



# Orkney Housing Market Partnership

**Note of meeting held on 31 October 2025 at 11:00 am in the Council Chamber / by Microsoft Teams.**

## **Present:**

- Councillor Gwenda Shearer (Chair of Education, Leisure and Housing).
- Councillor Ivan Taylor (Vice Chair of Education, Leisure and Housing).
- Councillor James Moar.
- Councillor Jean Stevenson.
- Councillor John Ross Scott.
- Councillor Sandy Cowie.
- James Wylie, Director of Education, Communities and Housing.
- Frances Troup, Head of Strategic Housing, Housing Operations and Homelessness.
- Andrew Hamilton, Service Manager (Resources).
- Laura Baillie, Team Manager (Housing Strategy, Development and Data).
- Rachael Batty, Development and Empty Homes Officer.
- Gavin Barr, Head of Planning and Regulatory Services.
- Susan Shearer, Service Manager (Development and Marine Planning).
- Kenny MacPherson, Head of Property and Asset Management.
- Erik Knight, Head of Finance.
- Stuart Allison, Service Manager (Enterprise).
- Kirsty Groundwater, Team Manager (Communications).
- Anna Evans, Housing Consultant for Hub North / Director, Indigo House Group.
- Steven Paterson, More Homes Division Co-ordinator, Scottish Government.
- Representative of R Clouston Ltd.
- Stephen Kemp, Director, Orkney Builders Ltd.
- Brian Kynoch, Chair, OHAL.
- Fiona Lettice, Vice Chair, OHAL.
- Craig Spence, Chief Executive, OHAL.
- Tracey Longworth, Director of Housing and Operations, OHAL.
- Luke Fraser, Development Manager, OHAL.
- David Campbell, Housing Consultant, Development Trusts.
- Morven Brooks, Chief Executive, Voluntary Action Orkney.

## **1. Welcome**

Frances Troup welcomed everyone to the meeting and introductions were done. It was noted that the minutes from the meeting would be circulated and uploaded to the Council website so that other members of the construction industry could access the information that is publicly available.

## 2. Local Housing Strategy – Annual Report

The Local Housing Strategy was approved by the Council on 24 June 2024. The annual update report is to be presented to the Education, Leisure and Housing Committee in November 2025. The report has been brought to this meeting to get approval from the Housing Market Partnership before it goes to Committee.

Laura Baillie presented the report and gave an overview of the data. The meeting was then opened for questions and comments.

In relation to the Empty Homes Loan, Frances noted that the policy has been approved and is now progressing to the Policy and Resources Committee in November 2025 to request budget allocation, which is challenging within the current financial situation.

Frances, Lesley Mulraine and Tracey Longford have had an initial discussion in relation to homelessness and Housing First, to ensure processes are aligned with strategic planning. This will continue to develop over the coming months.

Councillor Scott queried progress in relation to student accommodation. James Wylie stated that he is meeting with the depute principals from Heriot Watt, Robert Gordon and UHI next week. The three universities are clear that student accommodation is not the responsibility of Orkney Islands Council to provide but will be discussing how to overcome the challenges collectively.

Councillor Scott also queried who determined where homeless people are actually housed, noting the allocation in new build schemes. Frances explained the homeless procedure, noting that there is a spread of temporary accommodation across Orkney. Once the households come to being permanently rehoused, this would be done in a linear order with homeless households being given a gold priority pass and a property allocated based on their individual circumstances, the same as anyone else, and may include new builds. There was also a discussion around the increasing numbers in temporary accommodation and the possible reasons for this.

In terms of Warm Homes, Morven Brooks queried what the relationship was with THAW and whether they had reported to the group. Frances confirmed that Housing Services work very closely with THAW and other agencies, such as CAB. Frances suggested that it may be useful to have a session on third sector involvement and the services they deliver.

Councillor Scott declared an interest, noting that he is a board member of THAW.

