



Item: 11

Education, Leisure and Housing Committee: 13 November 2024.

Strategic Housing Investment Plan.

Report by Corporate Director for Education, Leisure and Housing.

1. Overview

- 1.1. The Strategic Housing Investment Plan is Orkney's five-year development plan for affordable housing provision and is updated yearly in line with Scottish Government guidance. This Strategic Housing Investment Plan also takes a longer vision for new housing supply for the next 10 years, due to Orkney's significant housing supply requirements, driven by household growth and its rapid economic development context. Following the Council's consideration, the Plan is submitted to Scottish Government to secure funding to enable affordable housing supply.
- 1.2. The Council is the Strategic Housing Authority, the role of which is to assess need and demand across tenure, and to co-ordinate activity across all housing providers to meet that need and demand.
- 1.3. Significant strategic planning work has been undertaken over the last two years by the Council and its community planning partners. This includes:
 - The analysis of housing need set out in the Housing Need and Demand Assessment - assessed as 'Robust and Credible' by Scottish Government in 2023.
 - The Council's Local Housing Strategy approved in June 2024 which included a Housing Supply Target across tenure of 103 houses per annum, 1,035 over 10 years split 60:40 affordable/private housing.
 - The Essential Workers Housing Strategy approved in February 2024 which set out how new housing supply will be a critical element of retaining and attracting essential workers to support Orkney's communities and economy.
 - All this housing strategic planning work was undertaken in consultation with the Housing Market Partnership – a large group of internal and external stakeholders.
 - In addition, the current Local Development Plan, and the review of the Local Development Plan underway will support delivery of the housing programme.

- 1.4. The Strategic Housing Investment Plan, attached as Appendix 1, sets out plans and projects to deliver an ambitious house build programme in Orkney over the next 5 to 10 years across a range of housing developers/providers.
- 1.5. The Plan sets out the amount of housing required, the developers, housing tenure, specialist housing projects, timescales and the amount of funding required from Scottish Government. The ambition is to supply 437 homes over 5 years, and a further 202 between years 6-10 to make a total of 639 over 10 years with development/ownership split by the Council (22%), housing associations (68%), Development Trusts (5%) and private developers (5%).
- 1.6. Monitoring of the delivery of the house build programme will be through the Local Housing Strategy monitoring process – reporting to the Housing Market Partnership on a quarterly basis, the Council and Scottish Government on an annual basis.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Note that the proposed Strategic Housing Investment Plan includes a long term vision up to 10 years, with a view to achieving a longer term commitment from Scottish Government to support funding for housing in Orkney.
 - ii. Note that this ambitious housing programme will require a strategic and assertive project management approach from the Council, as the Strategic Housing Authority, across all relevant Council services to enable all suppliers to deliver the programme.
 - iii. Approve the Strategic Housing Investment Plan for the period 2025/26 to 2029/30, attached as Appendix 1 to this report, for submission to the Scottish Government.

3. Strategic Housing Investment Plan

- 3.1. The draft Strategic Housing Investment Plan 2024/25 to 2029/30, attached as Appendix 1 to this report, outlines an ambitious programme of new housing supply. The Local Housing Strategy, approved in July 2024, sets out the Housing Supply Target of 103 units per annum for 10 years with a 60:40 affordable housing split.
- 3.2. The Council's role in achieving this housing target is to work with Scottish Government to secure funding for affordable housing, and to co-ordinate the

activity of housing developers/providers. The Council itself is also one of these developers/providers.

- 3.3. The Local Housing Strategy and the Essential Workers Housing Strategy noted that the financial capacity of the existing housing providers is insufficient to meet this level of need. In addition to the need for more capacity to develop affordable housing generally, a requirement for Mid-Market Rent (MMR) has been identified to meet some of the rental demand. However, there is currently no vehicle for MMR supply in Orkney. Therefore, there is a commitment in the Local Housing Strategy to identify a new affordable housing provider to develop in Orkney to contribute to the overall supply of affordable housing required in Orkney, including MMR. This work is ongoing.
- 3.4. Embarking upon an ambitious affordable housing programme as set out in this Plan will bring considerable demands on the current local construction industry. This has been discussed with the local construction industry through the Housing Market Partnership and it is acknowledged that in the short-term there will be capacity building required to respond to the increased activity, but the prospect of a longer and larger pipeline of work is welcomed, and capacity should increase over time. While most housing developers are likely to prioritise local builders for construction (assuming value for money is proven), procurement regulations also typically require open tendering, and this may result in attracting greater capacity from elsewhere in Scotland/UK.
- 3.5. The Plan sets out the volume of housing planned for the next five years of 457 homes, with a breakdown tenure and area:

Planned affordable housing programme - 5 years

Tenure.	2025 - 2026 to 2029 - 2030.
Social rent.	207.
Mid-market rent.	121
Shared equity / subsidised housing for sale.	109.
Total to 2029/30.	437.

Housing Market Area.	2025/26 to 2029/30
Kirkwall.	350.
Stromness.	39.
East Mainland.	18.

The Isles	30
Total to 2029/30	437

- 3.6. Orkney Islands Council is projected to develop/own 85 new social rented homes over the next five years (approximately 15 per annum) which is broadly in line with the Housing Revenue Account assessed affordability/financial capacity. In addition, any of the proposed Council developed/owned projects would require the standard Capital Project Appraisal procedure to be completed prior to development. Each individual project would be required to be financially justifiable through a combination of government grants, internal resources and/or borrowing.
- 3.7. The other social rent and MMR will be developed by housing associations and Development Trusts.
- 3.8. The shared equity and housing for sale will be developed by a combination of housing associations and private developers.
- 3.9. The plan also sets out the ambition for the next ten years amounting to 639 homes, including a breakdown of volume, tenure and developer/provider. The later in the programme the projects become, the more speculative is the delivery both in volume and time. However, the Council has been working hard to firm up projects and proposals and will continue to undertake preparation work, including appropriate governance, on sites well in advance (design and Planning discussions/ applications) so that there is more certainty in the programme.
- 3.10. The Council's Housing and Planning Services have also recently established a Housing and Planning liaison group to identify any barriers to housing supply; agree potential solutions, and to discuss relevant planning issues , with the overall aim of meeting the housing supply target.

