you have covered, as you correctly identified, does actually cover the questions that our staff have instructed us to ask. So, like yourselves, we are going to ask them anyway, or most of them. We are conscious, really, of a great deal of what you have been saying, and, in particular for this visit, we are aware of the work that Alistair Carmichael has been doing. Alistair has spoken to me and a number of others here about your visit and so on, so that has been very helpful and constructive in smoothing the way. I wonder if I can turn to some of my colleagues. Graeme?

Q5100 Graeme Morrice: Thank you, Chair, and good afternoon, gentlemen. As the Chair was alluding to with your response to his initial questions to him, in providing that comprehensive answer I think you have probably covered just about everything the rest of us were going to ask, but maybe I could focus on one or two aspects of what you said. As a Committee, we would genuinely welcome your Our Islands Our Future Campaign, but how do you see this fitting in with the overall debate on Scotland's constitutional future with regard to the referendum that we are going to have in September? I know, obviously, you are looking beyond that with whatever constitutional arrangements we will have in Scotland, but how do you see your campaign fitting into that?

Councillor Heddle: We feel we have always taken forward the campaign with the express viewpoint, which is an actual viewpoint that we are advancing irrespective of the result of the referendum campaign. We realise that there is a whole range of possible outcomes, dependent on whether there is a yes vote or a no vote, and then subsequently dependent on what Government is elected in Scotland in 2016. We are taking this into account, and we are just trying to advance a fairly consistent, even-handed argument to all sides of the debate.

Q5101 Graeme Morrice: Do your three island authorities have a view in relation to the referendum, or do you remain neutral on it—you do not particularly have a view?

Councillor Robinson: No, we have not taken a view. We decided, in running this campaign, that we would remain neutral because we feel the important thing is to see more power devolved down into communities. That really was, I suppose, the promise of the Scottish Parliament. I can well remember Don Dewar's speech that devolution wasn't a destination—it was a journey. It was a journey that we thought would continue down into our communities, but, in effect, it stopped in Edinburgh, and, worse than that, Edinburgh started to suck some powers back from us. Really, what we are looking at is to ensure that we have the powers that are best deployed in our communities available to us in order to drive the economy and the social wellbeing of our own communities.

Norman Macdonald: That is certainly true of our councillors, where we have not taken a view, as a council, on the referendum. We have taken a view on the Our Islands Our Future Campaign, and we are very much of the view that, in terms of advancing the case that Steven put, we are better doing that—and the timing of it is not coincidental—by using the opportunity that is presented both in the debate that is going on in Scotland and the Government in Westminster and in Holyrood, and that we have the opportunity to get commitments out of Government and political parties in terms of our islands and the future going forward. We want to secure that commitment. We are very clear that that is time-bound to some extent, and we are very clear that these commitments have to be achieved over the next couple of months for it to be effective. What we are seeking to do with the campaign is to use the fact that there is a debate to take forward our debate in that context. That is what we believe makes it largely irrelevant what the outcome of the independence vote is, regardless of what our personal views might be.

Q5102 Graeme Morrice: That is interesting. As a Committee, when we have travelled to places like Inverness and Stornoway, the clear evidence we were gleaning from people there is that they want to see decentralisation from Edinburgh, but you take the view that what you have seen is really the opposite of that. You have seen that more control is taken back to Holyrood from communities like yourselves.

Norman Macdonald: I certainly think that that is a fair reflection of what has happened in recent years, where local authorities have been very much running police and fire services across the whole of Scotland, and that is something that has been drawn into the centre. Even in relation to the next round of the European funding package, based in Inverness, for the highlands and islands, there was a programme team there that disbursed funding that is brought into the UK, largely because of the conditions that prevail in the remote parts of the country. Again, that headquarters has been centralised into Edinburgh. Again, we are looking for concessions from the Scottish Government on these issues—that there is very clear representation from island areas within that structure that decides how European funding is allocated and disbursed.

Q5103 Graeme Morrice: We are going to touch on some of these issues later on—in particular the Crown Estate and the work we have been doing on that. Steven, I think you wanted to come in on that.

Councillor Heddle: Yes. I was just going to say that the whole issue of centralisation, sadly, is not a new one. It is something that predates even the Scottish Government—the establishment of the Scottish Parliament. In Orkney, we have seen the loss of the customs service; we have seen the loss of our tax office, which moved first to Wick. It may or may not still be in Aberdeen because it moved from Wick as well. It is probably in Edinburgh by now. We have seen the loss of the Northern Lighthouse Board premises, and we have seen a whole range of services over successful Governments contracting because of a belief in economies of scale. We are delighted to see work coming forward from COSLA that highlights diseconomies of scale and the importance of localism and subsidiarity, so we are both pleased and relieved to see this being on the agenda now.

Q5104 Graeme Morrice: We would certainly support the work that COSLA has been doing on this whole question of decentralisation into the communities. I would just like to touch on this issue of what you see as the final outcome in terms of the future constitutional arrangements for the islands, regardless of the outcome of the referendum. Steven, earlier when you were speaking, you made reference to the constitutional enshrinement of local government. Again, you would be very supportive of that, and I know COSLA in particular has been driving that agenda, but, apart from that, what else would you like to see as your outcome in terms of this campaign?

Councillor Heddle: It would be useful if I could just elaborate on the themes that I mentioned, if I can find the appropriate sheet of paper.

Chair: This is the advantage of travelling mob-handed—I always have people behind me ready to slip me things.

Councillor Heddle: Our islands are rising out of the sea now they are away at present. In terms of local control and decision making, the subsidiarity and the enshrinement of local government constitutionally is key. In advance of that argument with the Scottish Government, the Scottish Government would say to us, as they said to COSLA, that you can't have constitutional protection without a constitution. The counter-argument would be that we could have legislative protection. We realise that there are shades of grey here and we would certainly seek legislative protection in some shape or form for local government in our areas. This was the sheet I was looking for.

Councillor Robinson: I can maybe come in if you want to wrestle with your paper there. Clearly, another aspect that we have been looking at is around the notion of an Act for the islands. In Orkney and Shetland, and Steven alluded to it, we already have the two Acts there—the Orkney County Council Act and the Zetland County Council Act. The Western Isles, to a large degree, are neglected in that they don't have an Act that recognises their fairly unique circumstances in the same way that Orkney and Shetland do. So, in some respects, short of an Act for an island, the strengthening and extension of the Acts that already exist may be another way that we could move towards the same outcome that we are looking for.

But certainly the experience that Shetland has had over the last 40 years of acting as a harbour authority, and also the one that Steven did not mention earlier of granting works licences long before marine planning became part of the Scottish Planning Act, has stood us in good stead in that we have gained a huge amount of experience in dealing with development in the marine sphere. For many years that has been mainly marine

aquaculture, but we are now seeing a move towards more and more marine renewables. What we have demonstrated in the last 40 years is a good track record of balancing what has become increasingly conflicting demands on the marine environment, and, clearly, we feel that that also would mean that we could take on some of the powers of the Crown Estate and deploy them properly and efficiently, should those powers be vested in us.