Craig Spence noted that there are some areas in the report where the update is listed as 'no progress' or 'ongoing' such as fuel poverty and independent living. He queried whether there was anything that could be done as a wider partnership to help support these areas and ensure that next year's data doesn't report no progress, whether this is a sub-group, involvement of other parties, or just understanding the blockages to progress. Frances agreed this was a good point and something that could be discussed at a future meeting.

Stephen Kemp expressed his thanks for the LHS update and noted that the Building Standards completion numbers against the other government statistics was very helpful.

With no other comments or questions on the presentation, Frances moved on to a discussion around the committee paper which covers the period up to June 2025. The

report is currently going through the committee circulation process and there is a small window of opportunity for making amendments. The meeting was once again opened up for comments and questions.

Craig agreed with Stephen's earlier comments about completion numbers and statistic sources, feeling it was helpful for this group to see and may also be helpful for the Councillors reading the report. Craig also referred to section 4.5. of the report, where it mentions 'continued underspend of Scottish Government grant'. He stated that his had been touched on at the last SHIP meeting and on the back of this, OHAL has taken forward a proposal for more off-the-shelf purchases. The Walliwall-10 project has had some delays which Craig believed was now resolved and is almost ready for submission to the Scottish Government for technical assessment and potential for big spend this financial year. Frances confirmed that OIC are doing similar and looking at off-the-shelf purchases in order to spend as much of the grant as possible.

Anna Evans addressed the comments around the data sources, stating that it is not different data that is being used but is a timing issue. The Scottish Government uses the Building Standards data and are reporting on new builds. They report somewhere else on conversions.

Anna also noted the challenges with the supply chain and stated that monthly discussions are ongoing to try and resolve the issues. Stephen stated that the biggest barrier right now is related to approvals, noting the pressure across all services. There is a need to work together to try and streamline this. Frances advised that some work has been done in relation to looking at individual sites and working together as a range of partners across the Council to see what can potentially be done to expedite large sites.

Gavin Barr acknowledged the point Stephen made in relation to the pressures on various services. He stated there was a meeting yesterday between Planning, Building Standards and their agents. Some of the information that was being discussed was around the range of applications the Planning Service are currently dealing with, including 14 EIA applications which are incredibly complex. He gave an overview of the staffing resource in his service area, noting it was a better position than a year ago, but acknowledged that the pressure and scale of activity remain high. Susan Shearer agreed with the points that Gavin made, noting the additional regulations and requirements that come through with no additional resource attached to it. Stephen added that he can see a bottleneck for everyone coming when the volume of output is increased and there is a need to get on site as quickly and efficiently as possible. Anna emphasised that the system as a whole has to work really hard to get this right.

Kenny acknowledged the points that had been made, while also stating the high volume of workflow that will be coming through the Council's Property function, some of which may involve outsourcing to third parties that the Council does not have direct control over beyond a tendered contract. Frances stated this was a good point and there have been cases where outsourcing hasn't necessarily sped up the process.

With no further comments, Frances asked if the group was happy for the LHS report to progress to the Education, Leisure and Housing Committee on 12 November 2025. The Housing Market Partnership gave their approval.

### 3. OHAL's Community Bond

Craig delivered a presentation on the new Community Housing Bonds and circulated copies of the prospectus to the group.

Craig gave an overview of the background, noting that it has helped OHAL to deliver more affordable housing than they would have been able to do otherwise, while also giving certainty around a fixed rate of finance.

The Orkney Community Planning Partnership has a Community Wealth Building Working Group. Craig reported that discussions took place around looking at ways to use finance that already exists within Orkney to help stimulate work and development to keep the returns and interest within the community. He was given an action to explore this further. Craig explained the discussions that took place that led to the development of a non-redeemable, non-transferable, fixed-rate bond.

The bond pays a nominal interest rate of 4.14% per annum. This adds up to just over 50% return over the 10 years. Further detail is included in the prospectus.

The bond was launched yesterday and applications are open until 15 December 2025, with an aim of raising at least £1m.

The meeting was opened for comments and questions.

