

# Governance, Risk and Best Value Committee

10.00am, Thursday, 23 January 2025

## Capital Investment Board

Executive/routine  
Wards

Executive  
All

### 1. Recommendations

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- 1.1 It is recommended that Committee notes the arrangements in place for the management and oversight of major projects and programmes of investment through the Capital Investment Board.

#### Gareth Barwell

Interim Executive Director of Place

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## Capital Investment Board

### 2. Executive Summary

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- 2.1 This report provides information on the arrangements in place for the management and oversight of major programmes and projects being delivered by the Council.
- 2.2 A Capital Investment Board has been established to provide oversight of three key areas of work: the corporate property programme, the building and acquisition of new affordable homes, and other standalone major projects.
- 2.3 Committee requested regular updates on the Capital Investment Board. This is in addition to the existing reporting to other executive committees such as the Housing, Homelessness and Fair Work Committee, and the Finance and Resources Committee

### 3. Background

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- 3.1 On 31 October 2023, Governance, Risk and Best Value (GRBV) Committee received an [update](#) on the Strategic Programme Board. This report highlighted that the remit of the Strategic Programme Board covered non-capital projects and transformation work.
- 3.2 The report highlighted that a Capital Investment Board was being established to oversee and govern delivery of capital projects.
- 3.3 Committee agreed that the risk associated with capital projects must continue to be reported to GRBV, through a regular six-month update report from the Capital Investment Board and that, as the Board is just being established, a Business Bulletin item will be provided on progress on this request to the next GRBV Committee.
- 3.4 On 20 November 2023, Committee received an [update](#) on the Capital Investment Board.

## 4. Main report

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- 4.1 A Capital Investment Board (CIB) has been established to provide oversight of three key capital investment programmes (and the projects within): the corporate property programme, the building and acquisition of new affordable homes, and other standalone major projects. It sits within the corporate management and reporting framework and is chaired by the Interim Executive Director of Place.
- 4.2 Sitting beneath the CIB are a series of programme boards that manage day to day programme activity and provide regular reports to the CIB. The CIB sits alongside other strategic boards and forums and reports progress to the Corporate Leadership Team. Appendix 1 provides a diagram of these reporting arrangements.
- 4.3 The CIB has the following terms of reference:
  - 4.3.1 Ensuring that the Council has appropriate governance and oversight arrangements in place to deliver its capital priorities, including oversight of the capital budget strategy;
  - 4.3.2 Prioritising the capital programme and investment plan;
  - 4.3.3 Supporting the delivery of the Council's Business Plan priorities, linked to investment;
  - 4.3.4 Monitoring the delivery of the development and investment programme, streamlining decision making and avoiding duplication;
  - 4.3.5 Ensuring the Council and partner delivery programmes are aligned, wherever possible, and that opportunities for synergies are explored;
  - 4.3.6 Identifying and approving progression of alternative funding sources and procurement processes that deliver value for money; and
  - 4.3.7 Reporting to Governance, Risk and Best Value Committee on a six-monthly basis.
- 4.4 Appendix 2 provides dashboards for major projects and programmes of work. They have been designed as assurance statements in relation to programme delivery, financial management, and risk management. Executive highlights are provided to explain the challenges facing the particular programme or project. In addition, the outcomes being achieved are also being tracked.

## 5. Next Steps

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- 5.1 The dashboards as set out in Appendix 2 will be provided to Committee on a six-monthly basis as part of the Business Bulletin.

## **6. Financial impact**

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- 6.1 There are no direct financial impacts arising from this report. The Capital Investment Plan is reported to Finance and Resources and GRBV on a regular basis.
- 6.2 The funding required for these programmes or projects has been the subject of separate reports and approvals.
- 6.3 The establishment of the CIB and onwards reporting to Committee is a positive step to improve governance, assurance and financial management.

## **7. Equality and Poverty Impact**

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- 7.1 There are no direct equality and poverty impacts arising from this report.
- 7.2 Equality and poverty impacts are assessed as part of the individual projects and programmes which are overseen by the CIB.