Norman Macdonald: We would certainly aspire to, and have for decades aspired to, having the same level of constitutional and legislative protection that Orkney and Shetland have, because we have seen the benefits that have accrued to these communities as a result of not just having that authority, but of using it and using it to the benefit of the people who live in the islands, and also to the benefit of the whole country in terms of the oil and gas industry. We see very clear parallels between the oil and gas industry and the renewables industry going forward. Part of that, for us, is about the Crown Estate. It is about control of that estate and, again, being able to use that as what we see as a significant resource in terms of the coastline of the three island authorities. The coastline is as big as the coastline of the whole of the UK if you take all the small islands. So it is a significant resource and one that we believe that we can develop, provided that we are in a position to manage and control the development in the interests of the community and in the interests of the economy generally.

We believe, following on from the experience of Orkney and Shetland, that we have the ability with which to do that, and what we need is the means by which we can deliver that. That is a significant part—in fact it is an underpinning part—of our campaign in terms of Our Islands Our Future because, without that management and control of renewable energy going forward, we do not have a great deal of prospects to bring to the table. That is the single biggest plank that we have, and that is a resource that is unequalled in the UK and in Europe.

Q5105 Mr Reid: Thank you for coming along this afternoon. As you are aware, there are a significant number of islands that are not within the islands authorities. What discussions have you had with representatives of Scotland's other islands?

Councillor Robinson: It is fair to say that we meet, if not monthly, every other month as the highlands and islands leaders group in Edinburgh, so we have discussions there with the Highland Council and Argyll and Bute—indeed, all the highlands and islands councils. So there has been a good degree of communication. There has also been communication between the Scottish Government and Argyll and Bute, and the other local authorities, with the islands around what we are doing, so they are very much being informed and we would expect that they will benefit from the work that we are doing.

Q5106 Mr Reid: There obviously is a difference in that the local authority in each of your cases is the same as the island group, whereas the other islands are part of authorities that are based on the mainland. What benefits do you think that islands that are part of mainland authorities can gain from the issues that you are raising?

Norman Macdonald: Having discussed it with other island authorities, as Gary said, they are very supportive of our campaign because they believe that there is a clear path there for them for benefits that accrue to the island authorities that will feed through to them as well in the measure that is appropriate for their setting. It is a very different thing to have a local authority that has islands as part of it, but for the individuals living on these islands they share very much the same frustrations as we share, and there is no good reason why that cannot be transferred right the way through into these small island communities that are part of a larger local authority. I would imagine that they would be using that argument even within their local authority to have more autonomy, more decision making, at a more local level, and being able to influence that. That is a completely separate debate and it is not something we are advancing, but these authorities that have islands are very aware that there are huge benefits that could accrue to their island communities as a result of our campaign.

Councillor Robinson: I accept it is a devolved issue, but transport is probably a good example in that respect in that we are seeking a fairer fare structure for ferry services, for example. It is probably inconceivable that, if we are able to reach some kind of agreement with the Scottish Government, for example, the Argyll and Bute islands would not also benefit from that arrangement. That is perhaps the best example I can think of where the work we are doing would also benefit local authorities with islands as opposed to island authorities.

Councillor Heddle: In our nobler moments, we feel that we are standing up for local government in general as well as just standing up for the position of islands councils, because for instance, community benefit, which we are advancing, is a concept that is not exclusive to the islands; it is exclusive to any place where major development can take place and would benefit any community that found itself in that situation.

With respect to the Crown Estate, we share the Committee's aspirations for devolution of the powers and revenues to the Crown Estate. This is something that would benefit any coastal community as well as any island. In the arguments that were taken forward in terms of special status recognition for Europe, that is essentially asking for recognition of the provisions of article 174, which relates to island and mountain regions, so it would be applicable to all islands and, indeed, much of the highlands and islands; so you could take this forward. We are not claiming any exclusivity but just the same. This is a principle, and if it applies to other people, that is fantastic; we are happy for them.

Q5107 Lindsay Roy: Gentlemen, you have given us a very interesting analysis of what has been happening over recent years. To what extent is it one direction of travel towards centralisation? You mentioned, for example, a tax office being moved to Wick and then maybe to Aberdeen. Can you give us any other examples, and to what extent has there been any kind of devolution or subsidiarity? Maybe answer the first one first; that would be easier.

Norman Macdonald: Certainly, the most recent example is in the creation of a single police and fire service in Scotland, where within the highlands and islands context the seven local authorities formed a police board and fire board and there were council representatives that were on the fire board. So they had a significant amount of influence over the strategic priorities for that service, whether it is the fire service or the police

service. The jury is still out, in fact, on that change and how well it will serve all of the communities of Scotland in terms of that particular change. There is certainly a great deal of concern about the delivery of service at a local level, particularly in some of the remoter parts of the country, and the influence that communities have on the way the service is provided there. That is certainly a concern, and that is probably the biggest and most recent example of decentralisation that was done fairly hastily, we believe. That could have far-reaching implications, and people have genuine concerns about that, but are unable to influence it to any great extent at a local level.

Q5108 Lindsay Roy: While the jury is out, there are still concerns and you need to evaluate that. Gentlemen, are there any other comments? Is that similar in Orkney and Shetland?

Councillor Robinson: If I might just come in there, it would probably be important to say that David O'Neill, the President of COSLA, has also acknowledged the centralising that has happened over the years.

Lindsay Roy: He has, yes.

Councillor Robinson: He commented that it is not just the current Government. We have seen this drawing back into the centre since the inception of the Scottish Parliament. As I said earlier on, in terms of certainly Donald Dewar's vision, which I could quite happily sign up to, we would see that journey continuing down the line to us. That has gone off the rails somehow and we need to get that back on track again. I welcome the Scottish Government's commitment to subsidiarity, but we need to see that in action. It needs to be more than words, and we hope that that is what will come out of the prospectus when we get it this summer from the Scottish Government.

Q5109 Lindsay Roy: I take it that you would welcome then the recommendation of this Committee that the Crown Estate not only be devolved to Holyrood, but devolved from there to local communities.

Norman Macdonald: Absolutely.

Councillor Robinson: Indeed, yes.

Norman Macdonald: We are on record as saying that there is little benefit for our system of authority to see the Crown Estate powers and revenues being devolved from Westminster to Holyrood. That may or may not make any difference whatsoever, but, equally, we would have no real control over that either. What we want is to see that devolved right down to the communities that are affected, both in terms of the development themselves and the opportunities that are presented by doing that as well. That is no different from certainly our view as a council on land reform issues, where land has been transferred from private ownership to local control of these resources. There have been huge developments on that throughout the highlands and islands since land reform was introduced.

Q5110 Lindsay Roy: I will go back to my other question then. Are there any other examples of devolution and what benefits it brought to communities?

Councillor Heddle: That is a very pertinent question. If I was going to be flippant, I would say that we have got the powers over freshwater mussels to Crown Estates, but we did not celebrate for very long over that one.

Lindsay Roy: Did you bring any with you?

Councillor Heddle: We have to hope that we are perhaps at a pivotal point here, aided by the work that we are doing ourselves and the work that is being done by COSLA, and the stated positions of the two Governments with regard to localism and subsidiarity. In England, we are seeing the city deals, repatriating powers back to the core cities and to other regions now in the way of two of the city deals. In Scotland, there is the possibility that there could be repatriation powers to the local authorities, depending on how health and social care integration goes and what model is used. That could be a centralising result or a devolving result, so we have to represent strongly on that. In terms of our own campaign, we are specifically asking for repatriation with responsibility and in respect of ever more ownership of the transport agenda, as to how it is applied to us. Indeed, we have been in very positive discussions with the enterprise agencies, looking at gaps in respect of the provision of economic development and how we can work together to have some ownership on how that is filled.