4. Consultation

- 4.1. Consultation on development of the Strategic Housing Investment Plan has been undertaken with internal services and external organisations as follows:
- Education, Leisure and Housing.
 - Neighbourhood Services and Infrastructure.
 - Enterprise and Sustainable Regeneration.
 - Orkney Housing Association Limited.
 - Scottish Government More Homes Division.
 - Private developers that provide affordable housing.

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Implications of Report

- 1. Financial** – Any of the proposed Council projects would require the standard Capital Project Appraisal procedure to be completed prior to development. Each individual project would be required to be financially justifiable through a combination of government grants, internal resources and/or borrowing.
- 2. Legal** - There is a legal requirement on the Local Authority to produce both a Local Housing Strategy and a Strategic Housing Investment Plan, as set out in section 89 of the Housing (Scotland) Act 2001.
- 3. Corporate Governance:**
 - The establishment and review of policies and schemes to exercise the Council’s functions in respect of housing is a referred matter to the Education, Leisure and Housing Committee, as defined in the Scheme of Administration.
 - The recommendations contained within this report are subject to ratification at the General Meeting to be held on 10 December 2024.
- 4. Human Resources:** The successful delivery of the Local Housing Strategy will have a significant impact on the resources of this Council. Housing need is a recognised Council priority.
- 5. Equalities** – An Equality Impact Assessment was undertaken for the Local Housing Strategy and a separate one is not required for the SHIP which underpins the LHS.
- 6. Island Communities Impact** – An Island Communities Impact Assessment has been undertaken and is attached as Appendix 2.
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
- 9. Environmental and Climate Risk** - all new housing is built in line with current Planning and Building Regulations.

- 10. Risk** - Failure to deliver sufficient housing for Orkney has an economic risk and societal risk and impacts on the viability of communities.
- 11. Procurement** – Specific council house build projects will follow the Council’s Contract Standing Orders.
- 12. Health and Safety** – None specific.
- 13. Property and Assets** – As the SHIP is realised the Council’s portfolio of housing stock will increase.
- 14. Information Technology** – Over the life of the SHIP increased capacity will be required to service the additional housing units.
- 15. Cost of Living** - The provision of more affordable homes which meet modern energy efficiency standard will contribute to easing the cost of living burden.

List of Background Papers

Housing Need and Demand Assessment 2023.

Local Housing Strategy 2024-2029.

Essential Workers Housing Strategy 2024.

Appendix

Appendix 1 – Strategic Housing Investment Plan 2025/26 to 2029/30.

Appendix 2 – Island Communities Impact Assessment.



Orkney Islands Council
Strategic Housing Investment Plan
November 2024



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Introduction, legislative and policy context

The Strategic Housing Investment Plan (SHIP) is Orkney's five-year development plan for affordable housing provision and is updated yearly in line with Scottish Government guidance. This SHIP also takes a longer vision for new housing supply for the next 10 years, due to Orkney's significant housing supply requirements, driven by household growth and its economic development context for renewable energy generation.

Orkney Islands Council's duties in relation to assessing and meeting housing needs are set out in legislation:

- Housing (Scotland) Act 1987 - Duty of local authority to consider needs of their area for further housing accommodation.
- Housing (Scotland) Act 2001 – Duty to assess the housing needs of all persons in the area – through the Housing Need and Demand Assessment, and to develop strategies to meet those needs through the Local Housing Strategy. The duty is across housing tenure.

Orkney Islands Council has undertaken a considerable amount of work over the last 2 years in strategic planning for housing:

- The Housing Need and Demand Assessment (HNDA) – assessed as 'Robust and Credible' by the Scottish Government in October 2023. This is the foundation of all strategic housing planning and is required for both the Local Housing Strategy and the Local Development Plan (LDP).
- The Local Housing Strategy (LHS) – this sets out the strategies and policies to meet those needs. The LHS was approved by Orkney Islands Council in June 2024 following 12 months of in depth analysis and consultation through the Orkney Housing Market Partnership.
- The Essential Workers Housing Strategy – this set out the particular circumstances in Orkney in relation to the acute need and demand for housing for essential workers (key workers and others essential to support Orkney's communities and local economy). This was approved in February 2024.
- The Orkney Housing Market Partnership – this oversaw the development of the HNDA, the LHS and the Essential Workers Housing Strategy and includes stakeholders from across the public, private and third sectors with an interest in the supply, access and improvement of housing in Orkney. The Partnership includes elected members from the Council and Board members from Orkney Housing Association. The Housing Market Partnership will also monitor the progress of implementation of the LHS and the SHIP.
- In addition, the Local Development Plan is currently under review.

Orkney's unique local economic position

Orkney's current and projected economic context are key to its current housing system position. Orkney has high levels of employment and low unemployment, and due to its strong household growth public and private sector employers find it increasingly difficult to recruit with high vacancy rates, with the lack of housing availability being a key factor. In addition to the ongoing economic activity, Orkney is

now on a path of significant economic growth driven mainly through growth in the renewables industry. This has impacts on short-term and longer-term housing needs.

