



Strategic Housing Investment Plan (SHIP)

Guidance Note on Requirements for SHIP New Build Developments

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Introduction

The Housing (Scotland) Act 2001 (Section 5) sets out the specific role of the strategic housing authority. This outlines the strategic housing function of the local authority to ensure that the actions required for housing supply, quality and access to housing are delivered. Orkney Islands Council's policy as set out in the approved Local Housing Strategy (LHS) to fulfil its housing strategic and enabling housing role is as follows:

- Leading and co-ordinating all activity relevant to implementation of the Local Housing Strategy.
- Establishing and servicing the Orkney Housing Market Partnership to understand the function of the housing markets across the islands and develop and monitor policies and strategies to meet those needs.
- Co-ordinate action across public and private sectors to ensure the strategies and actions plans are completed.
- Report to the Housing Market Partnership quarterly and the Council and Scottish Minister annually on progress with the action plans.
- Develop a Strategic Housing Investment Plan (SHIP) annually for the development of new affordable housing supply through a range of partners.
- Ensure implementation of the SHIP programme by working in partnership with Scottish Government More Homes and internal Council services, and coordinating the activity of RSLs and Development Trusts, private developers and others involved in new housing supply.

Purpose of Orkney SHIP Guidance Note

In its role as the Strategic Housing Authority, the Council determines the priorities for delivery and funding of affordable housing across Orkney through the SHIP on an annual basis. The SHIP is reviewed and approved annually. From November 2025, there will be a range of delivery partners to develop new affordable housing supply in Orkney – Orkney Islands Council, Orkney Housing Association, Places for People Scotland and different Development Trusts.

One action in the [Local Housing Strategy 2024-2029](#) under the More Homes priority is to:

“Develop a common affordable housing specification to improve efficiency and design out cost.”

The Council and its partners are not yet in a position to develop a common housing specification. However, the Council does wish to provide some high-level guidance on space standards which will impact on value for money considerations and fundability through the Affordable Housing Supply Programme / Rural Housing and Islands Fund.

In addition, the guidance note sets out the Council's policy for provision of Mid-Market Rent (MMR) housing, and the priority groups that should be housed in MMR, as per the approved Essential Workers Housing Strategy.

New Affordable Housing Supply Processes

This note provides guidance on the steps that the Strategic Housing Authority expects to be taken by affordable housing providers when developing new housing which is included in the SHIP.

This procedural guidance is not intended to cover the requirements for statutory consents including Planning Permission and Building Warrant. These are an integral part of the development process but have separate processes to obtain consent.

The Housing Authority has developed a process which must be used for all new projects approved through the Affordable Housing Supply Programme process. This is to create certainty up front in the process to ensure that:

- Projects align with the Housing Needs and Demand Assessment and other evidence on housing need/demand.
- Projects align with the SHIP as approved by the Council.
- Projects align with the Local Development Plan and associated design documents.
- Likelihood of receiving planning permission and other statutory consents is maximised, with suitable early engagement and pre-planning discussions undertaken with the Planning Authority, and with the Building Standards team as required.
- Projects are likely to be funded through the Affordable Housing Supply Programme or RIHF, including any Council gap funding for RIHF projects.

The procedures appended will be used for:

- Council housing projects approved through the Capital Approval Process.
- RSL housing projects where Council land is acquired for the development.
- RSL housing projects where non-Council land is used for the developments.
- Development Trusts projects.

Quality Standards

This guidance should be read in conjunction with Scottish Government relevant procedures including [Affordable Housing Supply Programme \(AHSP\): process and procedures MHDGN 2023/01](#) which is periodically reviewed.

The Council's overall objective is to achieve the right balance between building quality housing, which is fit for Orkney's living environment, combined with maximising value for money and delivering the maximum number of houses possible with the Scottish Government AHSP grant available.

For new build, refurbishment and conversion projects, the amount of Scottish Government grant funding requested by housing developers is compared with the applicable affordable housing investment benchmark. This must be agreed before

progressing to tender stage to determine how the funding application will be assessed.

The minimum quality standard for social housing is the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH). These standards do not apply to Mid-Market Rent and low-cost home ownership. All new housing supply must comply with Building (Scotland) Regulations, gain Planning consent, and the AHSP guidance also includes recommendations for digital enabled homes, and space for home working.

The minimum space standard required for houses funded through the Affordable Housing Supply Programme is currently Housing for Varying Needs (HfVN), as set out in the Scottish Government process and procedures. However, it is noted that some of the HfVNs space standards are outdated. To provide a guide for space standards for Orkney's SHIP projects, advice has been taken from the Highlands and Islands Scottish Government More Homes team.