Q5111 Lindsay Roy: The critical question then is this. You have developed a very clear and strong campaign. What commitments have you had so far from political parties to devolve, to ensure that island communities have a bigger say over a range of things that you want? Have you had any commitment so far?

Councillor Heddle: It is all to be determined.

Q5112 Lindsay Roy: Nothing concrete.

Councillor Heddle: No. It will become concrete in the reform of the concordat for the UK Government, which we expect to be in a position to see published hopefully in June, and in the prospectus with the Scottish Government, which we are working towards again at the start of June. These will be tangible documents that we will bring forward to our councils for their approval or otherwise.

Q5113 Lindsay Roy: You have had responses from all the political parties.

Councillor Heddle: Sorry?

Lindsay Roy: You have had responses to that effect from all the political parties.

Councillor Heddle: I am speaking specifically with respect to the Scottish Government in terms of the prospectus and the UK Government, through the Scotland Office, in terms of the concordat. We have been clear that what we are hoping for are significant written

commitments that we can bring forward to our councils and our communities for their approval or otherwise prior to the referendum.

Councillor Robinson: It is important to say that one thing we have got that is concrete and is happening now as we speak is Alistair Carmichael's early announcement of the Islands desk within the Scotland Office. That is something that we are making good use of. The most recent development in that is that we have been asked to consider seconding someone into the Scotland Office to work with the civil servants who are currently operating from Alistair's office. That has been extremely helpful in not least setting up the meetings we have had this week, but also in making contacts with the right people in Westminster and also in Brussels who can help us to further our campaigns. That is something concrete.

Q5114 Lindsay Roy: Let us be clear—that is an extra desk in addition to Alistair's own one.

Councillor Robinson: Yes.

Norman Macdonald: I think it is fair to say that we have had a very receptive engagement with Government, both in Holyrood and in Westminster, and they have been very open to the suggestions we have put forward. We believe we are working together to come up with something that we can all sign up to, and, as Steven says, we have to take that back to our communities before, as local authorities, we would sign up to either the concordat or the prospectus. It was made very clear right at the start that, if there is no agreement on these issues, that will be the case. It is not an exercise we go through for nothing, and certainly the commitment we have had to date has been very positive and is something that we find encouraging. Even at face value, in terms of the number of Government Ministers and access to Government Departments over the past year, individually and collectively the three island authorities would never have seen that kind of engagement in the past. That, in itself, we think, is a very positive thing in that there are an awful lot more people who are very aware and understanding of the issues that we face and that they are issues that we collectively believe we can tackle to the benefit of the communities that we live in and also to the wider communities.

Q5115 Lindsay Roy: The Governments have been more proactive.

Norman Macdonald: Absolutely.

Councillor Heddle: It is very important that we put on the record our gratitude to both Governments for the level of engagement that we have had here because, as Norman says, it probably is unprecedented. We have to be optimistic that it has been taken very seriously, as evidenced by the ministerial and official time that we have had from both Governments, because, certainly, if there is any time being wasted—well, there is no time being wasted; they are certainly putting a lot of time into it and we are putting a lot of time into it, and, hopefully, it is going to—

Q5116 Lindsay Roy: Steven, I think it was you who made a favourable comment about the Devolution Commission proposals from Labour. What is particularly attractive in that body of text?

Councillor Heddle: I don't have the proposals in front of me, but I recall that they chime very resonantly with the issues we are bringing forward. Within that, there is reference to transport, the Crown Estate and constitutional protection for local government. These are all things that are absolutely what we are arguing for against subsidiarity. It aligns very closely with the principles we have been bringing forward to the campaign.

Q5117 Lindsay Roy: Has it covered the full spectrum for you?

Councillor Heddle: I wouldn't say it covers the full spectrum, but our spectrum is very wide and we can maybe look forward to having further discussions with the Labour party.

Councillor Robinson: That discussion is ongoing, and, indeed, Sarah Boyack is visiting Shetland at the end of this week on a bit of a fact-finding mission, but by no means are they reaching the end of the road in terms of their engagement with political parties.

Norman Macdonald: We also have a meeting with the shadow Secretary of State, Margaret Curran, tomorrow morning as well, so some of these issues will be taken forward further in terms of what has been outlined in the commission report.

Q5118 Lindsay Roy: Have you had initial responses from political parties in terms of your questionnaire?

Councillor Heddle: When we put out the questionnaire, we phrased it in the terms that we would be happy to receive a response via the questionnaire or we would be happy to otherwise engage in face-to-face discussions, and, by and large, it has been through the face-to-face discussions.

Q5119 Lindsay Roy: There has been a greater depth in the discussion and dialogue than there would have been through—a questionnaire would have been a starter for 10.

Councillor Heddle: Yes.

Lindsay Roy: Thanks very much.

Q5120 Pamela Nash: Gentlemen, I am sorry I wasn't here at the start of the meeting. Are you aware of the petition that was presented recently to the Scottish Parliament requesting a referendum of the populations of the islands a week after the independence referendum?

Councillor Heddle: We are aware of it.

Q5121 Pamela Nash: Can I ask you what you think of it?

Councillor Robinson: I will kick off maybe.

Pamela Nash: I have to say your facial expressions were all very different. I am intrigued as to what you are all going to say.

Lindsay Roy: But not on the record.

Councillor Robinson: I have made comment on this in the media already. The campaign group themselves indicated in the first press release that they were aware, obviously, of our campaign and that they saw their campaign as running parallel to ours. I think I can speak for all the councils when I say that we have not had any formal or informal contact with the group at all. It is a question that has been raised before. I can recall it was raised previously around the devolution campaign in the 1990s, and before that in the late 1970s around the devolution campaign then. I have some issue around just how well thought-out the proposal might be or not. It would seem to me, in any case, that holding a referendum on the islands' independence only one week after a referendum on Scottish independence does not give nearly enough time to discuss the outcome of the first referendum and what the impact of that may or may not be on the islands. The timing is extremely tight. I also have some issues around, if there is a vote for one or more of the island groups to go it alone, what thought has been given to the practicalities of that. If the vote on 18 September was for independence, then, as some have said, our ferry service would, if it goes to Aberdeen, go to a foreign country. There are questions then of what currency you take with you when you go, or does the ferry just go to North Berwick? We have ties through our health service with Grampian health board and Aberdeen Royal Infirmary in particular. If it was the case that the islands were to somehow go it alone, would we then be looking at Leith General or something? I just don't think that the proposal has been—

Q5122 Pamela Nash: We will move on to that in a second—about the practicalities if the islands were a separate country from the rest of Scotland, wherever Scotland is. You mentioned the date being wrong, but, in terms of a referendum on the islands happening at all, do you think that that is something that should be considered?

Councillor Robinson: I was going to say, once again, we set out very clearly what our campaign was about at the outset. We had a position paper that we circulated, and we were quite clear at that point that our campaign wasn't predicated on the result of the Scottish independence campaign. At this juncture I would probably say as well that our campaign is not predicated on the result of any independence campaign at all, whether that is Scottish independence or this islands' independence petition that has been submitted.