## **8. Climate and Nature Emergency Implications**

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- 8.1 There are no direct climate or nature emergency implications arising from this report.
- 8.2 As above, the strengthening of governance processes is a positive step in assuring that Council objectives are achieved.

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

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- 9.1 The strengthening of governance processes is a positive step in assuring that Council policy objectives are achieved; risks are properly managed, and compliance requirements are met.
- 9.2 There is no direct community impact arising from this report, but open and transparent governance allows the community to better understand Council activity.

## **10. Background reading/external references**

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- 10.1 None

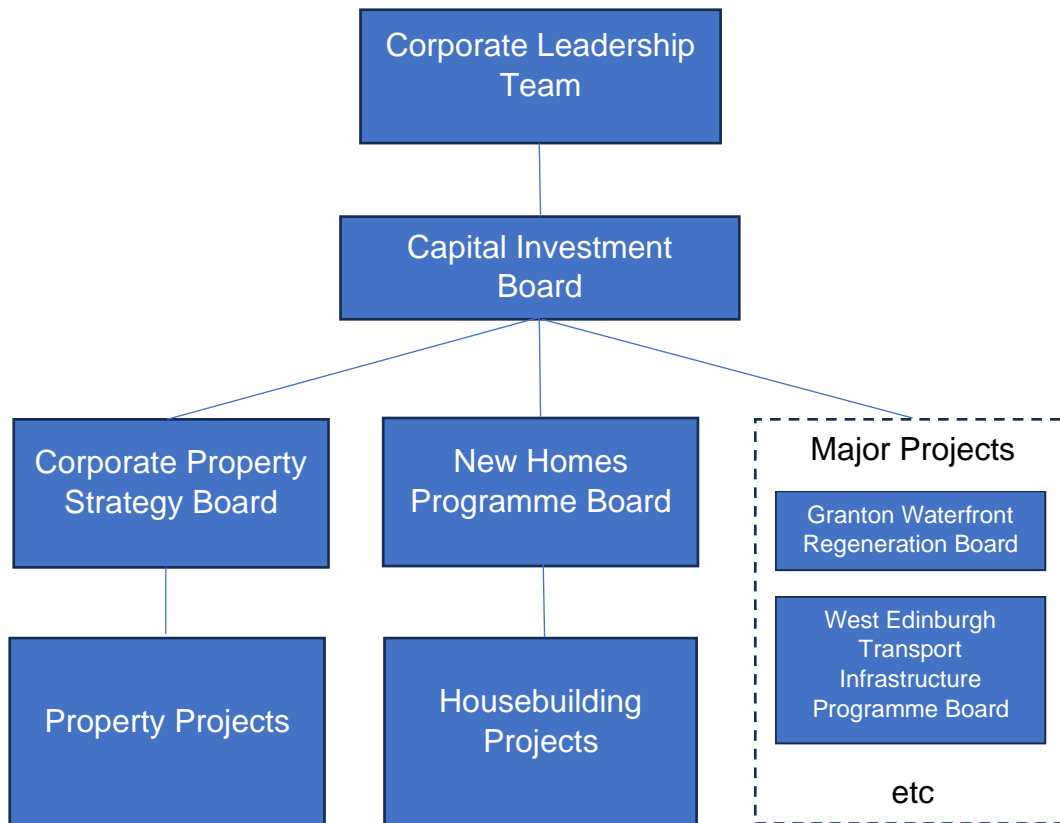
## **11. Appendices**

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Appendix 1 – Capital Investment Board Reporting Diagram

