



Scottish Futures Trust

Island Housing Group Session 5
2:00pm Thursday 28th November 2024

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Meeting with the Scottish Futures Trust
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This meeting of the Island Housing Working Group welcomed Diarmaid Lawlor and Niall Curran of the Scottish Futures Trust (SFT) as guest speakers, to give an overview of SFT's work in housing. SFT is a company owned by the Scottish Government which supports infrastructure projects, and its housing team is responsible for developing initiatives and solutions that support the delivery of SG plans to deliver 110,000 affordable homes by 2032.

1. Diarmaid Lawlor, Scottish Futures Trust

Diarmaid gave a brief introduction to SFT, and in follow up to the housing discussion at the Cross Party Group on Islands, suggested 3 key areas for SFT to potentially explore further in an island context:

Island housing cookbook: creating an island cookbook to provide island specific guidance was suggested at the CPG. It could include elements around different housing types and tenures, suitable design specifications for an island context, options to realise economies of scale, technical guidance to provide support and reduce costs at the pre-construction stage, policy links as well as mapping funding and investment opportunities.

Diarmaid believed that the work SFT is currently progressing with HIE, and the Communities Housing Trust could help develop the cookbook. This includes:

- work on pipeline mapping using local needs assessment and aggregation of demand to give a visible pipeline and bigger picture of economies of scale,
- types of building, currently being piloted through the Edinburgh Demonstrator project to develop a standardised approach to different house types with a view to creating benchmarks that would enable pre-consent, HIE is looking at this in a rural context,
- housing standards and how housing types fit within the regulatory requirements.

Key worker housing: Diarmaid's colleague in SFT is doing a lot of work on key worker housing around the definitions, the flexibility of definitions as well as allocations with public authorities and nomination agreements. Working with Brodies, legal opinions on these have been produced and an interesting point highlighted on the potential to use the existing wellbeing powers within the Local Government Scotland Act. In terms of the wellbeing of a place or population there are already powers in place to allow certain allocations.

(Shared in the chat by Diarmaid - One of the pieces of legal advice on Key Worker Housing from Brodies for SFT is here: [key-worker-housing](#) and this is the more detailed advice

from Brodies: [advice-in-connection-with-questions-arising-in-respect-of-key-worker-housing](#). This piece on Town Centre Living is also relevant; town centre is a broad definition. This work is moving towards building an agreement with Scottish Government to look at 5 places over 5 years to create greater readiness for investment. That is a mix of revenue support and connecting across capital funds: [town-centre-living-report](#)).

A further piece of SFT work is exploring options for interventions along similar lines to National Housing Trust. This was set up as a result of the financial crash in 2008 and was a partnership between councils, developers and SFT that aimed to advance housing. A lot of governance and structure was set up through this model and with the initial phase coming to an end, SFT is exploring what a “mark 2” could look like and deliver, with potential to pick up possibilities around mid-market rent, worker accommodation as well as partnerships that could be specific to place or across a series of places.

SSEN: Diarmaid noted an interest from island communities in working with SSEN on legacy housing and services. SSEN is currently bringing in a new property director and SFT is facilitating discussion to build an understanding of SSEN needs, the locations of the needs and how these can be translated through new or existing sites, co-working with developers and potentially communities. This work is at an early stage and Diarmaid would be keen to discuss further with the housing group as it progresses.

2. Niall Curran, Scottish Futures Trust

Part of Niall’s work within the SFT housing team is exploring opportunities for increasing housing investment and how to make investment reach further through additionality. This includes looking at enabling structures as well as the role of the public sector to lever in investment and making sure investment is in the right place.

SFT takes part in the Scottish Government Housing Investment Taskforce which is still at a fairly early and general stage rather than looking at specific outcomes or locations. It is currently looking at how to achieve scale as most investment favours the largest investment possible within one transaction, but such scale required can be difficult to achieve within Scotland. Niall noted that HIREP is exploring the investment landscape within rural areas.

An aggregation approach can be a challenge in rural and island communities where often individual communities may deliver one or two houses and where ‘number of houses’ is currently the key measure used to determine levels of support and investment. SFT is working to encourage the measurement of wider outcomes and impacts, as well as the need to reflect rural and island challenges around cost of building.

(From Diarmaid in the chat - this is the Edinburgh Home Demonstrator model. It is urban, and it is city. However, the principles behind it around aggregation touch on Niall’s point on impact investment. The idea in this project is to create a big programme that can serve many places. There are versions of this set of principles that may work in the island context: [Layout 1](#)).