Norman Macdonald: I certainly think, from Comhairle nan Eilean Siar's point of view, we have not taken a view on that petition in any way, shape or form. We have not taken a view on whether the islands should be independent from the rest of Scotland or the UK. Without having had that discussion—that debate—it is very difficult to say. What we have taken a view on is Our Islands Our Future Campaign, and, as Gary has said, the objectives and the aims of that campaign are valid irrespective of what happens in terms of the national referendum or, indeed, any other referendum that may take place in the future.

That is the position as our council stands at this moment in time, and until the council have considered it, if they choose to do so, it is not an issue that we are focusing on. At the moment we are focusing entirely on what we have been mandated to do by our council in terms of the Our Islands Our Future Campaign and what can be achieved in terms of commitments over the next two months or so.

Councillor Heddle: I would absolutely concur with that. While anybody is obviously at liberty to take forward any petition that they wish, it is important to make clear it is nothing to do with us. It is an entirely separate campaign or agenda that is being operated there, compared with the Our Islands campaign.

Q5123 Pamela Nash: I appreciate that. Can I ask then, separate from the proposed referendums, what are the main concerns of the people you represent if Scotland does vote yes in September?

Norman Macdonald: In terms of the Scotland—

Pamela Nash: What would the impact be on the islands if Scotland was independent?

Norman Macdonald: In terms of the campaign that we are taking forward?

Pamela Nash: No—just in terms of the concerns of your constituents.

Norman Macdonald: Well, I am not sure. In terms of the concerns of our constituents, the only time any of us will know what those concerns are will be when they cast a vote in the referendum.

Q5124 Pamela Nash: I am just trying to understand what people who are living on the islands are thinking about this.

Norman Macdonald: I am not in a position from our council—

Q5125 Chair: To be fair, we have listed down to ask you: do you have any particular concerns if there is a no vote as well? So it is not as if—

Pamela Nash: I am not trying to corner you here.

Chair: It is just a question. We are trying to clarify whether or not there are any particular issues relating to the referendum that we have not picked up that are specific to yourselves that are maybe causing concern and that it would be helpful for us to know about.

Councillor Robinson: If I am being honest, I have not really heard anything different in the islands from the sort of concerns that are being raised nationally. I suppose the big one is the economy. Will we be better off? Will we be worse off? We need to listen to everything that is being said on both sides of the campaign and try to get to the bottom of what is actually the most likely outcome of that. I struggle to think of anything that is

particular to the islands that is different from other places. I suppose transport is a more acute issue for us, but transport has been devolved to Scotland for many years now, so I am not sure that we would necessarily expect any big changes, certainly in the short term. It is quite a difficult question to answer in the islands context because I do think the concerns are very much the same.

Q5126 Pamela Nash: I am surprised that that is the answer—that there is not anything specific to the islands that you are concerned about. Is that a reflection of just how separate islanders are feeling from Holyrood as well as Westminster—that it doesn't matter where the power lies? The main concern is more devolution of power to them rather than—

Councillor Heddle: We can only answer that, again, once the votes are cast. All indications are that, whatever the outcome is on 18 September, half the people are going to be happy and half the people are going to be sad. I do not see that it is going to be significantly different within the islands.

Q5127 Pamela Nash: It will not be half and half hopefully, but I appreciate the point you are trying to make.

Norman Macdonald: One of the things that we are focusing on—the thing that we are focusing on most in terms of the campaign that we have been running for the past year—is that, if we can achieve what we set out to do, we believe, whatever the outcome of the referendum is, that our island communities will be in a better place as a result of achieving the asks that we have of both Governments at this particular time and also of political parties. That is what our focus is on. It is not about trying to second-guess the referendum, and people who live in island communities are no different, as Steven said. There are things that impact on us more than other communities, and these are the things that we are trying to secure commitment from at this moment in time.

Q5128 Pamela Nash: But none of those things that affect your communities more you think will be affected by the referendum.

Norman Macdonald: Not necessarily as a result of the referendum itself. It depends on what decisions whatever Government, wherever that Government are presiding from, make in relation to these subjects, whether it is about transport, land ownership or the ownership of the seabed. The decisions can be taken by any Government, whether they are sitting in Edinburgh or Westminster.

Q5129 Pamela Nash: I appreciate that. Finally, I do appreciate where you are coming from in terms of your roles in Our Islands Our Future, but you are all politicians as well. Are any of you taking a public view on the referendum, or have you decided not to do that?

Councillor Robinson: No, we are not. We have set out from the start with what we think is a non-party political campaign, but, at the same time, we believe it is a campaign that can garner cross-party support. The one thing that would certainly unravel that would be if at some point we took a partisan view; so it is important from our perspective that we remain non-partisan on this.

Norman Macdonald: I agree with that. It is also a matter for us as individual councillors. All three councils are independent councils, and it is not something that our members have expressed a wish to have a clear view on as a council. If there was a member or a group of members who wished to do that, then our processes will allow that to happen, if that is what the majority of people on the council wish to do. It is not something that—

Q5130 Pamela Nash: I don't mean, "Is each council taking a view?" I wouldn't advocate that, but I am surprised about individual councillors. Maybe not yourselves because of your position on this, but are you saying that individual councillors are not even taking a view?

Councillor Robinson: No. Certainly there is freedom of speech.

Chair: I am very glad to hear that.

Councillor Robinson: If anyone knows the Shetland Islands council and a certain Dr Wills, there is no way to silence that. Some members have quite clearly said what their feelings are on the referendum, and some have even gone so far as to say which way they are voting on it, but, certainly from the leadership of the councils, it would harm what we are trying to do. It would be unhelpful for us to make such public statements of what we would support or not.

Norman Macdonald: Unless council members decide otherwise, through taking us through a process.

Pamela Nash: Thank you; that is very helpful.

Chair: Mike, you wanted to pick up a point.

Q5131 Mike Crockart: It is a very small one. You will be aware of the Campbell Commission proposals that Sir Menzies Campbell put together, which is our contribution to the debate about what should happen in the event of a no vote. As part of that, there is a proposal that, within 30 days of a no vote, the Secretary of State Alistair Carmichael should convene a meeting. Is that something that you would welcome and you would want to take part in?

Councillor Robinson: We would certainly welcome that and, yes, we would want to take part in that. We have had, it is fair to say, a very good engagement with the Secretary of State for Scotland, and I see no reason why that would not continue beyond the referendum.

Mike Crockett: From your desk in the Scotland Office it would be quite easy to do that.

Chair: I am not sure you are not getting too good a deal in terms of your relationship with the Secretary of State for Scotland, because not only is he your own MP for two of the islands—he is very sympathetic—but you are getting a desk in his office, and I certainly know that he has been quite active with a number of us in pursuing the aims of your campaign. You have certainly got the inside track on all of that. Can I turn now to the bedroom tax? Graeme?

Q5132 Graeme Morrice: You can indeed, Chair. Apologies to yourself, Norman, because we were certainly in the Western Isles at Stornoway and spoke with your local authority quite extensively about this issue, so we certainly have your council's views on this from your leader, but maybe I could address this question to the other two members of the panel. Do you agree with us that we should see the abolition of the bedroom tax?

Councillor Heddle: I have to say this is something that we don't have a council position on, so I cannot really represent a council position on it. I am happy to say personally that I agree with you that there should be abolition of the bedroom tax, but I am not representing the view of the Orkney Islands council when I am saying that.

