

Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 14 May 2024

2024/25 Housing Revenue Account (HRA) Capital Programme

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 It is recommended that Housing Homelessness and Fair Work Committee:
- 1.1.1 Agree the 2024/25 planned Housing Revenue Account (HRA) capital programme for investment of £136.193 million in Council homes and estates;
 - 1.1.2 Note the significant design and development work progressed throughout 2023/24 to transition towards a holistic whole house retrofit (WHR) approach and also the additional pipeline of design and development work that will continue to be progressed throughout 2024/25; and
 - 1.1.3 Note the significant risks to programme delivery as set out in Appendix 5 are reductions in grant funding, increasing capital investment costs, contractor capacity and owner and tenant engagement.

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2024/25 Housing Revenue Account (HRA) Capital Programme

2. Executive Summary

- 2.1 This report sets out the detailed Housing Revenue Account (HRA) capital programme of £136.193 million for 2024/25. The work underway throughout 2023/24 on the design and planning for delivering a whole house retrofit (WHR) programme, combined with the successful approach to working with owners piloted at Murrayburn (now in its final stages in 2024/25) will see investment in existing stock scaled up in 2024/25 to work towards the ambitious Council business plan priorities around net zero carbon.
- 2.2 The holistic WHR approach, combining energy retrofit and wider building/estate improvements, is now embedded as part of the low-rise area-based schemes and multi-storey retrofit and upgrade programmes. Two area-based programmes are due to reach site start early in 2024/25, and at least two multi-storey blocks will also reach site start later in 2024/25. This will help to embed a more proactive approach to long term asset management that focuses on building improvements and energy performance that help to reduce future maintenance and repair risks.
- 2.3 The Council's Housebuilding Capital Programme for 2024/25 is just over £70m, with a significant number of projects in design and construction. A number of homes move from design and procurement into site activity. This includes: Murrayburn Gate, Silverlea, Greendykes K and L as well as Coatfield Lane. The completion of Pennywell Phase 3 is a major milestone to be noted and The Edinburgh Homes Demonstrator (EHD) programme continues through pilots at Granton D1 and Greendykes K and L to deliver a blueprint for offsite construction. A detailed breakdown by locality of investment in new and existing homes is set out in Appendix 4.
- 2.4 The delivery of a programme of this scale, in the current climate, is not without risk. Delivery of the new build programme will be affected by the availability of grant, construction viability and third-party engagement. The pace at which capital investment can be rolled out across the city beyond 2024/25 will also depend upon owners being able to access funding to meet their share of costs, construction industry capacity and skills development. The potential mitigations to these delivery risks are set out in Appendix 5.

3. Background

- 3.1 On 22 February 2024, Council [agreed](#) an annual rent increase of 7% for five years (2024/25 to 2028/29), with an assumption that the 7% increase would continue until 2033/34 to fund long term aspirations of delivering more social rented homes (an additional 3,650 homes) and bringing all existing homes up to Energy Efficiency Standard for Social Housing (EESH2).
- 3.2 In December 2023, the Scottish Government draft budget included a reduction in the Affordable Housing Supply Programme (AHSP) funding of £196m (26%) for 2024/25 from the 2023/24 budget figure of £712m. On 28 March 2024, Edinburgh's AHSP allocation was confirmed at c.£34m, £11m less than previously indicated Resource Planning Assumptions (RPA) (£45.2m). This has a significant impact on affordable housing delivery in the city. Whilst the grant programme will honour existing approvals to benchmark levels both this year and next, the future pipeline programme is currently uncertain. It will impact on the ability to take forward open market purchases and will seriously impact on delivery of the 10-year capital investment programme should this low level of funding continue beyond 2024/25. A separate Strategic Housing Investment Plan Update report is presented to this committee.
- 3.3 In 2023/24, the Scottish Government launched its consultation on a Social Housing Net Zero Standard (SHNSZ) that will replace EESH2. This followed the Scottish Government's response to the Zero Emissions Social Housing Taskforce (ZEST) report which recommended the acceleration of the review of EESH2 to establish a new standard that matched the wider net zero ambition, and to provide much needed clarity for social landlords to guide retrofit and investment planning.
- 3.4 On 26 April 2024, Scottish Government announced a £80 million national acquisitions fund as part of the Affordable Housing Supply Programme in 2024/25 and 2025/26. The exact criterion for the fund and potential distribution is still to be announced. Officers will continue to seek clarify from government and wherever possible maximise income for Edinburgh to increase the number of affordable homes and reduce homelessness in the city.
- 3.5 The SHNSZ consultation was published around the same time as a related consultation on proposals for a Heat in Buildings Bill, which sets out similar requirements for the rest of Scotland's homes and buildings. The Council responded formally to both of these consultations. The Scottish Government will commission an independent analysis of the feedback received. It is anticipated that the new SHNSZ will not be introduced until 2025 at the earliest.

4. Main report

- 4.1 This report sets out the planned 2024/25 capital programme and the work that will be carried out over the coming year to enable large scale investment in existing

Council homes, new homes and estates, over next ten years, assuming sufficient resources are in place to fund investment.

- 4.2 The HRA Budget Strategy aims to deliver a £3.8 billion capital investment by 2034. In order to fund this investment, rent increases of 7% per annum over the next 10 years will be required. HRA investment is supporting the delivery of major Council priorities; including the Council's ambition to reach 25,000 new affordable homes and become a net zero carbon city.
- 4.3 The capital budget is prepared annually, following consultation with tenants and the regular review of the 30-year HRA Business Plan. It is shaped by tenants' and elected member priorities, Council priorities, statutory compliance and government targets, as well as life cycle and health and safety (i.e. maintenance and improvements to keep homes modern and safe).

Delivery context – ongoing financial and resource challenges

- 4.4 The Covid pandemic and Brexit had an immediate impact on delivery of the capital programme mainly due to increased materials costs and a shortage of skilled workers. In the subsequent years, these challenges have been compounded by supply chain disruption, shortages of materials, labour, contractor availability leading to sharp increases in costs (the construction sector has seen costs increase by around 30%). The reduction in Scottish Government AHSP grant funding for new affordable homes, mentioned above, will have a further compounding effect.
- 4.5 The war in Ukraine and cost of living crisis linked to volatility in the energy market has meant that the cost of day-to-day delivery of the Council's core landlord services has increased alongside increases in borrowing costs for capital works. The £2.9bn 10-year capital programme in 2022/23 was projected to cost £3.5bn in 2023/24 and the cost of delivering the pre-Covid 10-year capital investment plan has now increased to £3.8bn.
- 4.6 There is a commitment to develop an in-housing plan to increase the volume of work carried out by teams directly employed within the housing service and reduce dependency on external contractors. The priority for this plan will be to increase in-house capacity in repairs, servicing and maintenance with services that require specialist skills, equipment or that are considered high risk continuing to be delivered externally. This will be developed as part of the Housing Emergency Action Plan and is expected to be in place by March 2025, with implementation over a two-year period. The scale and complexity of the works required to deliver the Capital programme will require the continued use of external contractors but, where there are opportunities to bring work in-house (for example kitchen and bathroom replacement programme), these will be explored.

