Shetland
Islands
Council

## 1. LHS Development Conference Background

Shetland Islands Council are preparing a new Local Housing Strategy which requires to be submitted to Scottish Ministers in 2022. To build the new strategy, Shetland Islands Council must identify and assess local priorities for action that should guide housing activity, partnership and investment over the next five years.
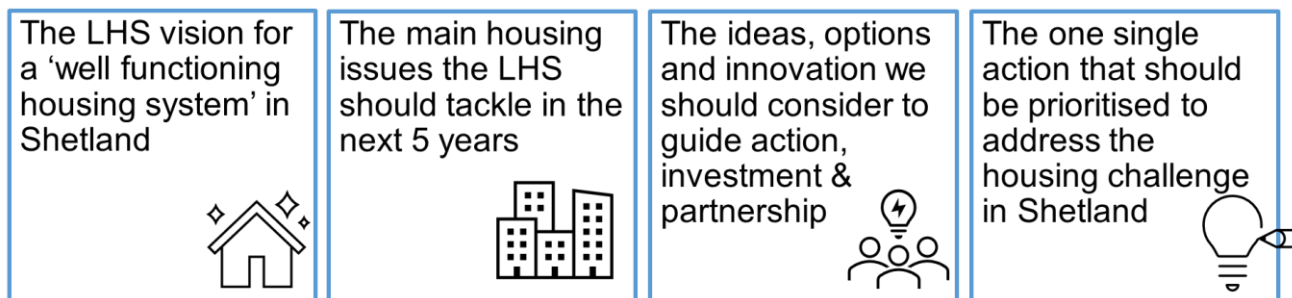
The LHS Guidance published by the Scottish Government in 2019 stresses the importance of early and meaningful stakeholder engagement in setting local priorities for action:

*"Early engagement with key partners and stakeholders is key to identifying priorities and agreeing, through a range of options, how to deal with the priorities identified."*

The new Shetland LHS is informed by a Housing Need and Demand Assessment (scheduled for resubmission to the Scottish Government by December 2021) and extensive analysis of the local housing system. The Council therefore has significant evidence and housing system insight to inform the debate and facilitate engagement with LHS partners and stakeholders on the main issues the Local Housing Strategy should tackle. To ensure that all stakeholders could engage in an informed discussion on local priorities, a series of interactive briefing materials were issued on the main housing issues in Shetland prior to consultation activities.

To inform the process, an LHS Development Conference was held on Monday 8th November 2021. To encourage and enable widespread participation, the conference was held digitally via Microsoft Teams. A total of 58 partners and stakeholders attended the event, including representatives from public, private, third and community sectors. A full delegate list of partners and their representative organisations, is detailed in Appendix A.

The objectives of the LHS Conference were to prompt thinking & aid debate on:

| The LHS vision for a 'well functioning housing system' in Shetland | The main housing issues the LHS should tackle in the next 5 years | The ideas, options and innovation we should consider to guide action, investment & partnership | The one single action that should be prioritised to address the housing challenge in Shetland |
| --- | --- | --- | --- |

To meet these objectives, the following programme was assembled to deliver a mix of interactive activities, briefings and focus group sessions to stimulate debate and encourage participation. The agenda and nature of each conference activity is set out follows:

| Timing | Activity | Nature of Activity |
| --- | --- | --- |
| 10.30 - 10.40 | Introduction & Welcome | Councilor Alastair Cooper, Chair of Development Committee, SIC |
| 10.40 - 11.00 | What should the LHS deliver?<br>• What do we need the LHS to do?<br>• What does good look like? | Briefing Session |

| 11.00 – 11.30 | How does the housing system work in Shetland? | Interactive Quiz |
|---|---|---|
| 11.30 – 11.50 | What's the problem we're trying to solve?<br>• LHS main issues<br>• Early engagement outcomes | Briefing session |
| 11.50 – 12.00 | Screen Break | |
| 12.00 – 13.00 | Setting the LHS Vision:<br>• How should homes and communities in Shetland look and feel in the future? | Interactive Activity 1 |
| 13.00 – 13.30 | Lunch | |
| 13.30 – 14.30 | Breakout Session Round 1:<br>• The main housing issues in Shetland - What are our strategic options? | Focus Group Ideation Session: Subject Matter Experts |
| 14.30 – 14.40 | Screen break | |
| 14.40 – 15.20 | Breakout Session Round 2:<br>• The main housing issues in Shetland – What are our strategic options? | Focus Group: Stakeholder validation session |
| 15.20 – 15.30 | Closing thoughts – 1 key action | Interactive Activity 1 |
| 15.30 | Close of event | Stakeholder voting session |

This briefing paper summarises the outcomes of the Shetland LHS Conference across the various interactive activities and voting sessions. The presentations delivered during the event can be accessed at Appendix B.

## 2.  Testing Knowledge & Perceptions: Shetland's Housing System

Following a brief introductory session, stakeholders were invited to take part in an interactive activity using a digital voting app, which was used to facilitate an 'ask the audience' style session with instantaneous results available.

The voting session tested stakeholders' knowledge and perceptions of the housing system in Shetland. Stakeholders were presented with a statement relating to the operation of the housing system and were asked whether they thought it was true or false. The statements presented are outlined in the Table 2.1 below, together with the correct answer (i.e. true or false) and the proportion of LHS stakeholders who answered the question accurately.

|  | The Housing System in Shetland: Interactive Quiz Question | True or False | % answered correctly |
|---|---|---|---|
| 1 | The number of households living in Shetland will decrease by 1% in the next 10 years? | FALSE | 76% |
| 2 | There are less smaller homes available in Shetland than elsewhere in Scotland? | TRUE | 89% |
| 3 | 13% of households in Shetland live in the private rented sector | FALSE | 56% |
| 4 | Over 40% of households in Shetland cannot afford to access home ownership even at market entry level | TRUE | 95% |
| 5 | The cost of affordable housing development is over 30% higher in Shetland than elsewhere in Scotland | TRUE | 95% |
| 6 | Demand for affordable housing outweighs available supply at a 2:1 ratio | FALSE | 21% |
| 7 | More homes in Shetland are in urgent disrepair than elsewhere in Scotland | TRUE | 30% |
| 8 | Over 30% of households are in fuel poverty in Shetland | TRUE | 95% |
| 9 | There twice the number of clients receiving Home Care services in Shetland than telecare and telehealth services | FALSE | 33% |
| 10 | It estimated that around 150 households in Shetland have unmet need for specialist forms of housing | TRUE | 90% |
| 11 | The length of time to resolve homelessness in Shetland is half the average time in Scotland | FALSE | 44% |
| 12 | More than half of homeless applicants in Shetland have identified support needs | FALSE | 14% |

*Table 2.1: Interactive housing system quiz: Stakeholder results*

Table 2.1 highlights that stakeholders have a strong general awareness and understanding of key housing system drivers in Shetland including the scale of the fuel poverty, depopulation risks, housing affordability pressures, construction cost, inflation and the scale of unmet need for specialist housing. In contrast, most stakeholders were surprised by the extent of urgent disrepair, demand for affordable housing and the length of time to resolve homelessness in Shetland.