Q5133 Graeme Morrice: I was not very clear about what you said then because I could not really hear you. Did you say that you have a position on it and the council has?

Councillor Heddle: The council has not taken an explicit political position on the bedroom tax.

Graeme Morrice: Oh right.

Councillor Heddle: We are dealing with the bedroom tax as best we can. We are trying to ameliorate the effects of the bedroom tax and have been successful in doing so; and we thank the engagement we have had again from the UK Government and the Scottish Government in the measures they have taken in respect of discretionary housing payments for rural areas, but we don't have an express council position on that political question.

Q5134 Graeme Morrice: Can I just drill into that? Why specifically is your council not taking a position on that? I appreciate it is a politically contentious issue, but I would have thought that the overwhelming consensus in Scotland is opposition to the bedroom tax and, as far as I am aware, just about every other local authority in the realm has come out in opposition to it as well.

Councillor Heddle: I wonder whether we have expressly taken a position. I will take advice from Mrs Morrison here.

Q5135 Graeme Morrice: Meanwhile, maybe the Shetlands can tell us what their view is on this.

Councillor Robinson: We have never pursued the issue to a vote, but we have continued to engage, and we have had a number of meetings with the Under-Secretary of State for Scotland now, where we have put forward our position that the bedroom tax or spare room subsidy, or whatever you want to call it, has left us in an extremely difficult position, because across the islands we do not have a large number of smaller properties. In fact, Shetland Islands council's policy for many years was to build family homes, because, if somebody moved into a house, the expectation was that the family would grow and—

Q5136 Graeme Morrice: When we went to Stornoway and we spoke to Angus Campbell, the leader there, and your officials, that is exactly what he was saying.

Norman Macdonald: We are very clear about the impact of the benefits within the islands, and, as Gary has said, it actually works against our strategic housing policy as well and also the support we get from the Scottish Government in relation to affordable housing, because, to get economies of scale when you are building new houses, you are looking to invest money to build homes with two or three bedrooms for family homes. That is what you are looking to do, but when some of these houses with bedrooms are then deemed to be surplus to the tenant's requirements, and they are being penalised for it, it has a huge impact both in terms of the individuals and also our housing partnerships' ability to build new houses that are not going to be punitive to the tenants who are going to live in them at some stage.

Q5137 Graeme Morrice: Yes, that is right. We thought that, in particular, the bedroom tax would work against communities like yourselves that obviously suffer the disadvantage of rurality, supersparsity and diseconomies of scale. If the bedroom tax is about trying to get people out of bigger houses into smaller houses, clearly there is a real issue where you gentlemen are from. Steven, you were consulting your officer for inspiration. I wonder if you have managed to acquire any inspiration on this issue.

Councillor Heddle: I am sorry; I cannot be really any more explicit. As a council, we have considered welfare reform as a whole where our independent councillors have a spectrum of opinion. There seems to be some merit in the aspects of welfare reform. Certainly, yes, the bedroom tax is something that we have seen real problems with in the islands, and we have represented strongly to Mr Mundell, as Gary has mentioned, and indeed Nick Clegg when he was up in Orkney as well, against the impact of that. Yes, clearly, the bedroom tax is something that has an impact on the islands that we don't welcome, but we don't have an explicit position that we demand its repeal. I am happy to give you my own personal position that I would agree with you in that respect, but that is my personal opinion.

Q5138 Graeme Morrice: That is fair enough. Of course, until such time as the bedroom tax is repealed, and hopefully that may come about sooner rather than later, presumably you would like to see various changes made to mitigate the impact it has. You may well have seen what we have said on that as a Committee.

Councillor Heddle: I have to acknowledge with great pleasure that there has been positive mitigation taking place in the increased discretionary housing payments for it in the 21 most rural areas, two of which are in Scotland, three of which are sitting at this table. That is going a very long way to mitigate against the effects of the bedroom tax in, certainly, Orkney. What we do not have, I suppose, going forward is any certainty that that is going to continue into the future. This remains a concern for us and something that we will have to continually, or continue to, represent upon.

Q5139 Chair: Can I just clarify the pleas or proposals that we put forward for mitigation of the bedroom tax, taking account of the fact that you have had a lot more DHPs? I suppose, first, do you agree with what we are proposing, and, secondly, were there any points that you thought that we missed out in terms of ways in which the tax should be mitigated? We have covered a whole number of different categories that we thought there ought to be special arrangements for. Was there anything that you thought was a major omission from our report, or was it near perfect?

Councillor Robinson: I thought it covered it quite comprehensively.

Norman Macdonald: Ideally for us, short of having that legislation repealed and done away with, we would argue for total exemption for certain communities, and we would argue within our own campaign island authorities because of the disproportionate impact it has. It does have a disproportionate impact, but we recognise that it is still a serious impact for other local authorities that are not island authorities. We just simply do not have any flexibility whatsoever when it comes to rehousing people in smaller accommodation. That is something that is particular to island communities, and that is the only thing that we would look for as a step down, if you like, from the repeal of the bedroom tax.

Q5140 Chair: One of the issues where we have had a bit of a disagreement with the Scottish Government is on the question of DHPs. They have been very keen to say that, if they had power to increase the limits of DHPs, local authorities could overcome virtually all the difficulties through DHPs. But we have had quite a number of organisations saying to us that DHPs don't tackle the difficulties in all cases, because you have people with learning difficulties, you have mental health issues, issues of pride, people who will not engage, and, therefore, even though the mechanism is there whereby people could get the bedroom tax written off, as it were, or dealt with, they are still probably not engaging and there is not a mechanism by which the councils can then give them payments—DHPs—without their agreement and consent. Is that your experience, or have you managed to find a way round that?

Councillor Robinson: Pride is a big thing in small communities such as ours, where everybody knows everybody. There is an element of not wanting to be seen to be

accepting handouts. We have had to work quite hard, not just on this occasion but on past occasions, to encourage people to go out and claim the benefits that are due to them, because many people, as you say, simply through pride, don't want to.

Q5141 Chair: Is it your understanding in the way that you have been operating it that people have to do something to get the DHP? In a sense, it is not like the Chinese general baptising his army with a hose, where it gets done to them, so to speak. They have actually got to do it, and therefore these issues of pride and so on do come up and provide a barrier.

Norman Macdonald: That is certainly the case, particularly with some of the vulnerable people, and, without declaring an interest just yet, particularly elderly people, who genuinely believe that they need to pay their way, as it were. The risk is greater with them and sometimes not in a visible way—not in a way that is visible to the local authority, or anybody else for that matter. So I think there is a risk of that.

Q5142 Chair: I wonder whether or not you could just clarify this. Some of the staff will maybe get in touch with you to try and get some further detail about the figures and so on, rather than you showing all that just now, but we were of the view that any arrears in the bedroom tax should be written off and funded by the Scottish Government, who clearly have the money and the powers to do that, but, also, in order to avoid the moral hazard that those who do not pay or have not paid, as it were, get rewarded and those that struggle to do so don't, that there should be a mechanism whereby those who have paid the bedroom tax should get it refunded. Is that something that you would be supportive of or that you would see major objections to?