Strategic Whole House Retrofit Programme (low rise and multi-storey blocks)

- 4.7 Traditionally the capital programme focussed on individual energy retrofit measures such as insulation and other lifecycle component measures. The change to WHR presented an opportunity to incorporate wider building improvements at the same

time (i.e. rewiring, roof and gutter replacements, kitchen and bathrooms etc. alongside fabric improvements, new ventilation systems and windows and doors etc).

- 4.8 The WHR approach offers substantial benefits to both tenants and the Council, this includes: significant energy demand reduction, meaning tenants should be able to heat their homes more easily and cost effectively. It also embeds more proactive maintenance by aligning energy retrofit with building improvements, ensuring buildings are wind and watertight. This in turn will reduce the need for reactive repairs in the future, whilst protecting current and future investment by designing out poor performance so issues such as damp and mould and poor ventilation can be managed appropriately.

Low rise area-based investment programme

- 4.9 The low-rise area-based programme is now on site across two low rise area based schemes. Magdalene, Bingham and the Christians was in design throughout 2023/24 with the first three phases now awarded and mobilising. In total phases 1-9 will move into construction throughout 2024/25. In total 288 Council and 132 Private homes are targeted for investment over phases 1-9, the overall programme consists of 19 phases and will run until 2026/27. These interventions will include external wall insulation, loft and underfloor insulation, new windows and doors, ventilation systems, stairwell upgrades, fabric and roof repairs where required and water tank and heating upgrades where required.
- 4.10 The second area based low rise programme will be focussed on the Restalrig/Lochend area. Design work was undertaken throughout 2023/24 and in total nine phases will move to construction throughout 2024/25, with the first three phases currently out to tender. Over these first nine phases, a total of 268 Council and 234 Private homes will be targeted. The overall programme will consist of 19 phases and run until 2026/27.
- 4.11 The delivery will follow the model set in place via the Mixed tenure Improvement Service (MTIS) Pilot across Wester Hailes in terms of engagement and support for private owners and the leveraging of grant funding from the Scottish Government's Energy Efficient Scotland Area Based Scheme (EES:ABS) funding programme.
- 4.12 The MTIS Programme will also move into its final year of works (enabling fabric repairs and energy efficiency) in Wester Hailes in 2024/25. To date a total of 1,291 homes (including 353 private and 938 Council homes) in Phases 1 to 11 are either complete or currently undergoing. Throughout 2024/25 phases 11a - 11c will be completed in Murrayburn.
- 4.13 The delivery of 2023/24 Energy Efficient Scotland: Area Based Scheme (EES:ABS) programme will continue until the end of June 2024. This includes external wall insulation (EWI) projects and solar PV programmes across the city, details of which are set out in Appendix 4. The 2024/25 EES:ABS programme is still in development but the focus of funding will be on support for private owners across the two low rise area based programmes at Magdalene, Bingham and the Christians and Restalrig

and Lochend. Additional city-wide programmes are under review to ensure support to private owners can be maximised.

Multi-storey strategic investment programme

- 4.14 The multi-storey investment approach varies from the low-rise area-based approach largely due to the complexity of the various construction types found across these blocks and the need for specific bespoke design and intrusive survey process throughout the design and development stage.
- 4.15 Four blocks (Oxcars/Inchmickery Court and Craigmillar/Peffermill Court) are in the final stages of design. Eight blocks (Cables Wynd/Linksvie House and the six Moredun multies) are also close to reaching final RIBA Stage 2. Project specific updates are set out in the locality updates in Appendix 4.
- 4.16 Four additional multi-storey blocks will be brought into design in 2024/25, bringing the total under design to 16. The stock and structural condition commission for multi-storey blocks is now almost 50% complete and due to be finalised in 2025/26. Alongside the core findings arising from this commission, other factors such as existing fire strategy and compliance, connection to the gas grid, location and condition of existing core services, construction typology, and structural condition will be taken into consideration. This initial analysis will commence early in 2024/25 to start the process of determining short and longer term investment priorities for multi-storey blocks and also the viability of investment in certain blocks due to their construction type and potential options for demolition and wider regeneration.
- 4.17 A wider fire investment strategy for multi-storey blocks has been in development in 2023/24 and a route to market to address all flat entrance, common and ancillary fire door upgrades and compartmentation will be taken to Finance and Resources Committee on 25 June 2024 for approval. Additional funding may be requested at Period 3 from Finance and Resources Committee to commence this work in 2024/25.

Lifecycle component replacement

- 4.18 The capital programme has traditionally been predominately driven by lifecycle component replacement. The introduction of WHR will reduce the requirement for widespread lifecycle replacement as it is scaled up over the coming years. Despite this though, lifecycle components linked to health and safety and any future changes to legislation will remain a key part of the programme.
- 4.19 In 2024/25, the focus will be on lift replacements upgrading 12 lift shafts – (£1.512m allocated for Greendykes and Wauchope House, Holyrood and Lochview Court, Coillesdene House, Brunstfield Place and Leith Street), communal and ancillary fire door upgrades, flat entrance fire doors upgrades and water tanks (and distribution pipework) upgrades alongside other fire safety improvements across a significant number of multi-storey blocks. Many of these programmes started in 2023/24 and will continue into 2024/25 and will in some cases continue over multiple financial years.

- 4.20 Detailed design and development work for a full rewiring programme across all multi-storey blocks will also start in 2024/25 with works earmarked to commence in 2025/26.

Estate investment - HRA land and (nature and climate)

- 4.21 Over the last 12 years, over 800 mostly small scale, locally nominated, Neighbourhood Environment Projects (NEPs) have been delivered throughout the city on housing owned land. Investment has helped improve unloved open space and thoroughfares, tired fencing and prepared land for community growing.
- 4.22 Following extensive engagement with community partners, Ward Councillors and Council officers during 2022, a new approach to delivering small to medium scale local estate improvement projects (EIPs) has been developed and implemented. The new approach will deliver quicker, more responsive improvements and a more comprehensive approach to larger scale improvements.
- 4.23 EIP is just one delivery mechanism, the development of new homes and estates, large scale regeneration, community gardens and the ongoing maintenance of greenspace are all elements of estate-based improvements. Land also provides opportunities to help address the Nature Emergency, increase biodiversity and improve health and wellbeing in line with a climate justice approach. A report will be brought to committee in the Summer which will set out a plan to develop a more joined up approach to estate-based improvements that seeks opportunities for nature on HRA land.