Appendix 2 – Capital Investment Board Dashboards

## Appendix 1 – Capital Investment Board Reporting Diagram



## Appendix 2 – Capital Investment Board Dashboards

### Corporate Property Strategy Dashboard

Corporate Property Strategy Board			Sponsor: P Watton	SRO: C McGhie	PM: S Peek										
Programme (RAG)		Finance (RAG)		Risk (RAG)											
Last Period	This Period	Last Period	This Period	Last Period	This Period										
<p><b>Description:</b>                      The Corporate Property Strategy is a high-level framework which sets out the strategic themes that will be followed when implementing changes to the Council’s operational property estate. It provides the strategic basis on which property related decisions will be taken to facilitate the delivery of the priorities and outcomes in the Council Business Plan and the Medium -Term Financial Plan (MTFP).</p> <p>One strand of the Corporate Property Strategy is the delivery of operational property projects funded through the Capital Investment Programme.</p> <p>This includes significant investment in the learning estate, asset management and retrofit works to existing properties and identification of improvements that can be made to offices, depots and local community service delivery facilities.</p>															
<p><b>Executive Highlights:</b></p> <p>Separate summaries are provided below for the ongoing learning estate, asset management and retrofit property projects which are currently funded through the Council’s Capital Investment Programme.</p> <p>In addition, the Corporate Property Strategy has led to the following recent improvements:</p> <ul style="list-style-type: none"> <li>- Waverley Court Partnership Hub Paper spend to save given permission in principle to proceed by CLT on 11 September 2024. Discussions ongoing with external partners to lease areas of Waverley Court.</li> <li>- Placed-Based Property Improvement Programme approved by Finance and Resource Committee on 19 September 2024, which set out the approach that will be taken to improve the Councils estate aligned to transformation of service delivery in local communities.</li> <li>- A Senior Change and Delivery Officer has been appointed to support Museums and Galleries and cultural property estate transformation.</li> </ul>															
<p><b>Outcomes</b></p> <table border="1"> <thead> <tr> <th colspan="3">Savings:</th> <th rowspan="3">Non-financial Benefits: All of the CPS activity will support improved service integration between Council services and partners.</th> </tr> <tr> <th>Target 24/25</th> <th>Actual</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>£500,000</td> <td>£500,000</td> <td></td> </tr> </tbody> </table>						Savings:			Non-financial Benefits: All of the CPS activity will support improved service integration between Council services and partners.	Target 24/25	Actual	Variation	£500,000	£500,000	
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Target 24/25	Actual	Variation													
£500,000	£500,000														

## New Homes Programme Dashboard

New Homes Programme Board				Sponsor: D McGowan	SRO: D Cooper	PM: H Ferguson
Programme (RAG)		Finance (RAG)		Risk (RAG)		
Last Period	This Period	Last Period	This Period	Last Period	This Period	
<b>Description:</b>						
<ul style="list-style-type: none"> <li>- Council Business Plan reflects ambition to provide 25,000 affordable homes across the city over the course of 10 years. The Council Housebuilding programme will have a significant role in supporting that.</li> <li>- Delivery of new homes embedded in area-based regeneration and joining up with investment programme for existing homes and estates</li> <li>- Programme includes a number to large mixed use, mixed tenure projects at Meadowbank, Fountainbridge and Powderhall.</li> <li>- Acquisition of land and purchase of completed homes to meet programme ambition</li> <li>- Delivery of all new homes in design development to be carbon neutral (net zero carbon)</li> <li>- Consideration of appropriate meanwhile uses while sites are at pre-construction stage</li> </ul>						
<b>Executive Highlights:</b>						
<ul style="list-style-type: none"> <li>- Homes now completed at Pennywell and D1 Granton with others imminent. New site starts at Greendykes and Murrayburn Gate.</li> <li>- Work has started on rectifying the issues at Clermiston. Work to rectify the roof at Clermiston is now underway and monthly meetings with Robertson Group CEO are taking place.</li> <li>- Scottish Government Grant budget has been cut in year by £11m. New budget statement is more positive but detail awaited. Impacts are being assessed.</li> <li>- Workstreams to mitigate financial risks are underway.</li> <li>- The D&amp;R team is providing resource to manage the on-boarding of over 400 homes constructed by private developers into the Council. This is a complex project due to the scale and speed of the handovers. This is a cross-service project with good engagement across all involved.</li> </ul>						
<b>Outcomes</b>						
Homes Completed		Under Construction		In Design		
Last Period	This Period	Last Period	This Period	Last Period	This Period	
1450	1450	756	756	3,675	3,806	