Councillor Robinson: First of all, we have, I suppose, quite a small number of tenants as compared with maybe larger local authorities. It is around 1,800—something of that order. We have historically had very low arrears as well, so something that we did quite early on in this process was to make sure that all of our tenants were informed that this money was available. Our staff have done very well to pick up on any people that they have seen getting into arrears, and contacting them then to find out what the situation is and whether or not it is the case that they are not claiming benefit that they would be entitled to. It has been quite proactive, and, again, as Norman said and you surmised, pride comes into it quite a bit in communities.

Q5143 Chair: Before I come to the others, we have had other local authorities telling us that, yes, their staff have been very proactive, and housing associations and the like saying that staff have been very proactive. We do not dispute that for a moment, but all of the reaction that we had back was that, notwithstanding all that, you still had some people who were not going through the system, were not claiming for, as I said, mental health issues, learning difficulties, through pride and so on, and therefore there were still people who were either ending up not paying and falling into arrears, or they were really scrimping and saving; and we are being told stories about people not eating in order to make sure that they could

pay their bedroom tax. Even though you have smaller numbers, has that been your experience?

Councillor Robinson: I do not think it has been to any significant degree—certainly none that has been brought to my attention. Thanks to the staff working proactively, we have largely been able to avoid that.

Councillor Heddle: I am not sure if I can quantify that. I am not sure if it is a particularly big problem in Orkney. One of the things that we have been experiencing as a problem in Orkney is the difficulty in people being able to get their assessments for Atos in order to be eligible. Atos have not been doing assessments for months at a time, refusing to come up on the basis that it is not cost-effective for them to do it, and denying people the benefits that they are eligible for as a result. I can't really name names, obviously, but people have been required to resort to the food bank which we have in Orkney now, which you would never have imagined would have happened otherwise.

Norman Macdonald: One thing we are aware of is that the amount of our arrears has increased significantly and, whereas that might not manifest itself in this extreme form yet, there is the potential for that to be the case. In terms of the actual numbers in there, we can gather these numbers within the authority and provide that information in terms of an accurate reflection of the numbers of people who are affected in that way. I do think there is a risk as time goes on, if nothing changes, that certainly the arrears will increase, and because of the number of people who will have to make very clear choices as to what they do with the money we will end up with some potentially vulnerable people being in difficulty. We have certainly seen a food bank being introduced in the Western Isles for the first time and people are using that on a regular basis. I know you cannot make any clear assumptions on the back of that, but it is a response that some people have made to knowing of people who are getting into difficulty, to create a structure that would support that kind of distribution of food to people who feel they need it for whatever reason. In terms of the hard numbers, that is something that we would like maybe to get back to you on.

Q5144 Chair: Gary, you wanted to come back in.

Councillor Robinson: I have just a couple of comments. As Steven and Norman have already said, we have seen as well, for the first time in Shetland, a well-used and well-frequented food bank being opened up by the Salvation Army.

If I could just go back to the start of the welfare reform and the bedroom tax, at an early stage in Shetland we had a joint allocation process with the housing association. The housing association had in the order of 16 one-bedroom flats that they had just completed. We changed our letting policy to favour people who were likely to be affected by the bedroom tax. So we actually have a situation in Shetland now where some people are just paying and staying where they are at, but some people have been able to move to smaller houses. Certainly, in the early days, when there wasn't any clarity around what was going to happen with welfare reform and the bedroom tax in particular, there were a lot of people using social media to try to find house swaps, and on some occasions the council and the housing association were working together to facilitate three-way house swaps in order

that people could get the size of house that they needed to avoid the bedroom tax. All of us who have moved house know that it is not a cheap or easy process in terms of moving house, furnishing it, putting down carpets and everything that goes along with that, and I think it did put a lot of strain on some of the most vulnerable people in the community.

Q5145 Mr Reid: You mentioned the extra discretionary housing payment money that the UK Government gave to the 21 most rural authorities. There was also money that came from the Scottish Government. When the two sets of money are added together, what proportion of the bedroom tax would the council be able to cover by discretionary housing payments?

Councillor Robinson: It is a difficult one to answer, because if everybody came forward who was eligible and claimed what was due to them I expect we would probably utilise 100% of the money, perhaps slightly more, but without the knowledge that everyone who is eligible has come forward I don't know—probably somewhere between 90% and 100%.

Q5146 Mr Reid: You think you could cover 90% of it.

Chair: There is obviously consultation going on here.

Norman Macdonald: Just in terms of the actual allocation that we get, as things stand at the moment, if everybody claimed, with the money that has been provided by the UK Government and the Scottish Government, we could cover the additional. We could cover that, but the one thing we do not have is a guarantee going forward on that, and that is—

Q5147 Mr Reid: What you are saying is that in the current financial year and the previous financial year you could cover everybody's bedroom tax; is that correct?

Norman Macdonald: Based on the number of people who are claiming at the moment. What we do not know is whether there are other people who may not be.

Q5148 Mr Reid: People only get housing benefit if they apply for it. So is what you are saying that, for everybody who has applied for housing benefit, you could cover their bedroom tax element with the money that you have got—

Norman Macdonald: For the two years.

Q5149 Mr Reid: For last year and this year. Are you doing that?

Norman Macdonald: I believe so for all those who apply, yes.

Q5150 Mr Reid: For everybody who has applied for housing benefit.

Norman Macdonald: Sorry?

Mr Reid: For everybody who has applied for housing benefit. Nobody in the Western Isles who has applied for housing benefit is having to pay the bedroom tax.

Norman Macdonald: Provided they meet the eligibility criteria for it, yes, that is the case.

Q5151 Mr Reid: With regard to people who apply for housing benefit and qualify for housing benefit, nobody is having to pay the bedroom tax.

Norman Macdonald: No.

Q5152 Mr Reid: What about Orkney and Shetland?

Councillor Robinson: We would probably need to come back to you about the exact figures on how that has gone. I have not seen full-year figures for the current year, so I would be loth just to say exactly, but we would be happy to provide that information.

Councillor Heddle: In Orkney this year and last, as in the Western Isles, we have been fortunate to be able to cover it to the tune of 100%.

Q5153 Mr Reid: You can cover it to 100%.

Councillor Heddle: And, indeed, there is a small surplus which we have used to provide additional funding to the citizens advice bureau to help people claim.

Q5154 Mr Reid: Orkney can cover everything and the Western Isles can cover everything. What is the problem?

Councillor Robinson: The problem would be if we did not have the discretionary housing payments. This is as a result of the lobbying that we have made. There was a problem, but the measures in terms of the most rural councils have alleviated this problem.

Q5155 Chair: I am slightly unclear about the point that Norman made and whether or not this carries across. We are under the impression that you are all, as it were, awash with money for DHPs. If, Norman, you are saying that everybody who applies for a DHP gets one, why do you still have your arrears?

Mr Reid: Just to clarify, Norman said everybody who applies for housing benefit.

Chair: Sorry—housing benefit then. If they apply for housing benefit, they get it. Does that mean then that there is nobody who is being affected by the bedroom tax—in which case why do you have a rise in arrears?

Norman Macdonald: There is a difference between those who are eligible, in terms of the eligibility of some people. There are the criteria, for example, for requesting a transfer to a house; once you have done that, you become eligible. If you do not do that, you have to pay if you want to stay in your home. That is what people see it as. People see these as their lifelong homes. If they choose to stay there, they are not applying; they are not attempting to move to a property with fewer bedrooms. That is where that element comes in, in terms of eligibility.