Off the shelf purchases and Acquisitions and Disposals

- 4.24 The council continues to purchase and dispose of homes to further consolidate its housing stock. The overarching objective is to increase supply and reduce ongoing management and maintenance costs by consolidating HRA assets. Since the implementation of the Acquisitions and Disposals programme, 339 homes have been purchased and 184 homes have been sold. This has led to 79 blocks becoming fully Council owned, 247 blocks where the Council has consolidated its majority ownership and 135 blocks in which the Council has fully divested its interest.
- 4.25 On 5 December 2023, Committee considered the recommendations of the report Strategy for purchasing land and homes to meet affordable housing need. The report set out the opportunity to purchase completed homes (also known as 'off the shelf') as market conditions for house builders and the domestic mortgage market become more challenging. Homes can be purchased for social rent, mid-market rent and temporary accommodation, to meet all areas of housing need, with mid-market homes to be let and managed through Edinburgh Living.
- 4.26 To date Council has been able to benefit from 'off the shelf' purchases (c.160 homes for Social Rent, 46 for mid market rent and 135 homes for temporary accommodation) of newly completed/ completing homes to supplement

development. Each opportunity has been approved at Finance and Resources Committee. Completions are expected across 2024/25 and 2025/26.

- 4.27 Any further opportunities will continue to be assessed on a case-by-case basis against the available resources and will be subject to committee approval. While homes will be completed to modern building standards with a high level of sustainability (meeting EESSH2), they will not be completed in line with the Council's current new build specification and therefore future costs to achieve net zero carbon will continue to be taken into account as part of the value for money assessment.

New affordable homes

- 4.28 The Council's Housebuilding Capital Programme for 2024/25 is just over £70m which reflects a continuation of multiple projects at in design and construction. This continues to be an ambitious programme with delivery subject to a number of constraints, including availability of grant, construction viability and third-party engagement. Whilst the grant programme will honour existing approvals to benchmark levels both this year and next, the future pipeline programme is currently uncertain. Cognisance will need to be given to future Resource Planning Assumptions for Scottish Government grant in relation to spending funds on projects within the design stage if there are risks that a lack of grant availability will delay progress into the construction stage. Work to explore financial models which will reduce the Council's reliance on grant is paramount.
- 4.29 Following a challenging year and significant work put in to manage rising costs, the 2024/25 programme will see increased construction activity on site as a number of homes move from design and procurement into site activity. This includes: Murrayburn Gate, Silverlea, Greendykes K and L as well as Coatfield Lane towards the end of the year.
- 4.30 The Edinburgh Homes Demonstrator (EHD) programme has been developed through the pilots at Granton D1 and Greendykes K and L to deliver a blueprint for offsite construction. The EHD programme has the potential to deliver efficiencies in design and procurement and further sites within the Edinburgh housebuilding programme are being identified for inclusion such as at Burdiehouse and Howdenhall. Homes will be monitored for performance on completion.
- 4.31 The design concepts are also used to assess capacity on sites entering the housebuilding programme. Working with partners, Scottish Futures Trust and the Edinburgh and South-East Scotland City Region Deal, there is an aspiration for a regional pipeline which will provide increased confidence for supply chains and support further efficiencies through off-site construction. The use of the EHD approach will also be captured in the procurement of the new housebuilding framework.
- 4.32 There are currently 489 affordable homes under construction (as of the end of March 2024). Just under 1,400 affordable homes are in detailed design or pre-construction with a pipeline of over 4,000 at later stages within the development

process. Energy efficiency and active travel are key features of the sites currently in design development with the aim to deliver Council ambitions and support the growth of sustainable communities. A detailed breakdown of investment by locality can be found in Appendix 4.

5. Next Steps

- 5.1 Officers will continue to work with Scottish Government to maximise grant funding for both the new build programme and WHR approach across existing homes. Particular focus will be given to funds that help to support the transition to net zero carbon. In particular applications to the Social Housing Net Zero Heat Fund (SHNZHF) will be progressed for multi-storey design commissions moving into the final stages of design.
- 5.2 A suite of workstreams is being developed to progress mitigations to the risks set out in Appendix 5. Development of financial models which reduce the Council's reliance on grant for both social and mid-market rent homes will be a key piece of work this year. Other activity will include cost control, specification review and prioritisation of resources. Further information on this work is provided in the Strategic Housing Investment Plan update to this Committee.
- 5.3 Stock and structural condition surveys for low rise blocks will complete early in 2024/25 and the task of uploading this data onto the Council's asset management system throughout 2024/25 will begin.
- 5.4 The stock and structural condition surveys for multi-storey blocks will continue throughout 2024/25 and 2025/26. Both commissions will continue to feed into the key WHR workstream findings in determining future investment priorities.
- 5.5 A number of projects struggled to gain market interest in 2023/24 but are now in more favourable positions for contract award later in 2024/25 as such opportunities for acceleration will be progressed in 2024/25. A 20% slippage into future years was applied to the core 2024/25 budget for existing homes. Oxcars/Inchmickery Court and Phases 4-9 of Magdalene, Bingham and the Christians and phase two of the cold water storage tank replacement programme were not originally included in the prudent budget setting process. Should projects progress in 2024/25 the slippage will be reprofiled back into this year's budget.
- 5.6 Work is underway to respond to a [motion](#) approved by Committee on 27 February 2024 on Opportunities for nature on HRA land. It will explore how resources can be utilised to support aims for nature, including how these projects can dovetail with other Council strategies working on nature and biodiversity, what specific outcomes for nature could be included as part of the EIPs programme (when it is retendered later this year) and what additional data could be collected against these projects in order to evidence this going forward. A report will be brought to this Committee in August.

- 5.7 The 2023/24 capital programme outturn will be reported to Finance and Resources Committee in September 2024 and the 2024/25 HRA capital programme budget will be revised to take account of any slippage from 2023/24 or an acceleration from 2025/26.