Proposals for Orkney's SHIP projects may have space standards between the minimum of HfVN and the higher Highland Council's Firm Foundations standards as set out below. Firm Foundations is used as a comparator standard as it is known to be acceptable for Scottish Government for funding purposes.

It is expected that different standard house types may vary by affordable housing developer, but generally, it is not expected that space standards will be higher to that of Firm Foundations. There may be flexibility on a project-by-project basis. The Planning Authority will consider requirements for outside space.

	Number of People (i.e. bed spaces) per dwelling	Gross Floor Area including General Storage (m ²)	Gross Floor Area Wheelchair Accessible including General Storage (m ²)*
Single Storey Homes	1	33.00	
	2	48.50	
	3	61.00	74.00
	4	71.50	84.00
	5	83.50	108.00
	6	92.00	120.00
	7		128.00

	Number of People (i.e. bed spaces) per dwelling	Gross Floor Area including General Storage (m ²)
Flats	1	32.50
	2	49.00
	3	62.00
	4	75.50

	Number of People (i.e. bed spaces) per dwelling	Gross Floor Area including General Storage (m ²)	Gross Floor Area Wheelchair Accessible including General Storage (m ²)*
Two Storey Homes	2	62.50	
	3	75.00	
	4	86.00	
	5	99.00	
	6	107.00	
	7	123.50	

Should affordable housing developers have space standards which are significantly greater than these guidelines, it should be recognised that their housing proposal may not be funded to the extent that the applicant anticipates. A balance should be struck between higher standards and overall value for money, and fundability should be discussed at an early stage in the design process. The procedures below set out the key stages where the housing Proposal must be agreed with the Strategic Housing Authority including the proposed client group, house mix, type, tenure, size, space standards and outline programme. It is also expected that there is also early engagement with the Planning Authority on any proposals in advance of the housing proposal discussion/approval with the Strategic Housing Authority, and in advance of final Planning application.

Mid-Market Rent (MMR)

Orkney Islands Council approved the Essential Workers Housing Strategy on 27 March 2024. This set out the scarcity of housing options in Orkney for newly emerging households, as well as for key workers and other essential incoming households required to sustain and develop Orkney's communities and local economy. MMR is sub-market rented housing funded by Scottish Government and is seen as a key housing option to be developed in Orkney to complement social housing and low cost or entry level home ownership options.

The [Council's updated MMR policy](#) was approved on 27 March 2024. This set out the priority for MMR for all affordable housing developers will be given to key workers and other essential workers in key public and private sector industries.

Priority will be given to the following, ranked in priority as listed below:

- Social care staff – employees of Orkney Islands Council and employees of agencies providing social care services on behalf of Orkney Islands Council.
- Council staff required to deliver essential public services.
- Health staff – employees of NHS Orkney and employees of agencies providing health services on behalf of NHS Orkney.
- Other employees or contractors required to deliver essential public services.
- Construction workers required to support Orkney's local economy.
- Hospitality workers required to support Orkney's local economy.
- Other workers that can demonstrate their working status is essential to help sustain Orkney's communities and local economy.

Procedures

Council Houses New Build Process

CPA Stage.	Activity		
CPA 0.	Appoint Project Sponsor and Project Manager.		Housing (Head of Service).
CPA 0.	Confirm site need and suitability (demand, LDP/SHIP, high-level risks and utilities).		Housing / Planning / IOD.
CPA 0.	Include project in SHIP and agree preferred site with OIC Housing Authority.		OIC Housing Authority / ECH.
CPA 0.	Maintain SHIP / SG discussions and initial funding assumptions.		Housing / SG.
CPA 0.	Early discussion with IOD on identification of Delivery Team resources.		Housing / IOD.
CPA 1.	Early engagement with Planning for pre-planning advice – group meeting with IOD colleagues.		Planning / Housing / IOD.
CPA 1.	Define project brief or employers requirements (for D&B route); agree with IOD and Head of Service (mix, standards, programme).		Housing / IOD.
CPA 1.	Confirm land requirements and title (ownership, burdens, land valuation).		Housing / Finance / Estates / Legal.
CPA 1.	Undertake early utilities and energy checks (SW PDE, DNO advice).		IOD.
CPA 1.	Engage SG on grant availability and submit Grant Authorisation Form to Finance.		SG / Housing / Finance.
CPA 1.	Develop outline design and client engagement meetings or performance-based employers requirements (for D&B route).		IOD.
CPA 1.	Complete CPA 1 Outline Business Case and update risks / costs.		Housing.
CPA 1.	Obtain CPA 1 Outline Business Case approvals.		CPT / CPB / ECH Committee.