The Islands Growth Deal Heads of Terms was agreed in March 2021 and Full Deal entered into in January 2023. This set out a programme to achieve growth with support from the UK and Scottish Governments. Four Orkney specific projects were supported including the Orkney World Heritage Site Gateway Project, the Orkney Research and Innovation Campus, the Scapa Flow Future Fuels Hub and the Orkney Community Vertical Farm Project. Orkney is also involved in the three joint Islands Projects which includes the Islands Centre for Net Zero, Creative Islands Wellbeing and TalEntEd Islands Programme. The key themes in the Deal were to lead the way to a low carbon future, support growth and future industries, and support thriving sustainable communities. The potential to support transition to renewable industries is supported in the Scottish Government's National Planning Framework NPF4 identifying Orkney as one of the National developments. These are significant developments of national importance that will help to deliver Scotland's spatial strategy, with Orkney identified as one of the Energy Innovation Developments for renewable energy generation, renewable hydrogen production, infrastructure and shipping, and associated opportunities in the supply chain for fabrication, research and development.

The key economic development projects planned for construction phases from 2024 are:

- Finstown SSEN Interconnector Substation - This development is a strategically important piece of infrastructure driven by the requirement to provide a transmission network connection from Orkney to the Scottish mainland and to support renewable energy generation. Preparation on site establishment has now started with contract managers and site start beginning to move to Orkney in the Autumn 2024.
- Investment in Orkney harbours through the [Orkney Harbours Masterplan](#) an ambitious blueprint that provides a framework for the long-term future of our islands supporting renewable energy industry development around Orkney.
- West of Orkney Windfarm – the West of Orkney Windfarm is currently making an offshore Section 36 and Marine Licence application with estimates of Year 1 site preparations and installations of turbines commencing in 2028 and the earliest first power from 2029. The Windfarm has applied for a 30-year consent after which it will be decommissioned.
- Flotta Oil Terminal - The Flotta Terminal has been operational since 1976 and has made a significant contribution to Orkney's economy and communities for more than 40 years. The owner and operator Repsol Sinopec has a vision to transition the oil industry to clean, green energy and a secure future for skilled oil and gas workers in Scotland and across the UK. At this stage the project is at 'vision' stage and so the detail on timescales is unknown.

The infrastructure development is likely to result in demand for around 1,400 bedspaces for construction workers for the potential infrastructure projects. These are temporary housing requirements over the next 5-10 years, but it is estimated that at least 200 additional long-term jobs will be created for the operational phases, 100

of which are assumed to be filled by incoming workers. The temporary housing requirements will have to be resourced through the developers, but the Local Housing Strategy sets out the Council's policy that the impact of this infrastructure development must minimise the impact on the existing housing system and residents, and must maximise housing legacy from their investment.

To this end, Orkney Islands Council is working with SSEN to agree its investment contribution to the housing system through capital contributions to bring empty homes back into use, and to provide a serviced "spillover" site that will be used as a workers' site in the short term, and for permanent housing in the long term. Discussions have also commenced with West of Orkney Wind Farm on the socio-economic impacts and accommodation plans, and Community Benefit potential.

Housing need and demand in Orkney

The [Housing Need and Demand Assessment 2023](#) (HNDA) sets out analysis of need and demand across the whole range of housing issues: the drivers of housing need and demand, the requirement for new supply, housing stock profile, pressures and management issues, the quality of existing homes including empty homes, access to housing, and specialist housing provision and needs.

The key housing market drivers in Orkney are:

- Orkney has had higher than average population growth - since 2001, the population in Orkney has increased by 17%, compared with 8% across Scotland, the second highest growth area in Scotland after Midlothian. This has been driven by high net migration.
- There has been almost double the rate of household growth in Orkney at 29.5% over the last 20 years compared to Scotland's 16%. Orkney's growth is the highest in Scotland over the same period.
- It is predicted that population and household growth will continue. Kirkwall and East Mainland is projected to see growth while the North Isles are projected to see a decline in population.
- There is evidence of a higher level of net migration in recent years and in addition, significant temporary migration among the 'supplementary' workforce who live on Orkney on a rotational, agency and interim basis. This population is unlikely to be captured in official projections and this temporary population adds further housing pressure. There is evidence of migration being constrained due to the lack of housing for incoming essential permanent workers.
- Pressure is evidenced by increasing house prices, and rental prices, and lack of availability of private rented and social rented housing for residents and essential incoming workers. Most recent data from Registers of Scotland shows Orkney house price growth being double the Scottish average (2021/22 and 2022/23).
- Orkney has high levels of employment and low unemployment. There is potential for significant economic growth in Orkney as part of the Islands Growth Deal and from the renewables industry. This has impacts on short-term and longer-term housing needs.
- The supply of new housing in 2022 was at a 20-year low, particularly in the affordable sector. This partly explains the current severe housing pressure and

imbalance between demand and supply. Reasons for this include a range of capacity and system issues which were considered through the Housing Market Partnership through development of the LHS.

- The current economic context is challenging – while now subsiding, high inflation has resulted in significant cost increases in the housing supply chain, there is a very tight workforce, and interest rates have affected the cost of finance for housing providers, building contractors and individual renters and homeowners over recent years which has contributed to the slow down in new build.

Housing Supply Target

Orkney’s housing system comprises five Housing Market Areas which represent reasonably self-contained areas in which people move and purchase housing. The area with the highest population, and the highest need and demand is Kirkwall followed by West Mainland, Stromness, East Mainland and the Linked South Isles, and the Isles.