6. Financial impact

- 6.1 This report sets out planned HRA capital investment of £136.193 million for 2024/25. A detailed breakdown of the programme is set out in Appendix 1.
- 6.2 The cost of the programme is offset by specific capital grant from the Scottish Government, developers and third-party contributions and capital receipts, resulting in an anticipated net borrowing requirement of £71.293 million in 2024/25. Appendix 2 sets out the funding arrangements in more detail.
- 6.3 The overall loan charges associated with this requirement, over a 30-year period would be the principal amount of £71.293 million and interest of £56.175 million, resulting in total cost to the HRA of £127.468 million. Based on a loans fund interest rate of 4.25%, the average annual loan charges to HRA revenue would be £4.249 million over a 30-year period. This includes the borrowing costs for the construction of homes for Edinburgh Living LLP, which has no negative impact on the HRA as interest payments are deferred until the homes are purchased.
- 6.4 The borrowing is carried out in line with the approved [Annual Treasury Management Strategy 2024-25](#) and is provided for on an overall programme basis rather than for individual capital projects.
- 6.5 On [22 February 2024](#), Council agreed the HRA Budget Strategy 2024/25 to 2028/29. This assumed annual rent increases of 7% a year for 10 years to fund the draft 10 year capital investment programme of £3.8bn (29% increase from the £2.9bn capital programme on 2022/23 budget strategy) and £1.7bn in revenue services (28% increase on last year's plan or 50% increase from two years ago) in order to deliver the pre-Covid investment plan over the next 10 years. Funding remains a key risk to the successful delivery of the capital investment programme. This risk and potential mitigations are detailed in Appendix 5.
- 6.6 A 20% slippage into future years was applied to the core 2024/25 budget for existing home. This prudent budget management approach sought to ensure the budget was not overinflated by a number of high value projects struggling to gain interest from the market. It was also introduced to deal with a range of other market and contractor related risks experienced throughout 2023/24. These risks are also set out in Appendix 5. The slipped budget is available to accelerate from 2025/26 should the opportunity arise to progress with projects that are beginning to gain traction from the market.
- 6.7 These acceleration opportunities include the Oxcars and Inchmickery retrofit and upgrade programme commencing construction later in 2024/25. Phases 4-9 of the low rise area based programme at Magdalene, Bingham and the Christians, and

phase two of the cold water storage tank replacement programme. The total value of these works amounts to £12.543m

7. Equality and Poverty Impact

- 7.1 The current WHR approach aligns with the Council's Climate Justice approach as it seeks to support the protection of those most vulnerable to the effects of climate change. Many Council tenants struggle to effectively heat their homes and afford their energy costs. WHR will achieve substantial improvements to the fabric of tenants' homes, reducing energy demand making them easier to heat and thus reducing energy bills.
- 7.2 The current strategic WHR investment approach for existing homes is to target investment in areas that fall within the 20% most deprived areas as per the Scottish Index of Multiple Deprivation (SIMD), thus targeting the most socially and economically deprived areas of the city. This ensures that tenants and homeowners most at risk from the effects of fuel poverty and the effects of living in a cold home are supported as a priority through WHR interventions.
- 7.3 The delivery of the affordable housing program will have a positive impact on equality and poverty through the provisions of good quality, energy efficient affordable housing.
- 7.4 Partnership working as part of Health and Social Care integration will help increase the supply of homes built specifically for older people or people with complex health needs. Health and Social Care requirements are reviewed as part of the design process to assess where it may be possible to deliver homes to meet the needs of older people or those with more complex needs. Examples include North Sighthill, Silverlea and Cowan's Close. The Council aims to provide 10% of social rented homes as wheelchair accessible.

8. Climate and Nature Emergency Implications

- 8.1 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-2027. The Council also declared a Nature Emergency in 2023.
- 8.2 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”

- 8.3 The WHR and new housebuilding programme are both fully aligned with the Council's climate ambitions and are noted as a key action in the 2030 Climate Strategy. The Strategy states the Council will 'Develop a Whole House Retrofit delivery programme for retrofitting social housing across the city to the highest energy standards, to reduce energy demand and tackle fuel poverty' whilst also supporting climate justice. The Strategy also states that all new build council housing will comply with the city's net zero ambitions and will be constructed to a net zero carbon design brief.
- 8.4 The WHR programme will ensure all existing homes achieve high energy efficiency standards (e.g. EESSH2) by adopting a deep fabric first approach. In general, the range of energy efficiency interventions will see energy demand in tenants homes reduced by at least 50% and in some cases by as much as 60%-70%. This presents a huge carbon saving and cost saving to tenants. With the anticipated demand reduction and the ventilation strategy tenants homes will be better able to manage the build up of moisture. This will result in improved health outcomes for some tenants and also reduce ongoing repair and maintenance issues caused by the damp and mould issues.
- 8.5 Current and future multi-storey design commissions will also be incorporating significant landscape improvements to support improved climate adaptation and biodiversity outcomes. Climate adaptation interventions will also be included to mitigate against extreme rainfall events such as rain gardens and water attenuation tanks etc. These landscape design proposals will also assess existing movement and access issues to promote better access for pedestrians and cyclists around these blocks and the wider greenspace areas surrounding these blocks.
- 8.6 The Council led house-building programme prioritises delivery of homes on brownfield sites, reducing pressure on Edinburgh's green belt. Building more homes will inevitably produce more carbon, however, the Council aims to build homes as energy efficiency and sustainable as possible. Since November 2020 all new build Council homes have been designed to achieve net zero carbon.
- 8.7 In addition to this, the draft Climate Ready Edinburgh (adaptation) strategy also sets out ambitions to address the built environment, with a key action to work with the Council and social landlords to adapt social housing and green the areas around Council housing to support climate adaptation.
- 8.8 The Net Zero Edinburgh Leadership board (formerly IIPB) has a workstream focusing on energy and retrofit, which works closely with other subgroups including transport, just economic transition and Edinburgh adapts. These overlapping and interlinked workstreams all work to deliver key actions as set out in the Climate Strategy and forthcoming Climate Ready Edinburgh plan and aim to support integration of adaptation measures across all areas of retrofit.

9. Risk, policy, compliance, governance and community impact

- 9.1 Every year the Council asks tenants for their views on the HRA budget strategy, investment plan, services and associated rent levels. This year's consultation ran between 9 October and 17 December 2023. It received a total of 1,159 postal and online responses. This was the highest number of responses ever received and was a 160% increase from the previous high of 445 responses received for the 2022/23 rent consultation.
- 9.2 In March and April 2024, all Council members were invited to attend briefing sessions on HRA capital investment in the four localities.
- 9.3 Tenant and resident engagement is taken forward on a project by project basis as proposals are developed for improving existing homes, developing new homes and improving estates.

10. Background reading/external references

- 10.1 Housing Revenue Account (HRA) Budget Strategy 2024-2025 to 2028-2029 - City of Edinburgh Council, [22 February 2024](#).
- 10.2 Mixed Tenure Improvement Service Progress – Housing, Homelessness and Fair Work Committee, [9 March 2023](#).
- 10.3 Housing Service Improvement Plan – Six Monthly Update - Housing Homeless and Fair Work Committee, [3 October 2023](#).
- 10.4 Strategic Housing Investment Plan 2024-2029 - Housing Homelessness and Fair Work Committee, [5 December 2023](#).