Looking across various funds such as RIHF, key worker fund etc, there could be a more cohesive approach and better alignment to enable funds to complement each other. Currently councils, as the local planning authority and statutory housing authority, lead on key worker housing and need to clearly assess demand along with specific detail on the definition of a key worker, targets, locations and type of home and tenure as well as ensuring the demand can't be met through another route (such as non-targeted MMR or other tenures), and that such a development won't compound difficulties in terms of pipeline and gaps across different tenures. This needs to be reflected in local authorities' various plans and statutory documents order to demonstrate key worker housing is an appropriate outcome or use of their powers. Perhaps more, however, can be done to ensure and recognise that community housing can be a "deliver-er" for this – both in plans, specific delivery discussions, and coherence across funds.

In terms of SSEN, Niall added that discussions are at an early stage and largely focussed on Local Authorities to determine local needs and opportunities around legacy homes. SSEN has had to make a robust case to Ofgem, which controls its spending, to invest in housing.

Finally, Niall advised that although it is working on many areas relevant to the success of the RIHAP, SFT was not invited by the Scottish Government as a stakeholder for this workstream. As the action plan progresses, there are potential benefits and wider connections to SFT being involved and support from the working group in making a case for this would be welcomed.

3. Questions and discussion

Key worker: a number of comments in the chat questioned the terminology used around key worker housing. In island and rural places all workers are essential in keeping the community viable and resilient and therefore the preference would be to drop the 'key' and focus on 'worker housing'.

Scale: Lucy, Isle of Eigg Heritage Trust, emphasised that when thinking about the word "scale" it's not always about number of units, but also the % of local housing a comparatively small number of new houses would make. e.g 4 new houses in a community with 100 existing is as much of a scale up as 40 houses in a larger community. So as well as the word "key" can we also consider "scale".

Investors: Luke, North Ronaldsay Trust agreed that in small islands the chance for a good financial return on investment, given the small size and high cost of development, is negligible. However, the chance of a good social return on investment, something that would be excellent for PR, is significantly higher than other places and this needs to be pushed within the investment discussions. Luke is working with Social Value Engine to enhance how they report social value on a really small scale, for example, one house in North Ronaldsay can keep the school open, keep the ferry running etc but is impossible to report using existing tools.

Strategy: considering all the strategic housing discussions currently taking place that include councils, housing associations, SG, HIE, SFT etc, Luke asked, where are we? where are the actual communities in these conversations? The potential for island communities is huge but there is concern and real frustration around the status quo where the communities that will ultimately deliver housing, have the experience of what works and the ideas around how things could work better, are told what is going to happen rather than being at the table as an equal stakeholder in the policy development.

SSEN is a key example where opportunities will be missed if communities are out of the loop. There may be a legacy of some serviced sites, but this falls well short of what could be achieved if early discussion included the expertise, energy, innovation and ambition of actual communities.

Luke emphasised that council's aren't communities, and communities want to be involved, and to bring solutions and ideas to the table. The RIHF, for example, although not perfect, has been brilliant. As it comes to an end, bring communities into the development to help and design an even better programme for the next parliament.

Comments in the chat agreed with Luke's point - community orgs need to be at the table too, and not expected to deliver by following a cookbook of previous experience. Let them be there at the table innovating alongside LAs, SFT etc.

Worker accommodation: Helen spoke of frustration over the lack of progress on worker accommodation and communities. MICT is working with the council on a significant project in Tobermory. It's a worker accommodation development but MICT (and the Council) can't access the worker accommodation fund and the RIHF doesn't offer the flexibility to deliver worker accommodation – through the RIHF you need to apply a private residential tenancy which means the properties can't be leased to a business which therefore means it can't be worker accommodation. This issue has been raised with the Minister for Housing, senior government and the council but it feels like communities aren't being listened to. Helen asked what can be done to move this conversation on?

Diarmaid: taking on board the discussion on communities being heard and having a seat at the table in strategic discussions, Diarmaid suggested SFT, through its own role in these discussions, could: [a] come back to the group with some suggestions on how to SFT could use its roles and involvement in different groups to create a space to listen to community voice [b] provide some further insights around the Impact Investment options.

Niall: going back to the points around scale and social return on investment, Niall confirmed these are absolutely a live consideration, noting that a focus restricted to number of homes alone often leads to the wrong type of home in the wrong places. Niall

also believed that as affordable homes are the political priority, it would take quite a shift to increase support to economic and sustainability needs and other tenure types.