Identifying and prioritising the key housing system issues that require local intervention is the foundation of developing a forward looking and outcome focused Local Housing Strategy. Given the gaps in stakeholder knowledge identified, it is important that the LHS development process informs and engages delivery partners on key housing issues. To this end, the remaining conference sessions and activities focused on presenting the evidence and enabling informed dialogue on potential housing system priorities.
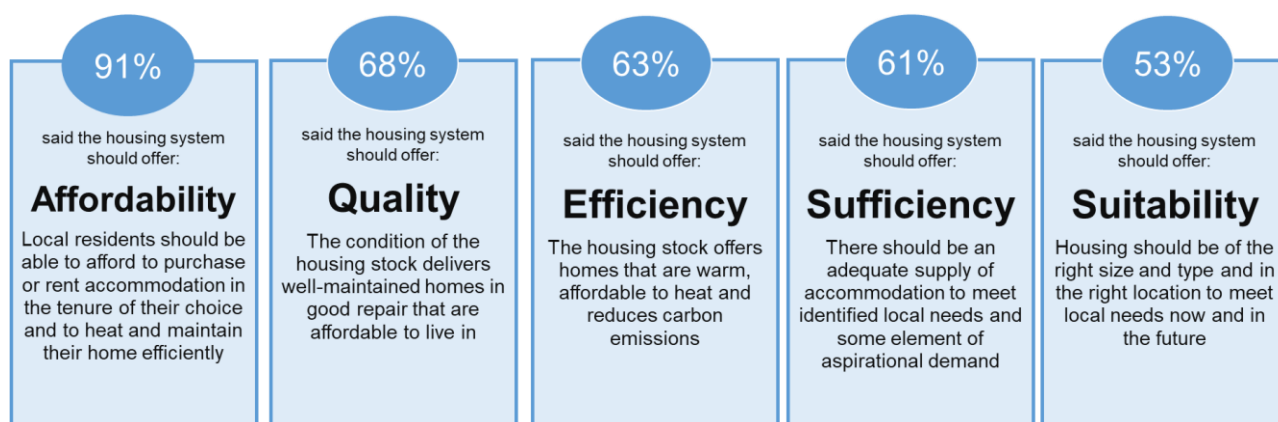
This included an interactive activity focused on setting a vision for the new Shetland LHS.

## 3. Setting the Local Housing Strategy Vision

In 2020, to publish the first national housing strategy (Housing to 2040), the Scottish Government hosted a national conversation to develop a future housing vision so that 'everyone in Scotland has a home that is warm, affordable, accessible and fits their needs'. The goal of Housing 2040 is to create a housing system that is dynamic and resilient enough to respond to future change and to enable Scotland to face key challenges like the country's ageing population and climate emergency. Housing to 2040 sets out a housing vision which is ambitious and aspirational. Achieving the 2040 vision requires a well-functioning housing system, high quality sustainable homes, homes that meet people's need and sustainable communities. All local authorities in Scotland should demonstrate how their actions will support and contribute to achieving these outcomes through their Local Housing Strategy.

The principles which underpin how Scotland will achieve this vision were shared with LHS stakeholders with initial discussion, which focused on which of the principles may be important in a local context to inform the debate on building a vision for the new Local Housing Strategy in Shetland.

Furthermore, to establish what a 'well-functioning housing system' might mean in a Shetland context, local residents and communities were invited to participate in a short online survey prior to the LHS conference. Stakeholders were asked to rank a range of characteristics in terms of their importance to the local housing system. The graphic below outlines the five most important housing system characteristics defined by Shetlanders:

| 91% | 68% | 63% | 61% | 53% |
|---|---|---|---|---|
| said the housing system should offer: | said the housing system should offer: | said the housing system should offer: | said the housing system should offer: | said the housing system should offer: |
| **Affordability** | **Quality** | **Efficiency** | **Sufficiency** | **Suitability** |
| Local residents should be able to afford to purchase or rent accommodation in the tenure of their choice and to heat and maintain their home efficiently | The condition of the housing stock delivers well-maintained homes in good repair that are affordable to live in | The housing stock offers homes that are warm, affordable to heat and reduces carbon emissions | There should be an adequate supply of accommodation to meet identified local needs and some element of aspirational demand | Housing should be of the right size and type and in the right location to meet local needs now and in the future |

'Affordability' emerged as the characteristic with the greatest popular support; with nine out of 10 local residents ranking it in their top three priorities for a well-functioning housing system. 'Quality' 'efficiency', 'sufficiency' and 'suitability' ranked as the remaining characteristics in the top five.

After sharing these outcomes, LHS stakeholders were split into four groups to consider and rank these characteristics in more detail, with the aim of defining a draft vision for the new Local Housing Strategy. Each group was asked to consider each characteristic and rank them in order of importance to complete the following sentence:

*"Everyone in Shetland has access to a home which is XXX, XXX, and XXX"*

From this statement, stakeholders in each group were asked to draft an LHS vision.

Stakeholders were also asked to consider the contribution the Local Housing Strategy should make to the strategic vision set out in in Shetland's Partnership Plan, that: ""*Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges*".

The overarching ambition for Shetland will be delivered through delivery of 4 shared priorities, with LHS stakeholders also reflecting on these priorities in finalising a draft LHS vision:

1. **Participation**: People participate and influence decisions on services and the use of resources
2. **People**: Individuals thrive and reach their full potential
3. **Place**: Shetland is an attractive place to live, work, study and invest
4. **Money**: All households can afford to have a good standard of living

Using this material, stakeholders were asked to finish the following sentence as a potential LHS vision:

### *"To build a housing system in Shetland that makes a strong contribution to: XXX"*

Each group was asked to select their preferred LHS vision statement by:

1. Choosing between their draft housing system vision statement OR housing contribution statement
2. Combining elements of both to produce a reworded vision statement which sets out how homes and communities should look and feel in Shetland in the future.

The outcomes of each Group's discussion and final vision statements are detailed below:

### 3.1. Group 1: Draft LHS Vision

Having reviewed the various materials presented including the Housing to 2040 vision, LHS resident survey outcomes and the Shetland Partnership Plan vision; Group 1 agreed that the new LHS vision should:

- include the word 'everyone' – we should be aiming for a housing vision that promotes equality of opportunity and access
- uphold the principles of enabling access and choice as a key aspiration
- make clear that both new and existing homes should be affordable, warm, safe and energy efficient as a set of priorities
- enable communities to be inclusive and set within connected and sustainable places
- (as well as a focus on housing supply), ensure that the right housing services are available at the right time (i.e. when people living in Shetland most need them).

In considering the contribution that housing can make to achieving Shetland's Partnership Plan ambitions, stakeholders also agreed that:

- because tackling poverty is so central to improving the health and resilience of people and communities; that housing should enable Shetland not just to be a place 'where people want to live' but a place 'where people can afford to live well'

- the concept of 'living well' is crucial to an ambitious housing vision for Shetland. Shetland's unique environment comes with many challenges (the climate, geography, travel logistics) so we almost need to achieve a better standard of living than households elsewhere. An ambitious housing vision should capture this

- housing contribution to the economy is also very important to capture. We need a housing mix and range of options that enables our young people to stay and form economically active and therefore sustainable communities.