11. Appendices

- 11.1 Appendix 1: 2024/25 Capital Investment Programme.
- 11.2 Appendix 2: HRA Revised Resources 2024/25.
- 11.3 Appendix 3: Council House Building Programme map.
- 11.4 Appendix 4: 2024/25 Planned Capital Investment by locality.
- 11.5 Appendix 5: Top risks to Programme delivery.

Appendix 1: 2024/25 HRA Capital Investment Programme

Category	Programme	2024/25 (£m)	Commentary
New Homes	New Homes Development	67.797	Overall design development and construction budget for the new homes programme in 2024/25.
	New Homes Development (SE)	3.465	<i>Design and construction in South East, including: Ongoing community engagement and design work at Liberton Hospital; and enabling work at Cowan's Close moving towards a site start.</i>
	New Homes Development (NE)	25.954	<i>Design and construction in North East, including: Construction of 140 affordable homes at Greendykes sites K&L; design work and community engagement at former Castlebrae High School site; enabling works at Meadowbank (subject to approval); initial works at Powderhall; and site start at Coatfield Lane.</i>
	New Homes Development (SW)	19.855	<i>Design and construction in South West, including: Commencement of construction of 73 homes at Murrayburn Gate; and continuing design and construction works at Fountainbridge.</i>
	New Homes Development (NW)	18.523	<i>Design and construction in North West, including: Design and construction work at Pennywell Town Centre; ongoing construction work of 519 homes at Western Villages and D1 in Granton; and progression of construction works at Silverlea</i>
	Post-construction work (retention)/ early design development and staff costs	1.099	<i>Includes resources to support the programme, as well as design development for pipeline sites across the city.</i>
	Acquisitions	5.173	<i>To consolidate existing Council stocks and to acquire additional homes. This includes the purchase of completed homes at Taylor Wimpey's Hawthorn Gardens development as agreed by Finance and Resources Committee.</i>
New Homes Subtotal		74.069	
Existing Council homes and neighbourhoods	External fabric and Estates & Acquisitions	34.401	To fund external fabric work on the buildings, such as roofs, chimneys, external walls, etc, and wider estate regeneration work for the outdoor spaces within the neighbourhoods.
	<i>External Fabric (High and Low Rise) including WHR/ EESSH2</i>	25.116	<i>WHR and wider building/fabric improvement works across various projects. Larger scale projects including Phases 1-9 of the low rise area based programme at</i>

		<i>Magdalene, Bingham and the Christians.</i>
<i>Mixed Tenure Improvement Service – area-based programmes</i>	6.045	<i>HRA's share of the mixed tenure work being taken forward in the Dumbryden/Murrayburn and Restalrig/Lochend area-based programmes.</i>
<i>Estate improvement programme (formerly known as NEPs)</i>	3.240	<i>To fund wider estate improvement and placemaking projects across the four localities.</i>
Communal Improvements	8.835	To fund general improvement work in communal area of blocks.
<i>Secure Door Entry and follow-on improvement and CCTV</i>	3.570	<i>The core secure door entry programme will focus on minority blocks in the South West, this project will continue into 2024/25. The phase 1 common stair upgrade programme is currently mobilising and will deliver throughout 2024/25, design works for the phase 2 common stair upgrade programme will also commence in 2024/25. CCTV upgrades will commence across seven multi-storey blocks.</i>
<i>Multi-Storey Services</i>	3.304	<i>The multi-storey service work programme will consist of a new lift programme (upgrading 12 lift shafts – Greendykes and Wauchope House, Holyrood and Lochview Court, Coillesdene House, Brunstfield Place and Leith Street). Cold water storage tanks replaced in seven multi-storey blocks, and a full upgrade of communal services throughout May and Gunnet Court.</i>
<i>Health and Safety</i>	1.961	<i>The continuation of installation of communal and ancillary fire doors and the removal of high-pressure laminate panels across a further six multi-storey blocks.</i>
Internal Improvements	14.944	To fund improvement work that requires access to tenants' homes.
<i>Kitchens and Bathrooms</i>	4.516	<i>A new kitchen and bathroom contract will commence in 2024/25. An existing citywide wet floor shower contract will continue into 2024/25 with a new contract set up in 2024/25 to follow for citywide wet floor showers.</i>
<i>Electrical Rewiring, Electric heating, Smoke Detection and Electrical Installation Condition Reports (EICRs)</i>	1.448	<i>An existing ad hoc citywide electrical contract will continue into 2024/25 and will be replaced by a new city contract mid-way through 2024/25. A significant element of this will be landlord EICRs across all multi-storey blocks.</i>
<i>Windows and flat entrance doors</i>	4.583	<i>Three existing citywide windows contracts (x1 UPVC and x2 Sash and Case) will continue into 2024/25. A new UPVC city windows contract will commence in 2024/25 also. A new flat</i>

			<i>entrance fire door contract will also commence in 2024/25.</i>
	<i>Gas Heating Upgrades</i>	<i>2.317</i>	<i>Two new citywide gas heating replacement programmes will commence in 2024/25 to ensure all homes are equipped with modern heating systems.</i>
	<i>Community Care (adaptations)</i>	<i>0.480</i>	<i>A variety of contracts will continue into 2024/25 with new contracts to follow on an ad hoc basis. Adaptations to tenants' homes will include ramps, wet floor showers and emergency health and safety applications. The budget remains flexible to respond to demand.</i>
	<i>Adhoc internal upgrades (including Empty Homes)</i>	<i>1.600</i>	<i>Capitalisation of repairs and upgrade of empty homes when they become vacant.</i>
	Staff Costs	£3.944	
Existing homes & neighbourhoods subtotal		62.124	
Grand Total		136.193	

Appendix 2: HRA Revised Resources 2024/25

Capital Resources	£ million
Prudential Borrowing	£71.293
Council Tax Discount Fund	£3.300
Capital Receipts and Other Incomes	£4.567
Receipts from LLPs*	£36.818
Scottish Government Grant (affordable housing)	£16.215
Scottish Government Grant (WHR)	£4.000
Total Capital Resources	£136.193

**The budget for new build housing includes the upfront capital costs for all Council led developments that contribute to the increase of new affordable homes, including homes for mid-market and affordable market that will be purchased by the Council's Limited Liability Partnerships (LLPs). This has no impact on the HRA as interest payments are deferred until the homes are purchased. The assumed in-year receipt from the LLPs is based on the expected completion of homes; should completion of homes delayed beyond the current financial year, the in-year receipts will be reduced, resulting in a higher in-year borrowing requirement.*