Major Projects – Granton Waterfront Regeneration Board

Granton Waterfront Regeneration		Sponsor: P Watton		SRO: S Patel		PM: M Fraser	
Programme (RAG)		Finance (RAG)		Risk (RAG)			
Last Period	This Period	Last Period	This Period	Last Period	This Period	Last Period	This Period
<p><b>Description:</b>            Over the next 10-15 years, the Granton Waterfront regeneration programme will create a new residential-led mixed-use community, home to around 8,000 people on Edinburgh’s waterfront. It will deliver around 3,500 net zero carbon homes (of which at least 35% – 1,225 – will be affordable), a low carbon heat network, a primary school, a health centre, commercial and cultural space and a new coastal park. This new development will be supported by new cycling and walking routes and enhanced public transport connections. The current programme of works includes:</p> <ul style="list-style-type: none"> <li>- Progression of pre-development work on phase 1 of regeneration with the Council’s development partner, Cruden Homes. Phase 1 will deliver 847 net zero homes (46% affordable), site enabling works for a primary school, primary substation and low carbon heat network energy centre, 2,249 sq. m ground floor commercial space, public realm, a transport mobility hub and active travel network.</li> <li>- Progression of pre-development work on a low carbon heat network with the Council’s proposed concessionaire Vattenfall Heat UK Ltd. At the end of the pre-development stage, and subject to elected member approval, Vattenfall would take forward a heat network in Granton under a concession agreement whereby they will design, build, finance, manage and operate a network over a 40 year period.</li> <li>- Early action projects within the development area include the restoration of the Granton Gas Holder, the refurbishment of Granton Station building, and the erection of over 600 affordable homes across three separate sites (Western Villages, Granton Station View and Silverlea) including 75 homes as a ‘demonstrator’ project for modern methods of construction in conjunction with Scottish Government.</li> </ul>							
<p><b>Executive Highlights:</b></p> <ul style="list-style-type: none"> <li>- Planning Permission for Phase 1 granted at Development Management Sub Committee on 20 November 2024.</li> <li>- Scottish Government Phase 1 funding commitment confirmed by Cabinet Secretary for Finance on 4 December 2024. The Granton Waterfront Team will work with Scottish Government officials to firm up grant offer by spring 2025.</li> <li>- Affordable homes developed at Granton Station View now complete, with tenant occupation almost finished.</li> <li>- First tranche of completed affordable homes at Western Villages to be handed over to the Council in early January 2025. Handovers will then follow on a regular basis between now and summer 2025. The Granton Waterfront team will work with the locality team to ensure seamless occupation by tenants.</li> <li>- Granton Gas Holder restoration project now complete with the newly created public park within the frame now open to the public and the structure illuminated</li> </ul>							



at night on a permanent basis. A grand opening event is being planned for spring 2025.

**Outcomes** – (note these are the number of total homes of all tenure within the current Granton Waterfront programme and are included in the totals set out within the New Homes Programme Board outcomes)

Homes Completed		Under Construction		In Design	
Last Period	This Period	Last Period	This Period	Last Period	This Period
0	75	662	587	847	847

## Major Projects - Schools

School Projects		Sponsor: Education		SRO: C McGhie/ R Crockatt		PM: Various	
Programme (RAG)		Finance (RAG)		Risk (RAG)			
Last Period	This Period	Last Period	This Period	Last Period	This Period	Last Period	This Period
<p><b>Description:</b>            There is a current allocation of c£220m in the Capital Investment Programme for learning estate projects including replacement secondary schools, new primary schools and early years associated with new housing provision and expansion of existing schools where necessary.</p> <p>There is also a considerable number of future learning estate infrastructure projects which have been identified as being required to support the growth of the city identified in the Council's Local Development Plans (e.g. LDP2 and City Plan 2030) that are currently categorised as unfunded pressures.</p> <p>Funding requirements for these projects are considered in the annual budget setting process and through the development of business cases considered through the Corporate Property Strategy governance structures.</p>							
<p><b>Executive Highlights:</b>            The largest projects currently funded in the Capital investment Programme which are being progressed are:</p> <ul style="list-style-type: none"> <li>- Trinity Academy;</li> <li>- New Liberton High School;</li> <li>- Wester Hailes High School;</li> <li>- Currie High School;</li> <li>- Newcraighall Primary School;</li> <li>- St Catherine's Primary School; and,</li> <li>- Maybury Primary School.</li> </ul>							
<p><b>Outcomes</b>            All of the new infrastructure provided creates modern, flexible, fit for purpose, energy efficient and comfortable learning environments which are accessible to the whole community.</p>							