Community input: John, Mull CC & MICT wanted to highlight how key it is to speak to communities first. As a live example, SFT approached Argyll & Bute Council regarding applying for the Learning Estate Investment Programme. The Council then applied and was successful in attracting funds for a new 2–18 campus for Mull. This is planned for a central location which is much needed to stop children having to go to Oban but will mean closing Tobermory Primary School and Early Years Nursery which is unthinkable. The development, as it stands, isn't right for the island and the council should have spoken with the community first to find out what was actually needed and where. Early consultation with communities is absolutely critical to making projects that work,

4.RIHF

The RIHF is due to close in 2026, and Helen had shared concern within the working group - MICT and Dunvegan Community Trust have both recently had EOI's rejected as they can't guarantee projects will be complete by March 2026. All agreed this could be a massive backward step that could see a huge amount of time and momentum lost and create real difficulties around retaining staff and expertise. We have a national housing emergency and as with the Affordable Housing Supply Programme, which is continuously funded, there needs to be a move away from short-term funding for community-led activity. **It was agreed that, working together, the working group could build on its position paper to provide input into what is needed from a future version of the fund.**

Revenue funding: Lucy spoke of the extreme difficulty community development trusts, which are often expected to be the panacea for all sorts of island and rural housing issues, have in delivering these huge outcomes against a backdrop of barriers, limited funding, limited voice, and the relentless and difficult task of trying to sustain the organisation and development manager role, year after year. Unlike councils and support bodies involved in housing which all have permanent staff, community development trusts don't have that luxury and if the Scottish Government genuinely wants the trusts to be part of the solution to housing and population, it needs to act on the revenue challenge and make sure they are at the table and asked about delivery context is, as very often, funding and organisations designed to support housing delivery can actually turn into further hurdles for communities to find pathways around.

Niall: SFT is very aware of the issues surrounding capital funding without the revenue funding needed to develop and manage capital projects and asked what the Minister had suggested when asked about this matter. Helen advised that a meeting with the Minister, Argyll & Bute Council, Housing Associations and Development Trusts had been organised by Jenni Minto MSP in April, where frustrations were discussed and the Minister noting that if the system isn't working, we need to change the system but there has been no further communication since then.

It was discussed that a shift away from the current cycle of short-term, project by project, capital funding and towards a more holistic approach that considered the long-term sustainability and development place of the community and combining the capital and revenue needed to deliver could lead to much better outcomes.

In the meantime, even discussion on how existing funding, such as the keyworker fund, could be made slightly more flexible could be transformative for communities.

5. Position paper and points for the CPG Islands meeting on the

The draft update of the working group position paper had been circulated and aimed to capture the key points raised by members at the meetings and the last CPG meeting. All members of the group were invited to feedback any changes or additions by Wednesday next week. The next CPG Islands meeting is on the 11th December and will give an opportunity to discuss the key messages with the Minister.

6. Next meeting(s)

Taking the topics suggested by the group planned meetings were agreed as follows:

- Thursday 23 Jan at 2pm - property purchase and renovation
- Thursday 27 Feb at 2pm - worker accommodation & legacy homes
- Thursday 27 Mar at 2pm - retrofitting homes
- SRIP Roadshow: as part of the legacy of the 2023 SRIP, the working group is invited to design and deliver an in-person event on housing which will include elements of learning exchange, as well as identifying points to feed back to policy and potentially the next Scottish election.
- Meeting with Minister – agreed that members invite the Minister to a meeting with the group early next year, and within the email highlight the concerns raised on continuations of the RIHF.

Meeting attendees:

Andrew Prendergast, Isle of Canna Development Trust

Diarmaid Lawlor, SFT

Donna Smith, Tighean Innse Gall

Elizabeth Taggart, Raasay Development Trust

Euan Scott, Barra & Vatersay Community Ltd

Jane Metcalfe, Isle of Coll Community Council

Jennifer Foley, Papay Development Trust

Jenny MacLaren, Isle of Eigg Heritage Trust

John Maughan, Mull Community Council

Kate Payton, Mull and Iona Community Trust

Lucy Conway, Isle of Eigg Heritage Trust

Luke Fraser - North Ronaldsay Trust

Mali MacLennan, Dunvegan Community Trust

Helen MacDonald, Mull & Iona Community Trust

Niall Curran, SFT

Rebecca Long, Isle of Eigg Heritage Trust
Sheena Borthwick-Toomey, Arran Development Trust