Building on this discussion and debate, Group 1 formed the following 2 potential options as draft visions for the new Shetland Local Housing Strategy:

| Option 1 | "Everyone in Shetland has access to a home which is affordable, of good quality, energy efficient and in a connected place" |
|---|---|
| Option 2 | "To build a housing system in Shetland that delivers resilient and sustainable communities where everyone has choices and can afford to live well" |

The Group liked the simplicity of the first housing vision but almost unanimously agreed that the second housing vision was the preferred option in terms of setting an aspirational and ambitious standard for the new LHS. It captures the positive outcomes the housing system should deliver including 'resilient and sustainable communities', 'housing choice for everyone' and affording not just to 'live well but to thrive'.

Having said this, Group 1 felt strongly that first vision statement should be retained as context, explaining exactly what we mean by our vision of 'home'.

### 3.2. Group 2: Draft LHS Vision

Having reviewed the various materials presented including the Housing to 2040 vision, LHS resident survey outcomes and the Shetland Partnership Plan vision; Group 2 agreed that the new LHS vision should:

- provide housing that is affordable, of the right type and in the right place

- have an emphasis on communities, with a need for supporting connectivity and sustainability

- aim to achieve opportunities to create '20 minute neighbourhoods': "don't just build for the sake it, look at local amenities, provision for shops, GP surgery etc."

- link housing with community engagement. The LHS should strive for placemaking at a community level that reflects demand and increases capacity

- identify opportunities that encourage private investment to the islands

- prioritise housing accessibility for young people

- reflect the widespread shift in working from home so that new housing can accommodate the shift in ways of working

- deliver properties that meet energy efficiency standards including continued investment in current homes to meet national standards and targets.

Building on this discussion and debate, Group 2 formed the following 2 potential options as draft visions for the new Shetland Local Housing Strategy:

| Option 1 | "Everyone in Shetland has access to a home which is affordable, connected and energy efficient" |
| --- | --- |
| Option 2 | "To build a housing system in Shetland that makes a strong contribution to providing good quality homes across all housing tenures, but also invests in our current housing stock to improve health and wellbeing" |

Whilst Group 2 felt that both statements successfully capture the local housing priorities identified by Shetlanders in the recent LHS survey, they had no strong opinion on what provided a stronger LHS vision. Having said this, Group 2 unanimously agreed the new LHS vision must focus on investment in new and existing homes to improve housing quality and resident wellbeing.

## 3.3. Group 3: Draft LHS Vision

Having reviewed the various materials presented including the 2040 vision, LHS resident survey outcomes and the Shetland Partnership Plan vision; Group 3 agreed that the new LHS vision should:

- reflect the need for mobility and choice within the housing market

- have a focus on affordability both in terms of purchase/rental costs but also in running costs so all properties are energy efficient irrespective of tenure

- recognise that place and connectivity are important considerations, especially to sustain fragile and rural communities

- stress the importance of investment in existing homes as well as new ones

- help people stay in the areas they want to live in but also attract new workers and families to Shetland

- makes the best use of the resources that exist, targeting empty homes

- meet individual needs with homes adaptable to changing household needs

- appreciate that sufficiency will drive housing affordability. Understanding this relationship is important as so many are priced out of the housing market which dominates Shetland's housing system

- appreciate that sustainability has multiple meanings and can be used to encompass a range of considerations such as economy, communities, independent living and energy efficient homes

- recognise that good quality housing plays a vital part in people's health and wellbeing.

Building on this discussion and debate, Group 3 formed the following 2 potential options as draft visions for the new Shetland Local Housing Strategy:

| Option 1 | "Everyone in Shetland has access to homes that are plentiful, affordable, of good quality and meets individual needs." |
|---|---|
| Option 2 | " Our vision is to deliver accessible and affordable housing where people want to live which promotes wellbeing and sustainable communities in all its forms and meanings" |

The Group felt the first option was too succinct as it didn't comprise the important factors that the Group had discussed and so unanimously selected the second option. They felt this captured the essence of what they would want the vision to convey, recognising that there are many meanings of the word sustainable.

### 3.4. Group 4: Draft LHS Vision

Having reviewed the various materials presented including the Housing to 2040 vision, LHS resident survey outcomes and the Shetland Partnership Plan vision; Group 4 agreed that the new LHS vision should:

- focus and stress that community connectivity is important, including digital connectivity, transport etc.

- stress the importance of improving affordability across all housing tenures

- ensure that it is in alignment with other key strategies such as the regional transport strategy

- enables Shetlanders to stay in the areas they want to live

- recognise the impact that large construction projects can have on the rental market and affordability of the rental market through the influx of temporary migration skewing rental prices

- stress the importance of providing housing options to sustain housing communities especially in the Outer Isles

- recognise housing's contribution to driving the Shetland economy

- ensure that homes are adaptable to meet the changing needs of individuals

- tackle fuel poverty as a central theme and priority

- ensure there is investment in existing homes to achieve quality and repairing standards

- recognise the importance that every home in Shetland should be affordable, sustainable and energy efficient.

Building on this discussion and debate, Group 4 formed the following 2 potential options as draft visions for the new Shetland Local Housing Strategy:

| Option 1 | "Everyone in Shetland has access to a home which is affordable, accessible and sustainable." |
| --- | --- |
| Option 2 | "To have a housing system in Shetland that makes a strong contribution to support all communities to be attractive places where people of all age groups want to live and work and is in harmony with the natural environment" |

Group 4 felt whilst there were elements of both draft visions that they would select as an LHS vision, the use of the word 'sustainable' is very important. On reflection, Group 3 also liked the fact that the second statement encompassed the use of the statement "to support all communities" and would be supportive of a vision statement which combines both elements.

## 4. Local Housing Strategy Main Issues: Focus Group Sessions

Prior to the LHS Development Conference, stakeholders were pre-allocated workshop sessions (based on their expertise and preferences) focusing on the main housing issues in Shetland. Four main issues have been identified from analysis of the Shetland housing system, which are proposed as the main housing issues, which could form strategic priorities in new LHS, namely:

| 1. Housing supply & placemaking | 2. House condition, energy efficiency & fuel poverty | 3. Specialist provision & independent living | 4. Homelessness and housing options |
| --- | --- | --- | --- |

Prior to the conference, each subject expert group received briefing papers which presented housing system evidence of the main housing issues under consideration. These briefing papers also posed a series of discussion questions that stakeholders were asked to consider prior to attending the LHS Development Conference.

Each focus group commenced with an overview of the key headlines associated with each main issue, presented by an Arneil Johnston facilitator. Participants then engaged in a structured discussion around the following questions:

- Is this a main housing issue, and should it be a local priority for the LHS?

- What are the challenges we face in tackling this issue?

- What's been proven to work and what are our priorities for action?