CPA Stage.	Activity		
CPA 2.	Progress technical design or tender-ready employers requirements (for D&B route); secure Housing design sign-off.		IOD / Housing.
CPA 2.	Valuation commissioned with all design, type, size, tenure, site investigation info.		Housing / Estates.
CPA 2.	Prepare Procurement Plan and Procurement Strategy (including route: traditional vs D&B) and obtain Head of Service sign-off.		IOD / Procurement / Housing.
CPA 2.	Submit planning application (full or outline as per strategy) and seek planning permission.		IOD / Planning.
CPA 2.	Secure statutory consents (building warrant, RCC, etc.) if Council-led for traditional route.		IOD / Building Control / Roads.
CPA 2.	Submit formal utility connection information (using SW PDE / SSEN feedback) and confirm who will own detailed applications (Council or D&B contractor).		IOD / SW / SSEN.
CPA 2.	Confirm grant funding route and timing; Housing submit Grant Summary Form to Finance following discussion with Scot Gov.		SG / Housing / Finance.
CPA 2.	Produce Commodity Strategy and tender documents (ERs, design information, evaluation criteria).		IOD / Procurement.
CPA 2.	Complete CPA 2 Full Business Case including confirmed costs, funding, risk allocation (including design/utilities responsibilities).		Housing.
CPA 2.	Obtain CPA 2 Full Business Case approvals.		CPT / CPB / P&R Committee.
CPA 3.	Run tender process and award contract (including CSO checks); appoint main works contractor or D&B contractor; enter award in Contracts Register.		IOD / Procurement.
CPA 3.	Scottish Government tender application and grant approval.		SG / Housing.

CPA Stage.	Activity		
CPA 3.	Start site and set up project controls (programme, cost, risk / issues logs, design gateways).		IOD / Contractor.
CPA 3.	Manage design and construction (contract admin, site meetings, H&S, quality). - Traditional – contractor builds to Council design, Council retains design team; - D&B – contractor develops and gains acceptance of detailed design.		IOD / Contractor.
CPA 3.	Secure statutory consents (building warrant, RCC etc.) if contractor-led for D&B route.		Contractor / Building Control / Roads.
CPA 3.	Progress and finalise utility connections (water, sewer, electricity, telecoms, etc.) as per contract responsibilities.		Contractor / IOD / Utility Providers.
CPA 3.	Submit SG acquisition / tender and ongoing grant claims with Grant Summary updates.		Housing / SG / Finance.
CPA 3.	Provide regular report to CPT / CPB (highlights, risks, issues).		Housing.
CPA 3.	Achieve practical completion and required certifications.		Contractor / IOD.
CPA 4.	Handover to Housing Service (O&M manuals, asset data, warranties; confirm all consents and utility accounts in place).		Contractor / IOD / Housing.
CPA 4.	Manage 12-month retention period and defects with contractor.		IOD / Contractor.
CPA 4.	Complete Post Project Review including tenant feedback and D&B / traditional route lessons.		Housing / IOD.
CPA 4.	Submit Post Project Review to CPT / CPB / Committee as required.		CPT / CPB / ECH Committee.

RSL Houses New Build Process – With Council Land

Activity		
Site identification and early scope discussion (need/demand, LDP, windfall, initial desktop site risk assessment and utilities, initial timing, etc).		OIC Housing Authority and RSL.
Project in SHIP and SHIP reviewed/approved annually.		OIC Housing Authority / ECH Committee.
Monthly discussions – RSL / OIC Housing Authority and Scot Gov.		OIC Housing Authority / Scot Gov.
RSL to agree with OIC Housing Authority which site to be developed from SHIP.		RSL / OIC Housing Authority.
Early engagement with Planning.		Planning / RSL.
RSL works up Proposal.		RSL.
If Council owned site – Initial Valuation.		RSL.
Proposal submitted for site to OIC Housing Authority – client group, house mix, type, tenure, size, space standards, outline programme, Head of Terms).		RSL / OIC Housing Authority.
Planning – further engagement to check the proposal – wider Planning consultation group meeting.		Planning / RSL / OIC Housing Authority.
OIC Housing Authority approves proposal for further work – includes discussion with Scot Gov on grant.		OIC Housing Authority / Planning / RSL.
Agree Initial Head of Terms.		OIC Housing Authority / Legal / RSL.
Site investigations and further design development.		RSL.
If Council owned site – Market Valuation (affordable housing) commissioned with all design, type, size, tenure, site investigation info.		OIC Housing Authority / Estates / Legal.