Appendix 3: Council House Building Map



*A limited number of pipeline sites are included in blue as an example

Appendix 4: 2024/25 Planned Capital Investment by Locality

North East

1. Key investment programmes across the North East include:

Existing homes programme

- 1.1 WHR phase 1 programme – as part of the WHR programme 12 homes across two sites (Loaning Rd and Bingham Medway) will be targeted in the North East, this contract is now awarded and will progress throughout 2024/25;
- 1.2 A WHR pilot across 18 homes at Lochend Road South will target an Airey Duo Slab non-traditional block, this pilot is now on-site and work will continue into 2024/25. The core findings from the pilot will feed into the WHR area based low rise programme across Lochend/Restalrig of which the Airey Duo Slab construction type features extensively;
- 1.3 Bingham Way (3 blocks – 48 homes) have been targeted for full fabric improvements and wider upgrades to meet EESSH2, these works are now awarded and mobilising and will continue throughout 2024/25;
- 1.4 Magdalene, Bingham and the Christians (Phases 1-3) – WHR low rise area-based programme is now awarded and mobilising. This will be the first low rise area-based approach focusing on WHR;
- 1.5 Magdalene, Bingham and the Christians (Phases 4-6), tender returns are being evaluated with site start anticipated in summer 2024;
- 1.6 Magdalene, Bingham and the Christians (Phases 7-9), design is still underway for these three phases with tender due to be advertised this autumn. In total 288 Council and 132 Private homes are targeted for investment with the overall programme spanning 19 phases over the next 3 years;
- 1.7 Restalrig/Lochend is the second WHR low rise area based programme that will now also reach site start in 2024/25. In total nine phases will move to construction throughout 2024/25 with the first three phases currently out to tender. Over these first nine phases a total of 268 Council and 234 Private homes will be targeted. The overall programme will consist of 19 phases over the next 3 years;
- 1.8 Craigmillar and Peffermill Court – WHR and full block upgrade/refurbishment to meet EESSH2 is planned for site start later in 2024/25 across both blocks targeting 114 homes in total. Additional structural surveys are required due to the construction type of the blocks before a final decision can be made on the viability of longer term investment.
- 1.9 Cables Wynd and Linksvie House (307 homes) – WHR and full block upgrade/refurbishment. Design and Development to meet EESSH2 commenced in January 2023 and will continue throughout 2024/25 with site start aimed for 2025/26. RIBA Stage 2 design is now complete, the scope of this design has

increased significantly due to the condition of existing services following detailed survey and investigations. Detailed structural surveys will be ongoing throughout 2024/25 as part of RIBA Stage 3. Engagement with Historic Environment Scotland (HES) has been ongoing and comments will be addressed and taken on board as the design develops. Procurement of a tier one main contractor is now underway.

- 1.10 Niddrie House Square (Phase 1) will see 57 homes undergo full refurbishment works to meet EESSH2, including communal upgrades. Contract is now awarded and on-site, phase 2 design will commence in 2024/25;
- 1.11 The wider cyclical improvement programme will focus on the following investment priorities; communal fire door upgrade programme across four multi-storey blocks; flat entrance fire door upgrade programme across three multi-storey blocks; fire safety upgrade programme across five multi-storey blocks; water tank upgrade programme across seven multi-storey blocks; and a lift replacement programme at one multi-storey block. There will also be a rolling heating, kitchen and bathroom and windows and doors replacement/upgrade programme.

Environment Improvement Programme

- 1.12 Willowbrae Sheltered Housing – this improvement scheme will provide a robust and accessible external environment for residents. The scheme seeks to maximise the current external provision through new accessible routes. The design will respect and enhance the historic setting of the Grade B listed building, and its curtilage;
- 1.13 Bailey Terrace - this project will install bowtop fencing around the perimeter of the roundabout to stop cars parking on the grass verge. It will also develop the access path to make it more DDA compliant;
- 1.14 Parliament Street – This project will develop a community garden on a small piece of HRA land. The retaining wall will be rebuilt and a bowtop fence installed on the top. There will also be a redesign of the ground bed and turfing grass to improve maintenance and enable the installation of raised planter beds.

New build housing programme

- 1.15 Public engagement at Castlebrae will start over the summer, progressing towards a planning submission.
- 1.16 Greendykes K&L will start on site as part of the Edinburgh Homes Demonstrator (EHD) approach.
- 1.17 A planning application has been submitted for the Powderhall waste transfer site.
- 1.18 Subject to further approvals, enabling works will progress at Meadowbank and the contract to complete the affordable housing on the site will be agreed.

North West

- 2. Key investment programmes across the existing housing estate in the North West include:

Existing homes programme

- 2.1 May and Gunnet Court (96 homes) refurbishment is fully complete. Follow on works to upgrade communal mechanical, electrical and plumbing services, upgrade of communal fire doors and enclosure of the external stairwells is due to commence in 2024/25;
- 2.2 Oxcars and Inchmickery Court - WHR and full block upgrade/refurbishment to meet EESSH2 will commence later in 2024/25 across both blocks targeting 151 homes in total. These two blocks are in the final stages of design which will see the contractor via a Pre-Construction Service Agreement undertake a range of surveys in void properties, develop a decant strategy and more detailed engagement with tenants, as well as early site works and trials in void properties. It is anticipated that the final award of contract will be brought to Finance and Resources Committee later in 2024/25.
- 2.3 WHR phase 1 programme – as part of the WHR programme 20 homes across three sites will be targeted in the North West (Muirhouse Park, Wardieburn Place East and Wardieburn Road), this contract is currently at tender stage and will be on site in 2024/25;
- 2.4 Granton Medway North (78 homes) – WHR and full block upgrades, design and development commenced in January 2023, tender evaluation is currently underway with site start anticipated in May 2024;
- 2.5 Wardieburn Phase 14 – fabric and block improvements to meet EESSH2 targeting 3 blocks (18 homes) commenced in 2023/24, works will continue into 2024/25;
- 2.6 Common stair upgrade programme – targeting 124 100% owned CEC blocks across Drylaw, Muirhouse, West Pilton, Wardieburn and Crewe Rd. Contract now awarded and mobilising with works to continue throughout 2024/25;
- 2.7 The wider cyclical improvement programme will focus on the following investment priorities; communal fire door upgrade programme across one multi-storey block; fire safety upgrade programme across one multi-storey block; water tank upgrade programme across three multi-storey blocks; flat entrance fire door upgrade programme across one multi-storey block. There will also be a rolling heating and windows and doors replacement/upgrade programme;
- 2.8 EES:ABS 2023/24 programme is currently on site at two locations in the North West locality:
 - 2.8.1.1 At Muirhouse works are on site and due to complete in June/July 2024. This is primarily an external wall insulation programme with roof replacements for certain blocks. Overall, 89 Council and 13 Private homes have been targeted;
 - 2.8.1.2 At Crewe Rd North/Gardens works are also currently on site and due for completion in June/July 2024. This is also primarily an External

Wall Insulation and roof replacement programme targeting 43 Council and 10 Private homes;

Environment Improvement Programme

- 2.9 Easter Drylaw Park Project delivery – One of the key objectives of the project has been to improve access to the park. This will involve the creation of new pathways/cycleways. The play facilities within the park will also be enhanced and relocated away from the areas of the park that flood. The Park will also be enriched with new planting, creating a more diverse and sustainable ecosystem.
- 2.10 These improvements aim to make that the park is more inclusive and encourage people of all ages and abilities to explore and utilize the area. The project will be funded by a combination of Sustrans, Scottish Water, Council Flood Defence and Housing.