Councillor Moar noted that the bond sounded good but asked whether inflation would impact on the interest rate and the return. Craig advised that the interest rate was pitched based on similar rates from other providers for long-terms bonds, with around 4% being about the best available in the market. It is ahead of base rate, which is projected to fall. It is also slightly cheaper than they can borrow commercially from a bank.

Frances queried how investors would get their money out or if they are going to encourage investors to re-invest the return. Craig explained that it is a 10-year fixed-rate bond and investors would get their return at the end of that period. He said there could be an opportunity for OHAL to write to investors with their financial options – accepting their whole investment, looking at re-investing, etc.

Frances also queried how OHAL were financing the returns. Craig explained that the repayments are built into their financial model. Over the 10 years, there will be houses built and rental income generated. Most of the bank debt is capital and interest repayments which will be repaid every month.

Frances noted that the bond is non-transferable and asked what would happen if an investor passed away - could it be inherited by someone else? Craig advised that the investor would be alerted to the fact that the bond is non-transferable, non-tradeable, non-redeemable. OHAL reserves the right to redeem a bond in some exceptional circumstances, including death. Craig also noted that there is an option for people to buy a bond now in someone else's name.

A discussion took place around exclusions and conflicts of interest, noting that current OHAL staff / board members / social-rented tenants could not be bondholders. Should a bondholder fall into one of these categories in the future, OHAL would reserve the right to redeem the bond. Frances queried whether businesses, such as local developers, would be

excluded. Craig confirmed that the legal advice they received stated there was no legitimate reason for exclusion as the terms clearly state that there are no favourable rights or preferential access to contracts, housing, etc.

Anna queried whether OHAL were targeting the bonds more towards individuals or to businesses. Craig stated that there is no specific group being targeted. It is aimed at anyone who has an interest in what the bonds are seeking to achieve. The investment document states the prospective investor should only invest what they can afford to lock away for 10 years.

Anna noted that Walliwall 9A is listed in the prospectus as the first investment and assumed there must be certainty around the funding because that is already on site. She followed up by asking if OHAL do not get the bond funding, how is Walliwall going to be funded instead. Craig explained the funding for the 8 new supply shared equity houses at Walliwall, with a split of Scottish Government grant funding and OHAL's own finance. They already have the funding to complete the development but the bond funding has a slightly lower interest rate than their bank finance. Funding would then be recycled into the next batch of affordable housing they build.

Frances asked about the market testing and what level of interest there may be. Craig reported positive conversations with a number of people / organisations keen to see how this develops. There was a pre-launch of marketing a few months ago which resulted in around 60 expressions of interest. A Radio Orkney interview was done yesterday which has generated a similar level of interest. Craig acknowledged that expressing an interest did not necessarily mean submission of applications but would be monitoring and following up. Frances asked Craig to bring the number of applications to the next meeting of the HMP.

Andrew Hamilton queried whether national marketing was being done in addition to the local press coverage. Craig confirmed that the focus was on local investment at this stage.

Kenny MacPherson queried the risk assessment process, what OHAL perceived as the key risks and how these are being mitigated. Craig explained the process, noting the legal compliance in terms of the FCA and the regulatory requirements. Legal advice was taken and discussions with advisors at the FCA and the Scottish Housing Regulator also took place. OHAL undertook a review of their rules and treasury management strategy to make sure everything was compliant there as well. Some of the risks Craig identified included:

- The potential for the bond not to be successful in raising the targeted £1m (resulting in the requirement for further bank finance at a higher interest rate).
- It being overly successful and having surplus finance that cannot be spent because there is no immediate need for that level of scale.

The above could be mitigated by:

- The comprehensive prospectus document that has all the necessary information and FAQs.
- Communicating clearly with prospective investors, including drop-in information sessions.
- Having significant asset cover.

With no other questions, Frances thanked Craig for his presentation and the information that he provided during the discussion.

#### **4. AOCB**

Frances thanked everyone for attending and for their contributions.

The next meeting will be on 12 December 2025 at 10:00 am, with a focus on the Strategic Housing Investment Plan.

With no other business, the meeting was closed at 12:35 pm.