Activity		
If Council owned site – Negotiate Head of Terms for land sale.		OIC Housing Authority / Estates / Legal / RSL.
If Council owned site – OIC Asset Management Sub-Committee to approve price (subject to any future price adjustment if required).		OIC Asset Management Sub-Committee.
If Council owned site – Final Head of Terms for land sale agreed.		OIC Housing Authority / Estates / Legal.
Pre-Planning Application.		RSL / Planning.
If Council owned site – Purchase contract negotiation.		RSL / OIC Legal.
If Council owned site – Purchase contract agreed.		RSL / OIC Legal.
Planning Application submission.		RSL to Planning.
Planning validation.		Planning.
Planning application assessment.		Planning.
Planning decision.		Planning.
Other statutory consents.		OIC Infrastructure and Organisational Development.
Final price agreed post Planning approval (if any adjustments required).		OIC Housing Authority / Estates / Legal / RSL.
Procurement process.		RSL.
Acquire site.		RSL.
Scottish Government grant offer and claims.		SG / RSL.
Start on site.		RSL.

Activity		
Nominations Agreement with OIC.		RSL / OIC Housing.
Scottish Government grant claims ongoing.		SG / RSL.
Completion.		RSL.
Letting and sales activity.		RSL / OIC Housing.
Post Project Review report – including tenants' satisfaction questionnaire.		RSL / OIC Housing Authority.

RSL Houses New Build Process – Not Council Land

Activity		
Site identification and early scope discussion for inclusion in SHIP (need/demand, LDP, windfall, initial desktop, initial timing, etc).		RSL and OIC Housing Authority.
Project in SHIP and SHIP reviewed/approved annually.		OIC Housing Authority / ECH Committee.
Monthly discussions – RSL / OIC Housing Authority and Scot Gov.		OIC Housing Authority / Scot Gov.
RSL to agree with OIC Housing Authority which site to be developed from SHIP.		RSL / OIC Housing Authority.
Early engagement with Planning.		Planning / RSL.
RSL works up Proposal.		RSL.
Proposal submitted for site to OIC Housing Authority – client group, house mix, type, tenure, size, space standards, outline programme).		RSL / OIC Housing Authority.
Planning – further engagement to check the proposal – wider Planning consultation group meeting.		Planning / RSL / OIC Housing Authority.
OIC Housing Authority approves proposal for further work – includes discussion with Scot Gov on grant.		OIC Housing Authority / Planning / RSL.
Site investigations and further design development.		RSL.
RSL obtain Market Valuation (affordable housing) commissioned with all design, type, size, tenure, site investigation info.		RSL.
Pre-Planning Application.		RSL / Planning.
Planning Application submission.		RSL to Planning.

Activity		
Planning validation.		Planning.
Planning application assessment.		Planning.
Planning decision.		Planning.
Other statutory consents.		OIC Infrastructure and Organisational Development.
Procurement process.		RSL.
Acquire site.		RSL.
Scottish Government grant offer and claims.		SG / RSL.
Start on site.		RSL.
Nominations Agreement with OIC.		RSL / OIC Housing.
Scottish Government grant claims ongoing.		SG / RSL.
Completion.		RSL.
Letting and sales activity.		RSL / OIC Housing.
Post Project Review report – including tenants' satisfaction questionnaire.		RSL / OIC Housing Authority.

Note – there will adjustments to this process where the RSL uses Design and Build process, but with a continued requirement for discussions with the Housing Authority, Scottish Government and Planning Authority around quality and space standards from the start. In addition, RSLs may wish to undertake site investigations earlier in the process.

Development Trusts - Not Council Land – Rural and Island Housing Fund

Site identification.	DT.
SHIP includes unit allowance for all DT sites for Rural and Islands Housing Fund. SHIP reviewed / approved annually.	OIC Housing Authority / ECH Committee.
OIC Housing Authority confirms with Scottish Government that there is need for housing proposal on the site / area proposed for RIHF funding.	OIC Housing Authority.
DT works up proposal and makes planning application, other consents, liaises with Scottish Government on RIHF funding.	DT / Scot Gov.
Scottish Government RIHF funding approved.	Scot Gov.
Application made to OIC for an gap funding required.	OIC Housing Authority.
Scottish Government grant claims ongoing.	DT / Scot Gov.
Completion.	DT.
Letting activity.	DT.

Note - RIHF may also be used by private developers for Mid-Market rent.