New build housing programme

- 2.11 This year the new build housing programme will see all 75 homes at the Granton D1 site complete and most of the 388 affordable homes at Western Villages will also be ready for households to move in to.
- 2.12 The completion of homes at Pennywell Phase 3 is a major milestone on this housing-led regeneration site. The final 20 homes here are due to be handed over imminently. Progress with the MacMillan HUB, which is a key feature of the regeneration approach, will deliver a library and skills hub, an additional space for North Edinburgh Arts to ensure that it continues to be at the centre of a creative, connected and inspired community. The HUB is expected to complete this year. Further work on the regeneration of the town centre area will take place this year with design work on the final block progressing and demolition of the remaining buildings within the old shopping centre expected to take place later this year.

South East

3. Key investment programmes across the existing housing estate in the South East include:

Existing homes programme

- 3.1 The Moredun multies will continue to undergo full design and development throughout 2024/25 to bring the blocks up to ESSH2 alongside a wider upgrade and refurbishment of the blocks including modernised common areas and foyers, Similarly to Craigmillar/Peffermill additional structural surveys will be required due to the construction type to determine longer term investment decisions for these blocks. Site start for the first phase of blocks is anticipated in in 2025/26;
- 3.2 WHR phase 1 programme – as part of the WHR programme nine homes across three sites (Gilmerton Dykes Crescent, Southhouse Avenue and Burdiehouse Drive) are now onsite since 2023/24 and will complete in 2024/25;
- 3.3 The 2023/24 EES:ABS programme targeted a second phase of the external wall insulation and solar PV programme at Gilmerton due to the success of the phase

1 programme. These works commenced in 2023/24 and continue into 2024/25. So far 55 Council and 28 Private homes are signed up;

- 3.4 Fabric improvement and wider block upgrades and repairs are targeted at two blocks in Southhouse Grove (13 Council and 7 Private homes). This programme is now at an advanced design stage with site start anticipated later in 2024/25;
- 3.5 The wider cyclical improvement programme will focus on the following investment priorities; communal fire door upgrade programme across two multi-storey blocks; lift upgrade programme across four multi-storey blocks; water tank upgrade programme across eight multi-storey blocks; flat entrance door upgrade programme across two multi-storey blocks; and roof replacements across two multi-storey blocks. There will also be a rolling heating, kitchen and bathroom and windows replacement/upgrade programme.

Environment Improvement Programme

- 3.6 Jean Armour Ave and Robert Burns Drive – Waste review and installation. This project will demolish existing external waste facilities and construct new community waste and recycling hubs
- 3.7 Moredun Greenspace Regeneration Project - The project will rejuvenate an existing five hectare greenspace to create an exciting new neighbourhood park. The project will improve accessibility within the park, provide play opportunities for a wide range of age groups, introduce new tree and meadow planting, and provide gathering spaces from which to enjoy uninterrupted views to Arthur's Seat. A steering group including representatives from the local community and the Council was set up to guide the project.

New build housing programme

- 3.8 During 2023 the Council purchased both Liberton Hospital and Castlebrae. The sites have been allocated for Housing in the Local Development Plan. A Prior Information Notice (PIN) was released seeking interest from potential development partners for Liberton which will help to inform the future procurement strategy. Public engagement at Liberton started last year and this will continue on both sites as the design stages progress.
- 3.9 Archaeological works took place at Cowan's Close last year as part of the planning conditions for the site. Design work will continue this year. All 19 new affordable homes are being designed for wheelchair users.

South West

4. Key investment programmes across the existing housing estate in the South West include:

Existing homes programme

- 4.1 Oxgangs House fabric and wider repair and upgrade programme is on-site and will continue into 2024/25, targeting 36 homes across three blocks;

- 4.2 WHR phase 1 programme – as part of the WHR programme 10 homes across two sites (Broomhouse Medway and Calder Drive) will be targeted in the South West. This contract is now awarded and will progress throughout 2024/25;
- 4.3 Barn Park – fabric and block improvements to meet EESSH2 targeting 4 blocks (24 homes) commenced in 2023/24, and will continue throughout 2024/25;
- 4.4 Wester Hailes Park (109 homes) – WHR and full block upgrades, design only in 2024/25;
- 4.5 As part of the EES:ABS 2023/24 programme a second phase of works was targeted again within Oxbgangs – this project commenced site start in 2023/24 and will continue into 2024/25. So far 28 Council and 40 private homes are signed up;
- 4.6 Throughout 2023/24 the MTIS pilot continued delivering essential repairs and maintenance in Wester Hailes across Murrayburn, Dumbryden and Hailesland. With just over 200 homes almost complete;
- 4.7 The MTIS pilot at Wester Hailes is now in its final stages. Phases 11a - 11c commenced site start in 2023/24 and will complete early in 2024/25; targeting 132 Council and 48 Private homes;
- 4.8 A secure door entry programme targeting 180 minority blocks across the South West locality commenced late in 2023/24 and will continue throughout 2024/25;
- 4.9 The wider cyclical improvement programme will focus on the following investment priorities; communal fire door upgrade programme across three multi-storey blocks; flat entrance fire door upgrade programme across three multi-storey blocks; roof replacements across two multi-storey blocks; and a water tank replacement programme across two multi-storey blocks. There will also be a rolling heating and windows replacement/upgrade programme.

Environment Improvement Programme

- 4.10 Hailesland Park Project - Phase 1 - This project will bring the current external steps up to regulated standards and upgrade the footpath to the front of the plaza that has been affected by tree root lift. The project will also create street light improvements to the plaza area and improve the community growing beds.
- 4.11 Stenhouse Bin Nest Phase 2 - This is phase 2 of the project to close down all the bin chutes within the Stenhouse area and install community waste and recycling hub areas.
- 4.12 Laichfield Phase 2 - These works will provide access to all properties so that they are DDA compliant or have ramped access to each property including the community room. It will help residents by making their garden space easier to maintain, and will improve both hard and soft landscaping.