The first half of the focus group sought to answer the first two questions through discussion and debate. Following this, stakeholders were asked to consider the final question. To achieve this, each participant was asked to suggest one action point that could deliver a major and positive contribution to tackling the main housing issue in question.

The four sections below outline the outputs from each focus group session detailing the range of options and ideas generated to tackle each of the main housing issues proposed as strategic priorities for the new Shetland LHS.

## 4.1. Housing Supply & Placemaking

Analysis of housing system evidence, local priorities and a review of the current policy and investment opportunities suggest that 'increasing housing supply and creating sustainable places' should be a strategic priority within the new LHS.

As preparations begin for the development of the new Shetland LHS, it is important that partners and stakeholders have an opportunity to discuss whether this main issue should be a strategic housing priority over the next five years. To consult and engage stakeholders, two focus groups on this issue were held during the LHS Development Conference, with the outcomes of both groups detailed in the sections below.

### 4.1.1. Is this a main housing issue, and does it continue to be a priority for the LHS?

Stakeholders in both focus groups unanimously agreed that, yes, increasing housing supply and promoting placemaking should be a strategic priority within the new Local Housing Strategy.

It was suggested that realising the vision of Shetland as an attractive place to live, work, study and invest is heavily dependent on the delivery of quality homes in great places. Furthermore, increasing housing supply was recognised as essential in providing much needed housing options for younger people in Shetland and in enabling Shetland's economic ambitions.

Stakeholders also agreed that increasing housing supply and promoting placemaking should be a strategic priority for the LHS given the scale and complexities associated with delivering new supply.

### 4.1.2. What are the challenges we face in tackling this issue?

The main challenges in increasing housing supply and creating sustainable places in Shetland were discussed in two rounds of focus group sessions.

It was agreed that the single greatest barrier to increasing the supply of new housing in Shetland is the cost of housing development. Stakeholders noted the uplift in construction costs reflected in the Scottish Government's analysis of development funding schemes and confirmed in recently approved tender costs, which suggest that development costs are 35-45% higher than construction on mainland Scotland. It was suggested that by sharing evidence of this uplift, ongoing, proactive negotiations with lenders and subsidy providers would be central to ensuring that local developers (both public and private) could access finance at the rates required. Cost drivers of housing development include labour and materials, both of which incur premiums associated with freight and recruitment. Other factors, such as the weather, can restrict and disrupt site programmes adding cost; as do changing, more stringent building regulations.

> *"There's no one silver bullet to reduce housing development costs on Shetland – land, materials, labour are all more expensive. Add to that the cost pressures associated with the new building regs and you can understand the scale of the challenge"*

It was also noted that infrastructure investment to enable sites to be developed often causes major disruptions to the development pipeline and the ability of developers to deliver sites on time and on budget.

> *"We need much better and coordinated planning with utility partners to ensure that sites have the right infrastructure to allow us to build to budget. This is currently a major challenge"*

It was also suggested that a barrier to increasing supply, as well as a cost driver, was the availability of land for housing development. Land availability in the places where households most want to live is restricted, with landowners often not willing to sell or develop the site themselves. Stakeholders acknowledged that land availability and site capacity were barriers to achieving volume building, which could create economies of scale which reduce cost pressures.

Speculative building is also restricted by access to development finance with the risk of negative equity a live consideration in lender appetite to support this type of construction. It was questioned whether the Council could play a role in supporting developers to access funding to increase speculative development, perhaps underwriting negative equity risks?

> *"Could the Council address the negative equity problem for developers by underwriting the differential between cost and valuation?"*

Whilst stakeholders were supportive of any partnership activity to enable development, it was concluded that the main driver of differentials between development costs and valuations came down to one simple factor – the cost of building on Shetland.

Another major barrier to increasing housing supply relates to development industry capacity on the islands, which is particularly challenging at the present time. This reduces potential for speculative and volume building and creates competing priorities between housing development and commercial or infrastructure projects.

> *"There used to be at least six local building contractors operating in Shetland. This has reduced to about two or three in recent years. This creates competing priorities as the skilled labour we have is pulled in different directions by targets for net zero, energy efficiency, new build…"*

Stakeholders agreed that the limited capacity of the local construction sector is further exacerbated by workforce issues and a shortage of skilled labour to support investment in both new and existing homes. It was acknowledged that a lack of flexible or short term accommodation options restricts ability of contractors to attract skilled trades into available positions on Shetland. Whilst recent efforts have been successful in engaging young people into construction apprenticeships, it will take a number of years to develop this workforce. Whilst it was agreed that ongoing effort should be invested in creating pathways into the construction sector for local and (in particular) young Shetlanders, it was acknowledged that improving the range of flexible, short term accommodation options for construction (and other types of key) workers should be a priority.

In achieving this, it was suggested that one strategy should focus on tackling ineffective housing stock by bringing empty homes back into use for skilled workers in the short term. It was suggested that this approach could help to 'grow and develop' the private rented sector as part of wider strategy aimed at increasing tenure options on Shetland.

In closing, it was noted that whilst the range of barriers to increasing new supply were being felt across Shetland. *"all of these challenges are further exacerbated when developing in remote rural areas"*.

Analysis of this stakeholder evidence, concludes that the main challenges associated with increasing housing supply and promoting placemaking in Shetland are as follows:

| Housing development costs | Land availability and capacity | Access to development finance | Construction industry capacity & skills shortage | Maxmising the impact of ineffective stock |

### 4.1.3. What's been proven to work and what are our priorities for action?

Informed by focus group discussion on the evidence provided, each participant was invited to identify a priority for action, investment or partnership that would be instrumental in tackling this main issue. Five key themes emerged within the action priorities suggested including:

- Innovation to reduce construction costs

- Extending the range of available housing options

- Industry capacity and skills development

- Making better use of existing homes

- Prioritising placemaking

The results were as follows:

| Housing Supply & Placemaking: Strategic Priorities for Action |
|---|
| Innovation to reduce construction costs |
| 1. Work with partners such as the Construction Innovation Centre to identify opportunities for new construction technology and approaches to lower development costs on Shetland |
| 2. Test the impact of using system building techniques and off site construction methodologies to lower development costs |
| 3. Deliver an option appraisal on the optimum development mix to enable the delivery of a wider mix of housing tenures on development sites, testing the economics of development |
| 4. Work with utility partners to align and coordinate housing and infrastructure investment programmes to speed up and ease housing construction |
| 5. Work with the Scottish Government to identify procurement and partnership mechanisms which provide access to building materials and development finance at lower costs |
| Extending the range of available housing options on Shetland |
| 6. Develop new supply models (e.g. low cost home ownership or shared equity) specifically targeted to first time buyers who are struggling to compete in the Shetland housing market |
| 7. Target housing options advice to younger people including advice on access to housing finance |
| 8. Pilot and test innovative approaches to meeting the housing needs of young people including tiny homes and collective facilities |
| 9. Develop market housing options targeted towards the growing population of older people including smaller, accessible homes in well-connected places |
| 10. Test the concept of creating intergenerational housing options where older people with underoccupied homes are matched to younger people seeking accommodation |

| 11. | Explore market and community appetite to develop retirement housing options for older people |
| --- | --- |