The HNDA estimates of new supply is the most relevant aspect of the HNDA for the SHIP. Using the HNDA Principal estimate scenario this resulted in a requirement over the next 10 years for additional supply of 1035 new houses across tenure, across all of Orkney Islands, **or 103 per annum.**

The HNDA showed that housing need and demand was broadly split 50:50 affordable and private housing. Some of the private demand was shown for private rented housing but the current housing development cost to value ratio on Orkney means that new build for unsubsidised private rent is unlikely to happen. More supply for Mid-Market (MMR) rented housing will be needed to meet demand, and the approved Housing Supply Target as set out in the Local Housing Strategy is therefore broadly 60:40 affordable to private housing.

Affordable housing includes social rent, MMR and low-cost home ownership. The split of new housing supply by tenure is shown below, with private rented housing new supply also coming through empty homes being brought back into use for private let.

Housing Supply Target by tenure

	% split	1-year provision	5-year provision	10-year provision
Social rent	35%	36	183	365
Below Market (Mid Market Rent)	21%	22	110	220
Private rented housing	3%	3	15	30
Buyers	41%	42	210	420
Total		103	518	1035

This level of supply requirements compares to recent completion levels in Orkney across all sectors (Scottish Government new build statistics):

- Q1 2024/25 – 11 (all in the private sector)
- Q2 2024/25 – 15 (all in the private sector)

The previous 3 years shows varying completion rates between 44 and 107 per annum, but mainly in the private sector.

Methodology to prioritise sites

The Council meets regularly with OHAL, Scottish Government and private developers involved in affordable housing supply to discuss the Orkney affordable housing supply programme. These meetings work through potential sites and priorities, to ensure an ongoing pipeline of projects, and to find solutions to any constraints to development.

The Council's Housing and Planning Services have also recently established a Housing and Planning liaison group to identify any barriers to housing supply and agree potential solutions, and to discuss any current housing planning applications and any issues affecting the determination of those, with the overall aim of meeting the housing supply target.

In addition to these stakeholders, a wider group of internal consultees including economic development colleagues were consulted in the development of this SHIP.

The way in which the potential projects for affordable housing have been identified and ranked is as follows:

- Trawl through the housing land audit
- Discussions with all stakeholders
- Priorities are determined as follows:
 - Green - ownership (Council, RSL or developer), combined with planning consent / or no planning and constraints envisaged.
 - Amber – ownership as above but no consent or there may be some planning issues envisaged, or significant scale.
 - Red – private ownership and no consent and there may be some planning issues or constraints.

Housing tenure and suppliers

Affordable housing supply is currently provided by the Council, Orkney Housing Association Limited (OHAL), and the private sector. Affordable housing provision is funded by Scottish Government including the Affordable Housing Supply Programme (which funds social and Mid-market rent), New Supply Shared Equity, and the Rural and Islands Housing Fund. Scottish Government also funds the housing for outright sale through Partnership Support for Regeneration funding where the cost of building housing is greater than the current value.

The Council, OHAL and private developers are continuing to build new affordable properties in an effort to meet the increasing demand for affordable housing. However, both the Council and OHAL have limited financial capacity for new build:

- OHAL – 20 affordable housing units per annum (social rent or shared equity) – OHAL’s current business plan assumes 20 new build per annum. In common with other suppliers, the last few years have been challenging to meet this target due to the economic situation as set out above.
- OIC – following independent review of the Housing Revenue Account (HRA), it has been determined that the HRA can afford between 13 and 15 new Council rented properties per annum for the next 10 years.

This means, given the requirement for 60 affordable homes per annum for the next 10 years, the current capacity of OHAL and OIC of a maximum of 35 per annum is insufficient, and more capacity is required in the affordable housing system. In addition to developing affordable housing, the Local Housing Strategy and the Essential Workers Housing Strategy identify the requirement for MMR to meet demand. However, there is currently no vehicle for MMR supply in Orkney. Therefore, both these strategies make a commitment to identify a new affordable housing provider to develop in Orkney to contribute to the overall supply of affordable housing required in Orkney, including MMR.

The resulting SHIP tables include the projects prioritised within the SHIP programme for the following five years to 2029/30, but also a longer-term pipeline of potential projects to ensure a rolling programme of projects over 10 years. The further out the project, the more speculative, but the aim here is to provide potential suppliers with confidence of the commitment from the Council and its partners to plan for a long-term housing supply programme.

The SHIP project tables below show the potential completions for the next 5 years 2025/26 to 2029/30.

Projected 5-year plan to 2029/30

Tenure	2025/26 to 2029/30
Social rent	207
Mid-market rent	121
Shared equity / subsidised housing for sale	109
Total to 2029/30	437
Housing Market Area	
Kirkwall	350
Stromness	39
East Mainland and the Linked Isles	18
The Isles	30
Total to 2029/30	437

Over the next 10 years there is potential for a total of 639 new supply across the affordable sector. This is in line with that required by the HNDA and Housing Supply Target, and in addition further sites have been identified as a 'shadow' programme in case some of the main programme sites do not proceed.

The breakdown of the potential projects over 10 years by Housing Market Areas are:

Projected new housing supply projects – 10 years

	2025/26 to 2034/35	Total %
Kirkwall	495	77%
Stromness	74	12%
East Mainland	18	3%
West Mainland	22	4%
The Isles	30	5%
Total	639	100%

The split of new supply over 10 years by housing provider is projected below. This split may change over time as different projects are approved or not.

Potential new housing supply projects by supplier

	2025/26 to 2034/35	Total %
Orkney Islands Council	140	22%
Housing Associations	435	68%
Private developers (affordable housing)	34	5%
Development Trusts	30	5%
Total	639	100%

Note - The 10 year total excludes ad-hoc off the shelf purchases (5 x 10 years) and key worker funding (5 x 5 years) bringing the total 739 homes across Orkney.

