

Item: 4

Policy and Resources Committee: 25 November 2025.

Empty Homes Support Scheme.

Report by Director of Education, Communities and Housing.

1. Overview

- 1.1. On 4 June 2025, the Education, Leisure and Housing Committee recommended approval, in principle, of the Empty Homes Support Scheme. In summary this relates to the provision of a loan of up to £25,000, to be made available to the owners of empty homes, providing they have had an empty home for at least 12 months.
- 1.2. Detailed procedures will be developed by the Head of Strategic Housing, Housing Operations and Homelessness and the Head of Finance, in consultation with the Head of Corporate Governance, to align with the Financial Regulations, Contract Standing Orders, Subsidy Control rules and relevant legislation, specifically the Housing (Scotland) Act 2006 which enables councils to award housing loans in certain situations including to improve property condition. Loan conditions will exceed the statutory provisions, specifically to ensure properties are let to essential workers through a private residential tenancy in exchange for a loan being provided.
- 1.3. The Scheme proposes a loan, up to a maximum of £25,000 per property, to bring the property up to the statutory Repairing Standard. The loan must be repaid within 5 years, with conditions attached for its use for 10 years. The loan allocation will be funded by an agreed commitment from the Strategic Reserve Fund, with this budget limiting the number of loan applications.
- 1.4. The level of loan award will be dependent on the condition of the relevant empty home and the works required to meet the Repairing Standard.
- 1.5. The Scheme will be reviewed after five years of operation, or before as required, for example if funding for the scheme were fully allocated.
- 1.6. To implement the Empty Homes Support Scheme, it is proposed that a budget totalling £1m over 5 years (equivalent to £200k per year) be set aside within the Strategic Reserve Fund. If demand exceeds the annual budget, additional funding can be brought forward from the Strategic Reserve Fund to match the

commitment. If demand is lower than the £200k annual budget, the remainder would move into the following year so that the commitment would not be lost. Interest will be applied to loans at a rate agreed by the Head of Finance. Loan and interest repayments are expected to be repaid on a monthly basis.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Agree that a total budget of £1m, comprising £200k per annum over a 5 year period, be allocated from the Strategic Reserve Fund in order to fund the Empty Homes Support Scheme.

For Further Information please contact:

Frances Troup, Head of Strategic Housing, Housing Operations and Homelessness, extension 2450, Email frances.troup@orkney.gov.uk.

Implications of Report

1. **Financial** – For the Empty Homes Support Scheme to be implemented, funding requires to be identified. A budget totalling £1m (£200k per annum for 5 years) is sought which would provide for up to 40 loans if the maximum award of £25k were sought in each case. The loans would be repaid, with interest, over a period of 5 years. The rent received by the private landlord, who holds the loan, would be used to repay the loan. Accordingly, requirements are placed on the landlord to ensure that the properties are leased to essential workers in line with the Scheme's requirements.
2. **Legal** - Detailed procedures will be developed between Housing, Finance and Legal officers to implement the Scheme. The Housing (Scotland) Act 2006 enables local authorities to use grants or loans to improve housing conditions in their area. Any loan would be capable of being secured over the property that the loan relates to.
3. **Corporate Governance** – N/A.
4. **Human Resources** - The Empty Homes Support Scheme is an action identified in the Local Housing Strategy and the Essential Workers Housing Strategy which aims to help address shortages of essential workforce across Orkney. In relation to implementing the Empty Homes Support Scheme, this will be undertaken within existing staff resources.
5. **Equalities** - An Equality Impact Assessment was undertaken to support the Empty Homes Support Scheme for inclusion with the report to Education, Leisure and Housing Committee in June 2025.

6. **Island Communities Impact** – An Island Communities Impact Assessment was undertaken to support the Empty Homes Support Scheme for inclusion with the report to Education, Leisure and Housing Committee in June 2025.
7. **Links to Council Plan** - the proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - ☒ Growing our economy.
 - ☒ Strengthening our Communities.
 - ☒ Developing our Infrastructure.
 - ☐ Transforming our Council.
8. **Links to Local Outcomes Improvement Plan** - The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - ☒ Cost of Living.
 - ☒ Sustainable Development.
 - ☐ Local Equality.
 - ☐ Improving Population Health.
9. **Environmental and Climate Risk** – Bringing empty homes back into use makes a positive contribution to the sustainability agenda due to fewer resources being used to bring an empty home into use compared to a new build home.
10. **Risk** – Risk of loan default will be managed through conditions attached to the loan, and detailed procedures developed by Heads of Service. A standard security will be attached to the property concerned in line with normal processes when providing a housing loan.
11. **Procurement** – N/A.
12. **Health and Safety** – N/A.
13. **Property and Assets** – N/A.
14. **Information Technology** – N/A.
15. **Cost of Living** – The scheme will assist empty homeowners with their cost of living by bringing an asset back into use and should assist potential tenants by improving the housing options available to retain and attract essential workers to the islands.

List of Background Papers

Education, Leisure and Housing Committee Report on Empty Homes Scheme dated June 2025.

Housing Need and Demand Assessment 2023.

Local Housing Strategy (2024-2029).

Essential Workers Housing Strategy 2024.