**Industry capacity and skills development**

| 12. | Work with schools and communities to develop routes and incentives into the construction industry, promoting construction as a career |
| --- | --- |
| 13. | Develop a coherent, multi-agency workforce strategy for the construction sector in Shetland ensuring that skills development supports capacity for investment in new and existing homes |
| 14. | Ensure land-use planning focuses on the creation of scalable housing construction sites to enable developer opportunities for volume building and improved economies of scale |
| 15. | Develop a range of flexible, short term accommodation options that can be used to attract skilled construction workers and development professionals on a short term basis |

**Making better use of existing homes**

| 16. | Identify opportunities to upgrade, subdivide and change the use of existing commercial or retail buildings to provide a greater range of residential housing options |
| --- | --- |
| 17. | Develop an empty homes strategy to enhance and grow the private rented sector, including landlord support and incentives |
| 18. | Encourage second/holiday home owners to consider offering flexible, short term lets to skilled and key workers enhancing the range of short term accommodation options available |
| 19. | Maximise the impact of existing homes through investment in retrofitting and energy efficiency measures |

**Prioritising placemaking**

| 20. | Ensure strong community engagement in placemaking processes aligning housing planning with workforce and economic development proposals and infrastructure projects |
| --- | --- |
| 21. | Leverage community support to proactively engage landowners in placemaking processes |
| 22. | Consider whether compulsory purchase powers should be used to support land assembly within a place based approach to joining up new homes with jobs and social infrastructure |
| 23. | Coordinate workforce planning into placemaking, aligning key workers and skills development with housing and infrastructure development |

## 4.2. House Condition, Energy Efficiency and Fuel Poverty

Analysis of housing system evidence, local priorities and a review of the current policy and investment opportunities suggest that 'improving housing condition, energy efficiency and reducing fuel poverty' should be a strategic priority within the new LHS.

As preparations begin for the development of the new Shetland LHS, it is important that partners and stakeholders have an opportunity to discuss whether this main issue should be a strategic housing priority over the next five years. To consult and engage stakeholders, two focus groups on this issue were held during the LHS Development Conference, with the outcomes of both groups detailed in the sections below.

### 4.2.1. Is this a main housing issue, and does it continue to be a priority for the LHS?

Stakeholders in both focus groups unanimously agreed that improving house condition, energy efficiency and reducing fuel poverty should be a strategic priority within the new Local Housing Strategy for Shetland.

### 4.2.2. What are the challenges we face in tackling this issue?

Several challenges to improving house condition, energy efficiency and reducing fuel poverty in a Shetland context were discussed in detail at each focus group.

Housing to 2040 sets out a range of energy efficiency standards for domestic homes. Whilst there's much debate on how to meet these targets across Shetland by 2040, there is less focus on how to ensure that the transition and implementation costs do not fall too heavily on Shetlanders, further exacerbating the housing affordability pressures experienced by many. To avoid this, it was agreed that households in the private sector need clear information, advice and assistance to access the grant funding schemes available to improve energy efficiency, as well as support to source reliable contractors who can carry out the work. It was noted that there is a key role for housing information and advice providers, including the One Stop Shop to enable homeowners to access the funding and support services available.

Labour and skill shortages in the construction sector in Shetland, also cause major concerns over contractor capacity to deliver energy efficiency improvement works to the agreed standards. Whilst there are competing pressures placed on the construction industry in terms of new build or improvement works in existing homes, there are also a limited number of skilled contractors to deliver.

> *"There's a lot of talk of transition and the cost to greater energy efficiency standards but how can we support these changes by linking households to the funding available and with a limited workforce/capacity to carry out the works?"*

Aligned to skills shortage and capacity issues, there are also questions relating to the Scottish Government's Heat in Buildings Strategy published in October 2021, which outlines a pathway to net-zero emission homes and buildings by 2045. The strategy sets a target for all homes to meet at least EPC Band C by 2033, with all social housing to meet EPC Band B by 2032. Furthermore, all homes that use high emission oil, LPG and solid fuels must convert to zero emissions heating by 2030. A Social Housing Net-Zero Fund has been established to assist social landlords meet the targets for the sector.

Stakeholders suggested that targets and dedicated funding streams could potentially divert contractors towards social housing improvement projects to the detriment of energy improvements in private sector homes. This is particularly problematic given the scale of private ownership in Shetland and in the current (very poor) energy performance of the sector.

> *"We touched on before the capacity issue, particularly Scottish Government funded projects for the 2045 target, which I think is going make it even more challenging for our contractors. It's also probably leading to a higher dropout rate than what we have seen before, particularly for the private sector. However, it is about maximizing the funded packages available for both private and social sector"*

The importance of ensuring that households in private housing can access available energy improvement subsidies and of enhancing the capacity of the local construction sector to carrying out energy improvement works, was reinforced by stakeholders as part of these discussions.

Whilst all stakeholders were supportive of meeting the energy efficiency standards outlined in the Heat in Buildings Strategy, it was argued that it may not be possible to meet the targets in all homes and that the LHS should take a practical view of this. It should be recognised that the starting position for Shetland is significantly more challenging than elsewhere in Scotland, with over three quarters of private sector homes in EPC Band D. This is made worse by the 30% of dwellings in urgent disrepair across Shetland, again higher than the Scottish average.

> *"There are certain properties that will never be brought up to standard. Some of them are in private ownership. Very few of will be in the affordable housing sector, but nonetheless it's important it forms part of the local housing strategy to look at that and see where improvements can be made, or benefits can be delivered"*

In addition to the questions regarding the compliance with Heat in Buildings targets, stakeholders expressed significant concerns regarding fuel poverty levels which could be exacerbated by a shift to low carbon fuel sources. It was noted that 31% of households in Shetland are estimated to be fuel poor compared to 24% in Scotland, with 22% of households in extreme fuel poverty compared to 12% nationally. Whilst stakeholders acknowledged that movement away from LPG and oil-source heating towards electric forms of heating is positive from a carbon capture and energy efficiency perspective, this may not lower heating costs or tackle the disproportionately high fuel poverty levels in Shetland. In this regard, stakeholders raised an important question over the cost of fuel sources:

> *"Has an Island impact assessment (of household costs) been conducted regarding fuel supply options?"*

No stakeholders were aware if such an assessment exists or is under consideration. If it does exist, the findings should be integrated in the LHS; if not, it is critical that research is performed quickly to inform future LHS objectives on fuel poverty. It was noted that a Scottish Government fuel poverty strategy is scheduled to be released by the end of the year, which included consultation with industry experts on Shetland.

Stakeholders suggested that the new LHS should explore the main barriers to improving fuel poverty on Shetland, evaluating the impact of pursuing alternative fuel sources and heating technologies. Findings should not only inform local strategies to achieve carbon emission and energy targets but should be used in information and advice materials to educate and inform the Island's residents on reducing fuel poverty.