Funding requirement

Based on the detailed draft proposed new supply projects to be submitted with the SHIP through the Scottish Government HARP system, and assuming current estimated development costs and Scottish Government funding benchmark rates, a 10-year programme of 639 affordable homes will require around £70m or £7m per

year. Affordable Housing Supply Programme per annum (excluding ad-hoc purchases of existing stock). This is a very significant increase on spend over the last 5 years (of around £3-4m) and will require a strategic and assertive project management approach from the Council as the Strategic Housing Authority across all relevant services to enable all suppliers to deliver this affordable housing programme.

Housing size and type

Orkney's housing supply is currently dominated by 3-bedroom houses, with a lack of supply of smaller houses, flats and starter homes.

Household projections and the social housing lists show a predominant need for smaller properties, but at the same time there is a requirement to create balanced and mixed communities, and to meet the need of ageing communities and those with specific needs.

There is an identified need to increase density in Orkney's towns and villages which will be confirmed through the review of the Local Development Plan. It is therefore expected that the new affordable housing supply programmes in Orkney will now include a greater proportion of flats and higher density houses in Orkney's towns to meet need/demand and to increase efficiency of the programme.

The house sizes required in each development will be determined on a site-by-site basis, considering the overall housing need for that specific location, the need to create mixed and sustainable communities, specialist housing needs, and any site and funding constraints. Most sites would normally be subject to a development brief provided by Development and Marine Planning. In some circumstances the landowner who wishes to develop the site may be required to provide the development brief.

Specialist housing provision

The Council's approach in relation to specialist needs is to enable people to live independently and safely at home or in a homely setting in their own community. Over the last 20 years the highest population growth rate has been in those aged 65 plus (70%, compared to Scotland 33%) and looking forward, while there will be growth in working age households, the most significant growth will be in those aged over 75 years. This means that new supply must cater for older people's needs and those with mobility needs. New supply for those with specific needs are outlined below.

Pursuing a core and cluster approach for new housing suitable for older people and a range of other needs, including extra care housing. This relates to 3 sites in the SHIP that are located close to 3 care homes –

- part of Soullisquoy, Kirkwall.
- Coplands Road, Stromness.
- Dounby.

There is also a requirement for putting in place supported housing/care provision for those with learning disabilities and those with enduring mental health. The SHIP identifies 2 separate sites to fulfil these needs.

All of these sites for particular needs will include some wheelchair provision (estimated requirement of 5 per year), as will the mainstream new build sites where this is appropriate to the site to ensure there is a range of needs catered for.

OHAL has also identified the opportunity to convert some of its amenity provision to full wheelchair standards.

Delivering More Homes

A comprehensive action plan for delivering More Homes in Orkney includes the following:

The Council will drive a 'More Homes' strategic programme delivery approach to create a longer term and more certain pipeline to enable supply of 103 homes per annum over 10 years.
Undertake acquisitions of individual properties in the existing market or from developers for social rent or MMR where the properties can be brought up to relevant standards. Opportunities will be taken in town centres to contribute to regeneration.
Identify and appraise options/feasibility for developing new accommodation and repurposing existing buildings for shorter-term accommodation for essential workers.
Work with new infrastructure developers to understand their temporary accommodation requirements, mitigate risks to the existing market and maximise legacy for future housing supply. Currently this involves empty homes investment and site infrastructure funding.
Use the Council's 'Rural Housing Body' status so that, where new homes are built on Council land, apply a primary residence burden on housing property.
Through the Housing and Planning liaison group ensure principles of good placemaking and sustainability are adopted on all new housing sites across all Orkney communities i.e. mixed communities, housing choice, quality homes, in the right location and of the right tenure and size. This will be confirmed through the review of the Local Development Plan.
Increase density in towns and key villages where relevant in line with National Planning Framework 4 and the review of the Local Development Plan.
Provide serviced sites and a design guide for self-build and develop a register for those interested in self-build.
Undertake discussions with at least one established affordable housing provider with track record and financial capacity to supply new housing in Orkney.

Through the ongoing work of the Housing Market Partnership, the SHIP meetings, and the Housing and Planning Services liaison group, these approaches will be

implemented to enable best practice to deliver increased supply of affordable housing, delivered in the most efficient and effective way.

In future, delivery methods of housing suppliers may include consideration of modular build and modern methods of construction (MMC); however, it is not yet clear whether these methods provide clear efficiencies at scale, particularly when involving transport and travel to islands communities. The Council and its affordable housing supply partners will continue to monitor learning from elsewhere on MMC.

Housing land supply and constraints

The Housing Land Audit (HLA) is conducted annually to track development within the land allocated for housing under the Orkney Local Development Plan 2017 (OLDP2017). The HLA records remaining (notional) capacity on each site alongside any identified constraints. It is acknowledged that some constraints may only become apparent on receipt/assessment of a planning application or a development brief.

When comparing the current effective land supply against the HNDA estimates this shows that the provision under the OLDP2017 remains sufficient to cover both scenarios. The OLDP2017 is currently under review but remains, along with NPF4, material planning consideration until a new Plan is adopted.

The Planning Service was part of the discussions in formulating the Housing Supply Target and will ensure with the review of the Orkney Local Development Plan that there is an appropriate level of housing land allocated going forward. It should be noted that Orkney Islands Council cannot adopt a new Local Development Plan if it does not meet the Housing Land Target through housing allocations or policy provision.