Q5156 Chair: I just want to be absolutely clear then. There are some people who are being affected adversely by the bedroom tax who are not claiming because they do not want to move.

Norman Macdonald: They choose to live where they are.

Q5157 Chair: In some of those cases they will actually end up building up arrears.

Norman Macdonald: In some cases, yes.

Q5158 Chair: The money that the Governments are providing is not enough to offset the impact of the bedroom tax.

Norman Macdonald: I could not say that for certain. All I can say is that the people who are eligible under the scheme and apply for it are covered 100%. There are other people who choose not to move out of their communities.

Q5159 Chair: There are two different issues here though, are there not? One is the question of whether or not people are willing to consider a move. That does not preclude them, surely, from applying for DHPs if they are in financial difficulties, unless you are saying that you will only give DHPs to people who are willing to move.

Norman Macdonald: Anybody can get DHPs.

Q5160 Chair: In that case, the question of whether somebody is willing to move should not preclude them from applying for DHPs. If they are getting those DHPs, then they wouldn't have a difficulty.

Norman Macdonald: There are people who are in arrears as a result of it.

Chair: We are trying to work out why that is.

Q5161 Mr Reid: If the council has the money to cover the bedroom tax, why are you not covering it?

Norman Macdonald: For everybody we pay it 100%.

Q5162 Mr Reid: But everybody who is entitled to housing benefit is entitled to a DHP to cover the bedroom tax if the council chooses to give it.

Norman Macdonald: We can clarify that.

Q5163 Chair: I think you understand the difficulty that we have. We are not clear whether or not you all have enough money, basically, to write off effectively all of the bedroom tax by making DHP payments, because if that was the case, apart from pride and people who did not apply and so on, there should be no difficulty. That is what we are trying to establish.

Councillor Robinson: Chair, if I might, we are in a position now, at the end of the financial year, to be able to pull together some exact figures which I can pass on to you, on behalf of Shetland Islands council, to properly illuminate this discussion, if that would be helpful.

Chair: You can see how helpful it is not only to have staff with you but to have iPads as well.

Q5164 Pamela Nash: Can I just ask this, Gary? Norman is talking about an application process. I am still not clear. Do people still have to apply for DHP? My understanding is that it is the local authority that applies the rules, and if there is enough money for everybody who is on housing benefit and in the position that the property is eligible for bedroom tax, that money is theirs. So why do they need to apply for DHP at all?

Councillor Heddle: I am afraid I have no knowledge of the mechanics of it, but we could certainly find that out for you. The question has been posed regarding rises in arrears and reasons for that. We can certainly find out to the best of our abilities and supply you with information in respect of the local authorities. I am speaking for myself.

Councillor Robinson: I would agree with that. We can get the exact figures to you.

Q5165 Pamela Nash: The figures would be helpful, but it is not just the figures I am interested in. What I am asking is, is there an application process for DHP, and, if so, why does that exist at all when there is enough money? The application process for other local authorities is to reduce the number because they have to manage an amount, but if that amount is 100% I do not see why there is an application process.

Councillor Robinson: I certainly know that we discussed this in committee at one point and that was on the initial amount of DHP, which we knew wouldn't cover everything.

The decision there was that we will take applications, and when it is gone it is gone. Since then, since the additional amounts have come in, I am not aware that the process has changed. What I am aware of is that our staff have been very proactive in ensuring that anybody who looked like they may be in difficulty in paying their rent was contacted and the DHP payments were discussed with them as to their eligibility for it. We have tried as hard as we can. Whether there is an application process still in place, I would need to check and get back to you because I honestly do not know.

Q5166 Pamela Nash: I do not doubt that they are working very hard to do that, but my point would be that they should not need to, because if there is enough money there it should just be allocated.

Councillor Robinson: I take your point and I will find out what the case is.

Chair: The man with the iPad!

Norman Macdonald: We will provide clarification on the report. It is a report that we approved. It went to committee on 13 February. What it says is: “The Policy” that has been implemented “enables all claimants affected by the ‘Bedroom Tax’ who are on the transfer list to claim DHP to cover the shortfall.” There is a claim process because it is a discretionary payment, and that is why it has to be something that is claimed for by the individuals. As it says there, the point I was making was that, provided they agree to go on a transfer list, that makes them eligible for that discretionary payment. If they choose not to go on the transfer list—that is the point I was making. We would be quite happy to provide the detail of this report.

Q5167 Chair: Fine. Can I make two observations about that? The first is on this question of the transfer list, which relates back to the points you made earlier on. Our impression is that you need not apply that criteria. I can understand why you would do so in circumstances where there was a restricted amount of money. Our impression, possibly erroneous, was that the Scottish Government and the UK Government have provided you with enough money to more than balance the amount of money that is being taken off people in the bedroom tax altogether, and, therefore, to apply a barrier like being on the transfer list is to artificially restrict the amount of money that was going out.

The second point, which is an entirely different one, is the question of people having to apply. Again, we had this disagreement with the Scottish Government where we were arguing that our experience, from what we were being told, was that the application process, no matter how active the staff were, was still resulting in a fair chunk of people not actually making the application and ending up in arrears. They were pooh-poohing that and saying that, simply, if the UK Government lifted the restriction on the amount of DHPs that could be given out, that would solve the problem. You are confirming, unless I am mistaken, that in fact simply lifting the DHP figure would not solve it in itself, and that far better would be some mechanism whereby the authorities were given permission to, as it were, write it off at source almost if they were given enough money. That would avoid the need for these people

with pride or with difficulties in making the formal application. Does that seem a fair understanding of the position?

Councillor Heddle: That seems a valid observation to me.

Chair: Unfortunately, nodding is not recorded, so I will just say that you all nodded.

Q5168 Mr Reid: Am I right in saying that the person has to apply for housing benefit in the first place? The person applies for housing benefit, and if, when the council then analyses the application, they find that the person is due to have a deduction because of the bedroom tax, if the council has enough money, is the council allowed to simply waive that deduction, or do you have to go back to the person and say, “As well as your application for housing benefit you ought to put in an application for DHP”?

Councillor Robinson: I have just had a note passed over my shoulder here. Transitional relief, as we understand it, covers all those who apply. So, as you say, if somebody applies for housing benefit, they must then also apply to get the DHP. That is our understanding of how it is to be operated. We have had some who have not applied and we are working with them. Some people have transferred, have moved house, and they have lost out, obviously, in discretionary housing payments. We are still being told to encourage people to transfer because the transitional relief is just that—it is transitional—and there are no guarantees with it.

Q5169 Chair: Can I ask you who is telling you that this transitional relief is just transitional?

Councillor Robinson: We think the DWP, but—

Chair: Okay, because the Scottish Government have certainly said that they would make money available for next year to meet the entire cost. Presumably, if they are meeting the gap, as it were, that would be a gap that they would cover, irrespective of how big it was and whether or not the DWP withdrew the transitional relief. That would affect the amount but it would not affect the principle. You can understand what we are after—

Q5170 Mr Reid: Just to clarify Gary’s answer, with regard to the person who applies for housing benefit, if they have made that application and the council assessed that they could not meet the full application because of the bedroom tax, does the council have powers to write off the bedroom tax, or does the person have to then make a further application—or is one application sufficient?

Councillor Robinson: My understanding is that the council can’t just write it off.