Stakeholders agreed that the targets for improving house condition, energy efficiency and reducing fuel poverty are extremely ambitious but critical for the LHS, both in private and social housing sectors. There is widespread acknowledgement that all Shetland dwellings face a challenge to meet standards.

Analysis of this stakeholder evidence, concludes that the main challenges associated with improving house condition, energy efficiency and reducing fuel poverty in Shetland are as follows:

| Enabling energy improvement in private sector homes | Capacity and skills shortages in local construction sector | Challenging net zero and energy efficiency targets | Fuel poverty levels and cost of low carbon fuel |
|---|---|---|---|

### 4.2.3.  What's been proven to work and what are our priorities for action?

Informed by focus group discussion on the evidence provided, each participant was invited to identify a priority for action, investment or partnership that would be instrumental in tackling this main issue. Five key themes emerged within the action priorities suggested including:

- Investment in existing homes

- Improving energy efficiency

- Pursuing alternative, affordable fuel sources

The results were as follows:

| House condition, energy efficiency and fuel poverty: Strategic Priorities for Action |
|---|
| **Investment in existing homes** |
| 1.  Develop targeted information and advice services which encourage and enable private owners to invest in energy and carbon reduction improvements in existing homes |
| 2.  Encourage investment into older dwellings (hard to heat homes) through targeted grant assistance to private home owners |
| 3.  Develop and implement a demolition strategy for homes which will never meet minimum energy or carbon reduction targets |
| 4.  Continue to help improve the condition and accessibility of private sector homes in Shetland by promoting the Scheme of Assistance |
| **Improving energy efficiency** |
| 5.  Increase capacity and improve skills in the Shetland construction sector to develop workforce capability to achieve energy improvement standards |
| 6.  Identify harder to heat homes as a first priority in social housing energy improvement schemes and prioritise decanting and void management strategies which enable energy efficiency work to be delivered |
| 7.  Work with energy assessors to overhaul the EPC rating categories and to assemble credible intelligence on the energy performance of Shetland's homes |
| 8.  Develop a Shetland fuel poverty strategy informed by impact assessing the cost and performance of alternative fuel sources and heating technologies |
| **Pursuing alternative, affordable fuel sources** |
| 9.  Identify the potential for Community energy hubs, piloting activity within the social housing sector before extending to private sector households |
| 10. Explore the potential of generating renewable energy via wind turbines with income invested in a Community trust to lower fuel poverty |

| 11. Explore the potential for district heating systems in areas/homes which are hard to heat as an alternative electricity based systems (using Lerwick model as learning site) |
| 12. Promote the incentives for home owners to install solar panels and other renewal technologies |

## 4.3.  Specialist Housing and Independent Living

Analysis of housing system evidence, local priorities and a review of the current policy and investment opportunities suggest that 'improving the supply of specialist housing and promoting independent living' should be a strategic priority within the new LHS.

As preparations begin for the development of the new Shetland LHS, it is important that partners and stakeholders have an opportunity to discuss whether this main issue should be a strategic housing priority over the next five years. To consult and engage stakeholders, two focus groups on this issue were held during the LHS Development Conference, with the outcomes of both groups detailed in the sections below.

### 4.3.1.  Is this a main housing issue, and does it continue to be a priority for the LHS?

Stakeholders in both focus groups unanimously agreed that, yes, improving the supply of specialist housing and promoting independent living should be a strategic priority within the new Shetland Local Housing Strategy.

### 4.3.2.  What are the challenges we face in tackling this issue?

A number of challenges to improving specialist housing and independent living opportunities in Shetland were discussed.

Stakeholders agreed that a limited supply of specialist housing was the key challenge in Shetland, and this was a barrier to living well and promoting independent living. It was noted that there had been a move away from sheltered housing provision towards general needs and this may have exacerbated the supply problem. However, there was also recognition that models of care and people's aspirations had changed since many of the current developments were originally built. The Brucehall development was heralded as a great example where this concept not only delivers a more efficient support model for the public sector, but it offers residents a better quality of life, a ready-made community and is often a more financially viable option than moving into residential care.

> *"we want to keep people in their own homes as opposed to putting them into care homes. It must be incredibly distressing to find yourself in residential care where you don't want to be, and you have to sell your house to pay for it"*

Due to the limited housing options available, particularly for older people, it can often lead to people under occupying their homes. This in turn can lead to significant investment needs when properties do become vacant. The lack of incentives to downsize was viewed as a barrier to independent living as were the challenges associated with physically moving house both in terms of cost and logistics.

> *"one of the problems we're seeing quite regularly is people under occupying their property and for quite a long time. By the time that we get it back, the house can be in serious disrepair as there has been no heating on in parts for an age. It then takes a lot of time and money to bring it back up*

*to standard. There's light at the end of tunnel though as we can now install environmental monitors that alert us to conditions before they become too problematic"*

The ageing stock in Shetland was also viewed as a challenge by stakeholders. Older properties were built before building standards required the need for accessibility measures so there is a real challenge both in terms of suitability for adaptations as well as the cost implications of making these homes accessible.

*"we have to battle all the time to make houses accessible, it's a real challenge especially with older stock that was built with a whole lot of steps and narrow doors. The cost for the Council houses falls on the tenants and that doesn't seem fair"*

The geographical spread means it is difficult to provide support in more rural/island areas particularly with a limited supply of social care and health care workers. As such, there can be an overreliance on communities to support those in need. Stakeholders expressed concern that a lack of affordable family homes in rural areas was driving families away, with remote communities becoming less resilient and more reliant on formal support services. This also forces people with support needs to move away from where they want to live. Linked to this was the issue of transportation and the lack of knowledge about who might currently be disadvantaged by existing transport provision e.g. wheelchair users. This baseline information is needed before projections can be made on future needs that can be expected with a growing older people population.

*"We need mixed communities to make them more resilient so more family homes in rural parts of Shetland are needed"*

The projection in the number of older people was a concern for stakeholders but so too was the increasing number of young people with complex trauma and mental health issues who were leaving the family home and require support to enable them to live independently and well. It was recognised by the Group that young people leaving care generally had good access to housing and support services as a priority group, but there is a real struggle for access to housing and support services for other young people.

*"we seem to have a lot of young folk escaping abusive or unsafe situations at home but there is a gap in support that can help them with skills to live independently. Most of us wouldn't ask our 16 year old child to start a tenancy and work simultaneously, so we need some kind of strategy to support these vulnerable young people"*

The challenges around offering support and services to those with very specialist needs was discussed by stakeholders. Specialist client groups tend to be of such small numbers it is often impossible to provide specialist care services in Shetland. Coupled with this, was a lack of emergency housing or a crisis response service resulting in support only being offered in out of area placements.

Being unable to quantify unmet and emerging needs was discussed as this was preventing service areas from being proactive rather than reactive. Two particular groups were noted as a cause for concern:

1. young adults with care and support needs who are currently being cared for by ageing parents, who soon may be unable to continue their carer role

2. substance users whose health needs are advancing and who may need access to residential support services at an earlier stage.