NPF4 has introduced a change in policy which strengthens the previous approach to flood risk and now requires consideration of flood risk to also make an appropriate allowance for the effects of climate change and sea level rise. The Council's Engineering Service (The Flood Authority) with assistance from the Planning Service are in discussions with SEPA about this new requirement, its potential implications and how this was considered when the Kirkwall Harbour Flood Protection Scheme was designed and approved. While SEPA has yet to confirm its position, discussions between the partners have been positive. There is cautious optimism that agreement can be reached between partners that existing modelling data incorporating climate change uplifts can be used for determining development consents in the short term with new modelling data used to inform decisions as it becomes available. There is also a review of water policy in Scotland underway. A consultation on proposals which include the separation of the management of surface water from Scottish Water and Local Authorities began in Autumn 2023, revised policy was expected in Autumn 2024.

Embarking upon an ambitious affordable housing programme as set out in this Plan will bring considerable demands on the current local construction industry. This has been discussed with the local construction industry through the Housing Market Partnership and it is acknowledged that in the short-term there will be capacity building required to respond to the increased activity, but the prospect of a longer

and larger pipeline of work is welcomed, and capacity should increase over time driven by market forces.

Other SHIP priorities

Empty Homes

The Council has developed an Empty Homes Project in partnership with the Scottish Empty Homes Network. The Council employs a Development and Empty Homes Officer who works with households and development trusts to try and bring empty properties back into use. To date 84 properties have been brought back into use since 2017. Like other housing projects progress was slowed down by the COVID-19 Pandemic. The Local Housing Strategy and the Essential Workers Housing Strategy have set a commitment to bring more empty homes back into use, in the context of Orkney having 10% of dwellings being either second homes (4%) or empty homes (6%) compared to the national combined rate of 4%.

The options being considered include the introduction of an empty homes loan scheme, and there is proactive work ongoing with SSEN to use their capital investment to bring empty homes back into use for occupation by their workers for the period of the SSEN infrastructure development work, therefore helping to mitigate the impact on the current housing system. Currently 7 empty homes are being considered by SSEN.

Essential and key workers

In addition to significant need and demand from current residents, there is demand from people moving into Orkney, based on recent migration trends. The Essential Workers Housing Strategy showed strong demand from households that have recently moved to Orkney for work or study (keyworkers, other essential workers across the private and public sectors, and students). They mainly demand private, or MMR rented housing, with demand also for home ownership. The need for transitional and short-term housing is due to the increasing use of interim and agency staff across the public sector due to workforce pressure. The availability of housing for essential incoming workers will be increased by leasing from the existing private rented sector, acquiring homes from developers off the shelf, and where feasible re-purposing existing non-housing property. New homes required for this demand group will be built with a mix of housing type, size, and tenure, an objective that will be reinforced through the reviewed Local Development Plan.

The Essential Workers Housing Strategy and the Council's MMR policy defines Essential Workers as:

- Social care staff – employees of Orkney Islands Council and employees of agencies providing social care services on behalf of Orkney Islands Council.
- Council staff required to deliver essential public services.
- Health staff – employees of NHS Orkney and employees of agencies providing health services on behalf of NHS Orkney.
- Other employees or contractors required to deliver essential public services.
- Construction workers required to support Orkney's local economy.
- Hospitality workers required to support Orkney's local economy.

- Other workers that can demonstrate their working status is essential to help sustain Orkney's communities and local economy.

The Scottish Government has made available up to £25 million over the next five years from the Affordable Housing Supply Programme to make affordable homes available for key workers. The fund allows suitable properties, including those that lie empty, to be turned into affordable homes for key workers and others to allow for local housing needs to be met.

The Council and OHAL have already made use of this fund for three properties in Stromness and one in Finstown and will continue to identify opportunities in line with the Essential Workers Housing Strategy and the Local Housing Strategy. The SHIP projects have included a significant proportion of housing for MMR which will be targeted to existing and incoming residents who are essential workers (as defined above).

Use of Council Tax funds for new housing supply

The Council charges a levy on Second Homes and Empty Homes. Of the funds raised from the Second Homes Surcharge, £200K is used to support the Council's Island and Rural Housing Fund, while £242K raised from the Empty Homes Surcharge is budgeted to the Housing Revenue Account.

Child Poverty Strategy

The [Orkney Child Poverty Strategy 2022-2026](#) sets out actions in relation to 'Pockets, Prospects, Places, Prevention and Priorities'. The alignment between affordable housing projects and Orkney's Child Poverty Strategy relates to improved energy efficiency and move to net zero as far as possible in the new housing supply across Orkney.

Rapid Rehousing Transition Plan

The key priority of the Rapid Rehousing Transition Plan that links with the SHIP is: "ensure that Orkney has a sufficient range, number and type of houses to meet demand and need and offers a suitable range of housing options". As well as increasing the supply of housing, particularly in this case social rented housing by Orkney Islands Council and Orkney Housing Association Limited to increase the number of properties that are available to rent to households in housing need, prevention of homelessness is also key. Improved housing options and early intervention leading to reduced periods of time in temporary accommodation, with the provision of housing support as required. Islands (Scotland) Act 2018

Islands (Scotland) Act 2018

The Islands (Scotland) Act 2018 requires public agencies to ensure that their policies and strategies are not detrimental to island areas. As an island authority Orkney Islands Council strives to provide quality services to all households.

The delivery of affordable housing in Orkney's outer islands is focused on the Islands Housing Fund, with the Council and Highlands and Islands Enterprise providing

support to island development trusts to develop affordable housing of different tenures that will help meet housing need on each island.

Housing for Gypsy/Travellers

Specific housing or pitches for Gypsy/Travellers are not provided in Orkney due to the fact there has historically been very little evidence of Gypsy/Travellers staying in Orkney outside the summer months. This will continue to be monitored, with findings from the most recent Census examined to assess any need.