New build housing programme

- 4.13 The new build housing programme will see the housing development at Murrayburn delivering 73 new affordable homes.

Appendix 5: Keys risks to the Capital Programme

Risk	Mitigation
<p>Contractor capacity: Due to the scale of the Capital Programme contractor capacity within current frameworks will be limited as multiple contractors sit across a number of work packages.</p> <p>This leads to protracted timeframes for the purification of tenders. Many contractors are also requesting extensions of time to respond to tenders as they have an extensive pipeline of work.</p> <p>Other more technically complex projects also struggle to get any response from the market. For the larger and more complex multi-storey retrofit programmes Tier 1 contractors have shown very little interest in these projects which they see as high risk.</p>	<p>Key workstreams will be staggered throughout the financial year to ensure contractors within existing Council frameworks are not overloaded.</p> <p>External frameworks will be explored to see if they are suitable for procuring more specialist and sizable WHR area based and multi-storey work programmes. Continued engagement with contractors on external frameworks and the market more widely will need to be scaled up to let prospective contractors know the strength of the WHR pipeline and other sizable work programmes.</p> <p>The existing Housing Property Framework will need to be renewed in 2024. This provides an opportunity to ensure that any future Framework is suited to the needs of the capital programme over the next five years.</p> <p>A new housebuilding delivery framework will be procured during the next 12 months. This will include a number of lots to support a range of delivery models. A PIN was released earlier this year which confirmed continued interest from housebuilding contractors to work with the Council to design and construct newbuild homes.</p> <p>With the cancellation of capital healthcare projects there may be more interest from Tier 1 contractors in the more complex retrofit programmes across multi-storey blocks.</p>
<p>Grant funding: Grant funding benchmark for new homes is not responding quickly enough to cost increases and whilst the overall benchmark has increased the overall funding pot has not. Edinburgh's allocation of affordable housing grant in 2024/25 has reduced by about a quarter to c.£34m, with the funding likely to remain low in the foreseeable future. Which means less homes can be taken forward year on year.</p> <p>Uncertainty on Council's on-lending to Edinburgh Living LLPs may reduce its ability to purchase completed homes funded by the HRA, impacting on HRA capital receipts assumed in the business plan.</p> <p>Government funding dedicated for achieving net zero target in existing homes remains proportionally low against the assumed costs while there is no guarantee of the funding as its allocation is through a bidding process.</p>	<p>Officers will continue to work with government to maximise grant funding for new supply. Work to explore financial models which will reduce the Council's reliance on grant is paramount. As set out in the 'Strategy for purchasing land and homes to meet affordable housing need' report at HH&FW committee in Dec 23, officers are exploring a variety of mitigations. A project and programme prioritisation exercise is underway to limit potential abortive costs of projects moving into design/development.</p> <p>Work to review the financial models and approach to direct delivery of social rent and mid-market rent homes is underway. Options to reduce the reliance on Scottish Government grant are being explored. This is a challenging piece of work which will likely require change and innovation.</p> <p>Funding for energy efficiency and low carbon technologies has been made available by the Scottish Government. This includes the Low Carbon Infrastructure Transition Programme and its successor programme which will invest £400m in large-scale heat decarbonisation infrastructure; and the Social Housing Net Zero Heat Fund which will make £200m available over the current Programme for Government to support social landlords across Scotland to install zero emissions heating systems and energy efficiency measures across their existing stock.</p>

<p>Grant funding to support owners to invest in mixed tenure improvements and energy efficiency will be insufficient, resulting in the Council not being able to progress WHR programmes.</p>	<p>The application to Scottish Government's EES:ABS grant fund has been aligned with the MTIS pilot in order to maximise funding available to owners to enable works to progress.</p>
<p>Owner and tenant engagement: Owners may not have the funds to invest in their homes, delaying or limiting investment in mixed tenure blocks.</p> <p>Tenants may wish to opt out of WHR works due to the scale and/or intrusiveness of the works planned.</p>	<p>The Mixed Tenure Improvement Service (MTIS) has been underway since 2021/22 to coordinate improvement works in mixed tenure blocks. Enhanced Scheme of Assistance measures are also in place following Finance and Resources Committee approval on 23 January 2020 and March 2022 which provide extended repayment terms for owners and tenant acquisition options.</p> <p>The delivery of strategic acquisition and disposal of homes continues to achieve block consolidation.</p> <p>Dedicated Case officer support is now in place to support Private Sector Landlords, Owner Occupiers and Council tenants to ensure they have the right level of support and advice available to help them throughout the retrofit process.</p>
<p>Increasing capital investment costs: The increase in new build construction and development costs (workforce, materials etc.) is higher than anticipated due to the impact of Brexit, Ukraine War and Covid-19. Construction sector has seen an increase in costs of around 30%.</p> <p>Due to the limited capacity of the market to respond to the number of tenders that are being advertised significant variations in price are now common.</p> <p>The increased development costs for new build homes means that it may not be financially viable for Edinburgh Living LLP to purchase the completed homes for mid-market rented use, reducing the capital receipts HRA would get from the LLP;</p>	<p>On 22 February 2024, Council agreed an annual rent increase of 7% for five years (2024/25 to 2028/29), with an assumption that the 7% increase would continue until 2033/34 to fund long term aspirations of delivering more social rented homes (an additional 3,650 homes) and bringing all existing homes up to Energy Efficiency Standard for Social Housing (ESSH2).</p> <p>Build cost inflation assumptions are reviewed annually based on market intelligence. In year projections take account of known costs uplifts.</p> <p>The known costs for achieving net zero carbon have been factored into the Business Plan and are reviewed annually and will be continually informed from the various WHR work programmes.</p> <p>A review of the newbuild specification is ongoing to explore opportunities to reduce costs while retaining the ambition to deliver net zero ready homes and futureproofing risks around regulation change.</p> <p>Potential costs savings could be achieved through economies of scale across a number of work programmes. By combining all multi-storey blocks under one commission for a variety of different work packages such as rewiring, and fire doors etc, longer term savings could be achieved. It is estimated that the Council could potentially achieve savings of between 20%-30% by contracting with one specialist contractor rather than progressing with multiple procurement exercises trying to evidence value for money. Larger packages of works can ultimately drive volume construction savings, reduce prelims from 10% to 8.5% and ensure fixed multi-year framework costs, so no inflation charges are applied. Many contractors for larger programmes of work are happy to offset the costs of external procurement framework fees or cover some element of the framework fee.</p>