*"I don't feel like we collect the information about people coming up. We know all these people who are in schools at the minute and we're not collecting that information as it's coming up. There is a ticking time bomb in that quite a lot of our people with learning disabilities live with their older parents"*

*"A 50 year old substance user can have the health conditions of an 80 year old so it won't be long before this group of people need support and extra care"*

The Group could see there was good working relationships across the public services but as teams often focus on their own priorities, there is a need to agree shared objectives so that swift and effective action and support can be made available. Currently the IJB's remit excludes children services, and this can often cause issues as children with support needs transition from child to adult services (albeit there is work underway to review this).

*"We have a small enough geographical area that we should be able to get the right people round the table, but people have different priorities"*

Affordable housing supply in general was viewed as a challenge by stakeholders with key workers from health and social care often competing with construction workers for available accommodation. The lack of housing is an issue in attracting care and support staff to Shetland and there is currently a shortfall in staff in these areas. There is a need to increase the supply of key worker housing and while perhaps not having tied housing there needs to be homes available to sustain public services both now and as demand increases in the future.

*"I currently have a lodger who works at the hospital as they literally couldn't find anywhere. It's not ideal for either of us so it's a real problem when we can't even house the people who are coming here to work in our hospital"*

Analysis of this stakeholder evidence, concludes that the main challenges associated with improving specialist housing and independent living opportunities in Shetland are as follows:

| Limited supply of specialist housing | Ageing housing stock | Access to support in rural areas | Demographics and increasing support needs | Sustaining public services |
|---|---|---|---|---|

### 4.3.3. What's been proven to work and what are our priorities for action?

Informed by focus group discussion and the evidence provided, participants were invited to identify priority actions, investment or partnership that would be instrumental in tackling this main issue. Five key themes emerged within the action priorities suggested including:

- Increasing supply of general and specialist housing
- Developing young people services
- Improving house condition
- Enhancing Housing Support services
- Improving intelligence on unmet and emerging needs

The results were as follows:

| Specialist Housing and Independent Living: Strategic Priorities for Action |
|---|
| **Increasing supply of general and specialist housing** |
| 1. Develop affordable family homes in the rural part of Shetland to help sustain mixed communities so they continue to be resilient and less reliant on formal support |
| 2. Increase the supply of homes that are available to accommodate key workers in the health and care sectors |
| 3. Build more mixed needs housing development that use the Brucehall site as an exemplar |
| 4. Offer incentives and support for older people to downsize into smaller, more accessible homes |
| 5. Consider core and cluster provision to provide effective and efficient care model for key client groups |
| 6. Consider repurposing vacant public properties from the Knab development for specialist provision |
| 7. Encourage adopting the 'Homes for Life' concept in new build developments via local planning policies |
| **Developing young people services** |
| 8. Develop a strategy that supports vulnerable young people to sustain tenancies, enabling them to live well and independently |
| 9. Consider creating supported tenancies within the Anderson hostel to utilise any spare capacity but also to 'normalise' support for young people |
| 10. Develop a temporary or interim facility to enable young people to become 'tenancy ready' especially young people who are not care experienced but who have support needs |
| **Improving house condition** |
| 11. Promote the use of environmental monitors to prevent disrepair in under occupied homes |
| **Enhancing Housing Support services** |
| 12. Promote the housing support service, raising awareness and understanding that it is available to households in all housing tenures |
| 13. Review housing support services so they can be provided in a flexible way to meet individual needs |
| 14. Consider the concept of core and cluster provision for key client groups, so care and support can be provided on a step up/step down basis and is not linked to property |
| **Improving intelligence on unmet and emerging needs** |
| 15. Develop and share intelligence on families and individuals whose needs are/will be changing so proactive solutions can be provided (e.g. young people leaving home with support needs, ageing carers, substance users, children transitioning to adult services) |
| 16. Develop a better understanding of other support/voluntary sector agencies both locally and nationally |

## 4.4. Homelessness and Housing Options

Analysis of housing system evidence, local priorities and a review of the current policy and investment opportunities suggest that 'tackling homelessness through the provision of proactive housing options services' should be a strategic priority within the new LHS.

As preparations begin for the development of the new Shetland LHS, it is important that partners and stakeholders have an opportunity to discuss whether this main issue should be a strategic housing priority over the next five years. To consult and engage stakeholders, two focus groups on this issue were held during the LHS Development Conference, with the outcomes of both groups detailed in the sections below.

### 4.4.1. Is this a main housing issue, and does it continue to be a priority for the LHS?

Stakeholders in both focus groups unanimously agreed that, yes, tackling homelessness through the provision of proactive housing options should be a strategic priority within the new Local Housing Strategy. It was noted that:

*"Homelessness and housing options needs to be very prominent in the LHS and a key priority, given the Scottish Governments vision to end homelessness by 2040"*

### 4.4.2. What are the challenges we face in tackling this issue?

A number of barriers to tackling homelessness in Shetland were discussed and prioritised in terms of influence.

Stakeholders talked at length about the importance of homelessness prevention, with key prevention challenges identified around funding and multi-agency working. Groups also discussed the prevention activity which is currently proving to be successful in both preventing housing crisis and in supporting tenancy sustainment.

*"Housing education to young people needs to continue, we need to ensure that we work in partnerships with Secondary Schools to provide housing options advice and be more pro-active rather than allowing it to reach crisis point"*

In tackling homelessness, stakeholders agreed that better multi-agency working and decision making is crucial, so that risks to housing sustainment are identified and mitigated early, with coordinated partnership interventions to avoid crisis.

*"Prevention should be a key priority; we should be working with individuals and families and identifying sustainment issues before they reach crisis point. The way to achieve this is through multi agency partnership, joint working and signposting. A much more combined effort is required and housing support should be brought in by other agencies at a much earlier stage".*

The group also discussed the importance of improving and promoting housing information and advice:

*"(we need to) raise public awareness of prevention services and promoting housing information and advice should be a key priority in the new Shetland LHS"*

It was also suggested that there needs to be greater awareness raising in local communities of what homelessness is:

*"There needs to be wider awareness raising about what we mean by homelessness and 'threatened with homelessness'. There is a myth locally about what homelessness actually is"*

Another key theme that was discussed by stakeholders was the RRTP vision to reduce the use and length of stay in temporary accommodation in Shetland. It was recognised that this is a major challenge as most homeless applicants are single people, creating a need for more 1-bedroom/smaller properties to meet the needs of homeless households. A priority should therefore be to test the development economics of increasing the supply of 1-bedroom properties or whether other options should be pursued e.g. alternative accommodation models or reconfiguring/subdividing of existing buildings no longer in use.

*"The biggest challenge is having the right supply in the right place and of the right size to meet to meet demand"*

One stakeholder also shared an example where a homeless person was in temporary accommodation for such a long period of time, they successfully built a social network and community connections. However, when they were placed in settled accommodation, due to a lack of supply in the area they had settled in, they were taken away from these support networks, which resulted in them presenting again as homeless.