Mr Reid: Sorry, can or—

Councillor Robinson: The council can’t just write it off.

Q5171 Mr Reid: You would have to go back to the tenant and say, “Put in a fresh application for DHP.”

Councillor Robinson: Yes.

Q5172 Mr Reid: Why can’t you have on the housing benefit application form a box that says, “If I am eligible for the bedroom tax, I wish to claim DHP, and please tick”? Can you not put that on to the same original form?

Councillor Robinson: That is perhaps something we could look at, but there may also be complications in this in that DWP is saying that this needs to be done this way. The Scottish Government are saying, “We have this additional payment that tops it up.” It is complicated and we would probably need to seek advice.

Q5173 Chair: It goes beyond yourselves. I think we appreciate that. You just happen to be here.

Councillor Robinson: What you suggest sounds like an eminently practical way of doing it, but whether that meets the requirements of both the Scottish Government and the UK Government I can’t say.

Q5174 Chair: If that covers all the stuff about bedroom tax, the final point I have is about the Crown Estate. You were in general support of the initial report that we produced on the Crown Estate, since which we went back and produced a second one, with which I presume you are in general support. Is there anything in all of that that you think we have maybe missed out from our two reports that is of major significance?

Councillor Robinson: I don’t think there was anything that immediately sprung to mind that had been omitted from it. We certainly wholeheartedly agreed with the proposal, and it was interesting to note, following that, that the Scottish Government’s White Paper also included a recommendation similar to your own. The comment was around 50% in general, but more in the islands. So, no, certainly from my perspective, I am quite happy with the proposal that you made.

Norman Macdonald: Certainly, from Comhairle nan Eilean Siar’s point of view, it is fully in line with our proposals and our policy in relation to the Crown Estate. Certainly, we welcome the fact that the Committee has come to the view not just in terms of this report but in terms of the previous report as well. It is a fundamentally important part of our ambition to take greater control over the assets that we believe will support our communities going forward, and access and control of the seabed and the coastline is an important part of that.

Councillor Heddle: I would wholeheartedly endorse the report and its conclusions and recommendations. It is important for us to stress that, yes, we have had increased

engagement with the Crown Estate in Scotland, through the Commissioner Gareth Baird and the chief executive Alison Nimmo and their teams, but, as they note themselves, the Crown Estate is not a development agency or a community enterprise. We want to see economic development, and the Crown Estate, perhaps unwittingly, can be an obstacle to it. If you want to drive economic development, this is best done by devolving the powers and functions of the Crown Estate to the local authorities. I would like to be specific about the local authorities rather than saying “or some other community landowner,” because, as I have said, that can end up with people being set against each other. I strongly believe that, by devolving to the local authorities, they are the most appropriate bodies to make sure that the benefits are socialised for the distinct island areas, for the reasons I mentioned earlier on.

In response to recommendation 5, which is with regard to the positive variation of the Crown Estate to the cost for sub cables for inter-island broadband, if the powers and functions had been devolved to local authorities, I can say without contradiction that this is something we would have waived entirely as a matter of course because we would be so delighted to see broadband coming to the islands. I just cite that as a small example.

Q5175 Chair: Relating to the Crown Estate, I should maybe also mention in this context the report it produces about land reform, which is a transitional interim document as well. Was that in general line with your aims and aspirations—obviously, it is a work in progress—or was there anything major that you thought we had missed out in terms of the areas that we were trying to cover?

Norman Macdonald: Again, the proposals are very much in line with our council’s views, and not just our council’s views but the community’s views in the Western Isles. Probably about 70% of the land in the Western Isles is now under community ownership, and we have seen a huge impact in terms of the regeneration and the development of these communities, albeit in a small way but a localised way, since control over that resource has transferred from largely private landownership into community ownership, but also in terms of land owned by the state as well, by the Government. We may differ slightly in terms of the Crown Estate in that we may be prepared to devolve some of that control to local landowning organisations that have an interest in the seabed that surrounds it as well; but, again, that would be on the basis that they were able to put forward a robust plan for what they intend to do with that resource if they were vested with that.

All of that really works together as far as we are concerned. There is really clear evidence now that it impacts significantly at a local level in some of the more remote communities, even off the Western Isles, in terms of creating jobs and supporting sustainable communities. So we very much welcome the work that has been done to date.

Q5176 Chair: In that answer, you gave us the first indication that there might be anything at all on which you disagree. That is always welcome because we always like it when witnesses fall out among themselves as it gives a better insight into the sorts of issues. Obviously it is natural, I would have thought, that you would have different priorities because you have different circumstances, but, in terms of the overall thrust of everything we have been saying

today, are there any substantial disagreements between you because of your circumstances of which we ought to be aware and, if we were not aware, it would maybe be an omission and lead us to a false conclusion?

Councillor Robinson: In terms of the land ownership that Norman was just speaking about, the Northern Isles have never seen, I don't think, the degree of difficulty around land ownership that there has been across the highlands and the Western Isles. We have been fortunate in that respect, and in many respects the tenure is different in the Northern Isles. If there is a difference, it is not one that we are going to fall out about. We were quite sympathetic to the situation that has been in the Western Isles and are quite supportive of seeing that resolved.

Norman Macdonald: Just on that very point, that is a significant difference, and that is to do with most of the land ownership, if not exclusively. All of the land that has been transferred to community control has been within crofting tenure, and that is a significant difference between the Western Isles and Orkney and Shetland, in that most of the land in Orkney and Shetland is under private ownership. They own the land rather than being tenant crofters, although there are small numbers in Orkney and Shetland as well, as there are on the Western Isles.

Q5177 Chair: I did actually mean whether or not there are any disagreements with you on issues beyond just simply that question of land ownership.

Councillor Heddle: All the issues we are carrying forward affect us all to different degrees, but there is nothing in the campaign that is setting one island against the other. I would say we are not even disagreeing in terms of what Norman said about the Crown Estate. The Western Isles are probably slightly ahead of us in their thinking there. What we are advocating is that the councils shouldn't be bypassed en route to the community landowner. Equally, we realise that a finger can be pointed at us. You are saying that devolution should not stop at Westminster or Holyrood. Why should devolution stop at Kirkwall or Stornoway? That is a very valid point. Orkney Islands council will take a similar approach to what Norman is advocating for the Western Isles, but we would like to have a chance to think about it first, please.

Q5178 Chair: That just about covers everything. As I said before you came in, informally, with these sorts of sessions, we always ask people whether or not there are any answers you had prepared to questions that we have not asked. Are there any issues you feel that we have not covered or you haven't had the opportunity to raise with us that you would want to draw to our attention?

Councillor Heddle: I have just one observation. We may, with your indulgence, just seek to provide a submission on that. In relation to the issue of land reform, the point is well made that the cost of land can be distorted by various state interventions. The new common agricultural framework coming forward is particularly influential and could be particularly bad in its changes and impact for Orkney as the emphasis moves perhaps

away from productive beef farming to less productive land and forestry, which is an alien concept to us in general. We may wish to make representations in respect of that.

Chair: Fine. In that case, could I just thank you very much for coming along to speak to us today and congratulate you on the vigour and content of your campaign? As you know, when I was up in Orkney at your launch event, wasn't it, I was able to avail myself of a couple of your badges, which I took back to my wife as earrings? I will not repeat her remarks in mixed company, but thanks very much for coming along.