Rural Housing Fund and Islands Housing Fund

The Scottish Government's Rural and Islands Housing Fund offers opportunities for affordable housing development in Orkney. The fund allows partner agencies, that had limited access to affordable housing funding prior to the Islands Housing Fund, the chance to develop individual affordable housing projects that will help their area. The fund provides excellent flexibility around tenure type and delivery and is ideal for areas that require a flexible approach.

Orkney Islands Council's Housing Services, with assistance from Highlands and Islands Enterprise, have assisted nine island development trusts, a co-housing group and four private developers to develop applications for the Islands Housing Fund. Seven projects have been awarded funding for new housing, these are in Eday, North Ronaldsay, Papa Westray, Shapinsay, Stronsay, and two in Kirkwall. Seven other projects have received Feasibility Funding, these are in Eday, Hoy, two in Rousay, two in Shapinsay, and St Margaret's Hope. Several more projects are in the early stages and have yet to apply to the Rural and Islands Housing Fund.

The projects under development will help meet housing need in some of Orkney's island communities and other areas where mainstream affordable housing development may not be appropriate or affordably deliverable by the Council or Orkney Housing Association. The Council is committed to supporting groups looking at delivering housing projects in their area wherever possible, primarily through the assistance of development staff based in the Council's Housing Service.

Annex 1 – SHIP Tables

SHIP First five Years 2025/26 to 2029/30						
Affordable Housing Supply Programme						
Housing Market Area	Social* Rent (OIC)	Social Rent (Other)	Shared equity	Mid Market Rent	Housing for Sale (Partnership Support for Regeneration)	Total
Kirkwall	36	107	75	106	26	350
Stromness	31				8	39
West Mainland						
East Mainland & Linked South Isles	18					18
The Isles						
Totals	85	107	75	106	34	407

*comprised of a mix of own development and acquisition.

SHIP First five Years 2025/26 to 2029/30				
Rural & Islands Housing Fund				
Housing Market Area	Social Rent equivalent	Mid Market Rent	Low Cost Home Ownership	Total
Kirkwall	-			
Stromness	-		-	
West Mainland	-	-		
East Mainland & Linked South Isles				
The Isles	15	15		30
Totals	15	15	0	30

Island Communities Impact Assessment

Strategic Housing investment Plan 2024 - 2029

Preliminary Considerations	Response
Please provide a brief description or summary of the policy, strategy or service under review for the purposes of this assessment.	Strategic Housing Investment Plan 2024-2029
Step 1 – Develop a clear understanding of your objectives	Response
What are the objectives of the policy, strategy or service?	The Strategic Housing Investment Plan (SHIP) is expected to be a short, succinct document focussing on the prioritisation and delivery of affordable housing, closely linked to and forming an Appendix of the Local Housing Strategy 2024 -2029.

<p>Do you need to consult?</p>	<p>No. The SHIP responds to the outcomes of the Housing Needs and Demand Assessment (HNDA) and the Local Housing Strategy (LHS) which was ratified by Council in July 2024. These were developed through the Orkney Housing Market Partnership which encompasses the Council’s Member Officer Working Group. It comprises a range of stakeholders including:</p> <ul style="list-style-type: none"> • Orkney Islands Council Elected Members • Orkney Islands Council - Education, Leisure & Housing; Neighbourhood Services & Infrastructure; Enterprise & Sustainable Regeneration; Strategy, Performance & Business Solutions; Orkney Health & Care. • Orkney Housing Association (OHAL) • Orkney College UHI • The Development Trusts’ housing consultant • Highland & Islands Enterprise (HIE) • Housebuilders • NHS Orkney • Scottish Government More Homes Division • Scottish Water <p>The Partnership held 8 meetings between January and December 2023 to oversee production of the Housing Needs and Demand Assessment, and then to develop the Local Housing Strategy. This process involved:</p> <ul style="list-style-type: none"> • Consideration of Local Housing Strategy topic papers and presentations • Workshops on each topic with a total of 20 break out groups over the development period including a total of 45 stakeholders. Most Partnership members attended multiple workshops. <p>The Housing Market Partnership’s work built on wider community consultation led by the Council in late 2021 and early 2022 – ‘Orkney Matters’, with findings feeding into the Housing Need and Demand Assessment, and the Local Housing Strategy development. The focus was on community and place with questions asked on what’s working, what’s not working so well and what would the community like to improve. The engagement was through survey, online consultation, and art workshops for harder to reach groups. This project involved all Council teams including the Housing Service and partner agencies from Orkney’s Community Planning Partnership.</p>
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	<p>The Local Housing Strategy consultative draft was issued for public consultation.</p> <p>Separate consultation took place with the 10 Development Trusts during the production of the Housing Needs Assessment. The Development Trusts' housing consultant is also a member of the Housing Market Partnership.</p> <p>The Strategic Housing Investment Plan is produced in response to the findings of the Housing Need and Demand Assessment and the Local Housing Strategy.</p>
<p>How are islands identified for the purpose of the policy, strategy or service?</p>	<p>The SHIP covers the whole local authority area which includes all the inhabited islands. The SHIP looks at the 5 separate Housing Market Areas (HMAs) which were used for analysis, action planning and develops the investment plan. The HMAs are Kirkwall, Stromness, West Mainland, East Mainland and the Linked South Isles, and Isles.</p>
<p>What are the intended impacts/outcomes and how do these potentially differ in the islands?</p>	<p>The development of affordable housing units in partnership with the private sector, Orkney Housing Association and the Scottish Government. The HNDA and LHS recognises different demands across the 5 housing market areas and the SHIP responds to these different demands, although some of the outcomes and actions are valid for all communities across the Orkney Islands.</p>