*"We need to consider the social needs of the individuals; it shouldn't just be about the allocation of a home"*

Stakeholders also raised the point that housing policies can be a barrier in achieving the right outcomes for people and that we need to find creative and person-centered ways to manage allocation and homelessness duties:

*"Legislation is at odds with what our strategies are trying to achieve - it needs to be more flexible so that we can give people more choices and so they can achieve the right outcome for them"*

Analysis of this stakeholder evidence, concludes that the main challenges associated with tackling homelessness through the provision of proactive housing options services in Shetland are as follows:

| Prioritising prevention and early intervention | Multi-agency interventions to avert housing crsis | Community awareness and social networks | Increasing the supply of smaller homes |
| --- | --- | --- | --- |

### 4.4.3. What's been proven to work and what are our priorities for action?

Informed by focus group discussion and evidence provided, each participant was invited to identify a priority for action, investment or partnership that would be instrumental in tackling this main issue.

Five key themes emerged within the action priorities suggested including:

- Improving access to settled housing supply (/reducing the length of stay in temporary accommodation)

- Improve homelessness prevention activity

- Improving house condition

- Enhancing Housing Support services

- Improving intelligence on unmet and emerging needs

The results were as follows:

| Housing Options, Information & Support: Strategic Priorities for Action |
|---|
| **Improving access to settled housing supply (reducing the length of stay in temporary accommodation)** |
| 1. Consider the ability to flip temporary tenancies where individuals have settled in temporary tenancies for long periods of time |
| 2. Consider the repurposing/change of use of commercial or public sector buildings to provide housing options for homeless households |
| 3. Consider the development of interim accommodation models for young people to enable them to be ready to sustain a tenancy |
| 4. Review the allocations system to offer more flexibility in meeting the needs of homeless households i.e. right place, right support |
| 5. Explore low-cost housing via provision of bedsit accommodation as an interim accommodation option. |
| **Improve homelessness prevention activity** |
| 6. Improve joint working with multi-agencies to identify households most at risk of homelessness (rather than being at point of crisis) |
| 7. Improve communication/referral pathways into homeless services by Council teams and other agencies who may identify households at risk |
| 8. Improve communication to raise public awareness of what is homelessness and availability of housing support options and homeless prevention services |
| 9. Build on the housing options education programme for all senior pupils in Shetland secondary schools |
| 10. Make homelessness more of an issue which inspires positive community responses including promoting community support networks for those experiencing housing crisis |
| 11. Make sure appropriate support services/networks are in place in all areas of Shetland (rurality needs to be taken into consideration) |
| **Embedding ending homelessness in strategic planning** |
| 12. Ensure that RRTP assumptions are aligned to the Strategic Housing Investment Programme in Shetland, encouraging the development of affordable homes for single people |
| 13. Ensure that the RRTP vision is aligned to all other strategic plans to ensure that a multi-agency approach to tackling and preventing homelessness is achieved |

## 4.5. Main issues: Refining Ideas and Options

The focus groups on LHS priorities were designed to enable stakeholders to define a range of potential policy interventions to address each main issue. The ideas generated will now be used as the basis of defining a range of policy options which should form the basis of LHS actions. To

achieve this, a further range of consultation activities will be held to assess and refine the policy interventions identified. Further consultation and engagement will therefore be held to assess the ideas for action and intervention defined by LHS stakeholders under each main issue by:

1. eliminating options that should not be taken forward

2. providing further definition to ideas using SMART principles

3. identifying gaps which should be addressed through further option definition.

The refined policy interventions will form the basis of LHS actions under each main issue as the draft LHS framework builds through consultation and engagement. These actions will be subject to option appraisal to finalise the 2022-27 LHS Action Plan.

## 5. Intervening in the Shetland Housing System: One Key Action

In closing the conference, stakeholders were asked to reflect on all the evidence shared, discussions held, and ideas generated to define the one single action that would have a positive and lasting impact on the operation of the Shetland housing system.

The outcomes of this final exercise are as follows:
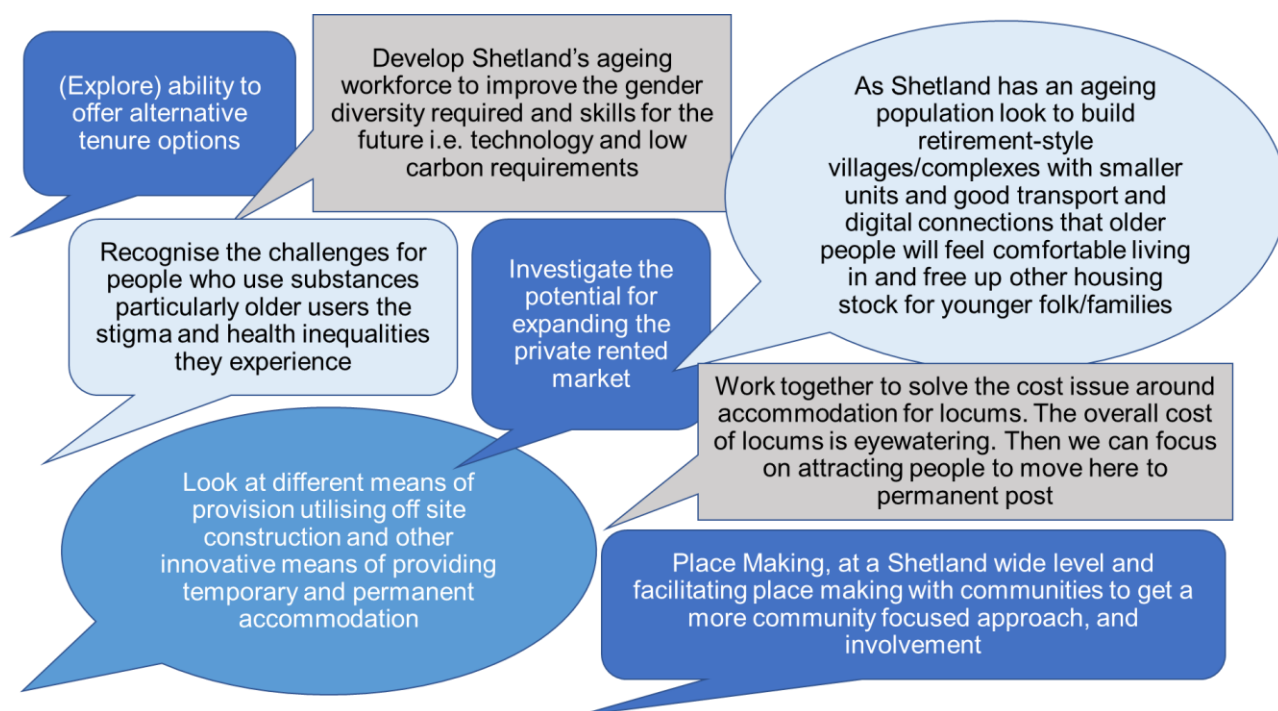


## 6. Next Steps

Having drafted a vision for the Local Housing Strategy and identified policy interventions to tackle the main issues facing Shetland's housing system; Shetland Islands Council's next priority will be to review Conference outcomes with subject matter experts to further validate and add value to these outputs in the next round of LHS development.