Is the policy, strategy or service new?	New for the period 2025/26 to 2030/31 the plan is a five year plan but is reviewed annually for the next five years i.e. next year's SHIP will be for the period 2026/27 to 2031/32.
Step 2 – Gather your data and identify your stakeholders	Response
What data is available about the current situation in the islands?	The key documents which underpin the SHIP are the LHS and the Housing Need and Demand Assessment. The HNDA 2023 was assessed as robust and credible by the Scottish Government Centre for Housing Market Research in October 2023. This is the key reference source which contains a broad range of secondary data on demographic, the local housing system and housing market drivers, by different Housing Market Areas (5 HMAs, identified above).
Do you need to consult?	No. As above.
How does any existing data differ between islands?	This has been set out in full in the HNDA and the LHS.
Are there any existing design features or mitigations in place?	There are a range of aspects to delivering housing supply, related housing services and care and support services which require different responses across different island communities. For example, the cost of new housing supply on the islands is higher and more difficult to procure than Orkney mainland. Housing and care and support services are more challenging to deliver due to workforce constraints.
Step 3 – Consultation	Response

Who do you need to consult with?	N/A for the SHIP. However, the SHIP reflects the development of the HNDA and the LHS. The HNDA and LHS are published on the Council's website: orkney-hnda.pdf Local Housing Strategy 2024-2029 (orkney.gov.uk)
How will you carry out your consultation and in what timescales?	N/A
What questions will you ask when considering how to address island realities?	N/A
What information has already been gathered through consultations and what concerns have been raised previously by island communities?	As set out above there are a range of aspects to delivering housing supply, related housing services and care and support services which require different responses across different island communities. For example, the cost of new housing supply on the islands is higher and more difficult to procure than Orkney mainland. Housing and care and support services are more challenging to deliver due to workforce constraints.
Is your consultation robust and meaningful and sufficient to comply with the Section 7 duty?	N/A

Step 4 – Assessment	Response
Does your assessment identify any unique impacts on island communities?	Yes
Does your assessment identify any potential barriers or wider impacts?	Yes
How will you address these?	The Local Housing Strategy identifies a range of actions to work with island communities to address their housing needs. These include ensuring continued new supply which will require enhanced investment resources to make this viable in some communities (funding through Scottish Government), addressing fuel poverty, which is greater in island areas, and enhancing access to housing for key/essential workers through reviewed housing policies and procedures. The SHIP reflects the varying needs outlined in the HNDA and LHS.

You must now determine whether in your opinion your policy, strategy or service is likely to have an effect on an island community, which is significantly different from its effect on other communities (including other island communities).

If your answer is **No** to the above question, a full ICIA will NOT be required and **you can proceed to Step 6**. If the answer is **Yes**, an ICIA must be prepared and **you should proceed to Step 5**.

To form your opinion, the following questions should be considered:

- Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as different levels of satisfaction, or different rates of participation)?
- Are these different effects likely?
- Are these effects significantly different?
- Could the effect amount to a disadvantage for an island community compared to the Scottish mainland or between island groups?

Step 5 – Preparing your ICIA	Response
In Step 5, you should describe the likely significantly different effect of the policy, strategy or service:	N/A.

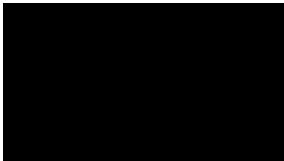
Assess the extent to which you consider that the policy, strategy or service can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.	N/A.
Consider alternative delivery mechanisms and whether further consultation is required.	N/A.
Describe how these alternative delivery mechanisms will	N/A.

improve or mitigate outcomes for island communities.	
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Identify resources required to improve or mitigate outcomes for island communities.	N/A.
Stage 6 – Making adjustments to your work	Response
Should delivery mechanisms/mitigations vary in different communities?	As noted above - The Local Housing Strategy identifies a range of actions to work with island communities to address their housing needs. These include ensuring continued new supply which will require enhanced investment resources to make this viable in some communities (funding through Scottish Government), and enhancing access to housing for key/essential workers through reviewed housing policies and procedures.
Do you need to consult with island communities in respect of mechanisms or mitigations?	The SHIP is developed in response to the HNDA and the LHS, the LHS was developed with consultation
Have island circumstances been factored into the evaluation process?	Yes, island circumstances are factored into the Local Housing Strategy and the related policies and procedures across a broad range of island communities.

Have any island specific indicators/targets been identified that require monitoring?	Yes – ensuring housing supply targets are met across different islands and Housing Market Areas
How will outcomes be measured on the islands?	The outcomes will be measured through delivery of affordable housing and will be overseen by the Housing Market Partnership and reported annually to the Council together with the development of future SHIPs
How has the policy, strategy or service affected island communities?	As above.
How will lessons learned in this ICIA inform future policy making and service delivery?	It will feed into ongoing review of the LHS, and development of related policy and action.
Step 7 – Publishing your ICIA	Response
Have you presented your ICIA in an Easy Read format?	Yes.
Does it need to be presented in Gaelic or any other language?	No.

Where will you publish your ICIA and will relevant stakeholders be able to easily access it?	Orkney Islands Council's Website with Committee Report and Minute on the Strategic Housing Investment Plan.
Who will sign off your final ICIA and why?	Frances Troup. Head of Community Learning, Leisure and Housing as line manager.

ICIA approved by:	Frances Troup
Position:	Head of Community Learning, Leisure and Housing
Signature:	
Date complete:	18 October 2024

ICIA completed by:	David Brown
Position:	Service Manager (Resources)

Signature:	
Date complete:	18 October 2024