## Major Projects – Asset Management Works and Retrofit

Property Projects		Sponsor: G Barwell		SRO: Peter Watton		PM: Various	
Programme (RAG)		Finance (RAG)		Risk (RAG)			
Last Period	This Period	Last Period	This Period	Last Period	This Period	Last Period	This Period
<p><b>Description:</b> There is currently c£200m of Asset Management and Retrofit funding in the Council's Capital Programme.</p>							
<p><b>Executive Highlights:</b> The Asset Management Works funding covers improvement of the condition of existing operational properties on a prioritised basis.</p> <p>There are two full scale building retrofit projects being progressed.</p> <p>The Asset Management Works and Retrofit board also oversees delivery of projects being progressed related to RAAC.</p>							
<p><b>Outcomes</b> The investment improves the condition and sustainability of the existing operational properties.</p>							

Major Projects – Transport and Active Travel

Transport and Active Travel Projects				Sponsor: G Barwell	SRO: Gavin Brown	PM: Various
Programme (RAG)		Finance (RAG)		Risk (RAG)		
Last Period	This Period	Last Period	This Period	Last Period	This Period	
<p><b>Description:</b></p> <p>Delivery of key infrastructure projects to improve or refurbish transport infrastructure in the city.</p>						
<p><b>Executive Highlights:</b></p> <p>Roseburn to Union Canal and the City Centre West-East Cycle Link are complete.</p> <p>Meadows to George Street is currently at the developed design stage. Traffic Orders have been advertised and representations received will be reported to Committee in spring 2025.</p> <p>Leith Connections is a multi-phase project being delivered over a period of years. Some improvements associated with the “Low Traffic Neighbourhood” have already been delivered on a permanent basis, with others current in place on a trial basis under an Experimental Traffic Regulation Order (ETRO). Construction work has just commenced on the Foot of the Walk to Dock Street active travel route and should be completed in 2025. Public consultation is currently underway on concept designs for further improvements along a route from Hawthornvale to Salamander Street.</p> <p>West Edinburgh Transport Improvement Programme (WETIP) currently at detailed technical design stage. Site investigation works to commence spring 2025 and statutory road orders expected to be published autumn 2025. Continuous engagement with key stakeholders including bus operators, Edinburgh Airport, Transport Scotland and developers.</p> <p>North Bridge - The current key activity is the reinstallation of the decorative cast iron façade, and approximately 1/3 of this has now been completed. Works are now well progressed however several key risks remain which may affect programme and budget. These risks are being carefully managed by the entire project team within the governance of the project’s Steering Group.</p> <p>Fleet replacement programme – all the new community transport buses and Refuse Collection Vehicles (RVCs) will be delivered by the end of February 2025. New electric civic cars and electric library buses have been ordered. Focus on removing hired vehicles to ensure financial model is achieved.</p> <p>Depot Programme - Agreed that this will now be covered within the Corporate Property Strategy Board. Programme update approved at Finance and Resource Committee in November 2024.</p>						
<p><b>Outcomes</b></p>						

## Major Projects – Culture

Culture Projects		Sponsor: G Barwell		SRO: Various		PM: Various	
Programme (RAG)		Finance (RAG)		Risk (RAG)			
Last Period	This Period	Last Period	This Period	Last Period	This Period	Last Period	This Period
<p><b>Description:</b> Capital investment directed to cultural infrastructure in the city, namely the King’s Theatre, the Dunard Concert Hall, and the Macmillan Hub.</p>							
<p><b>Executive Highlights:</b></p> <p><u>Dunard Centre</u></p> <p>The Dunard Centre benefits from the generous support of the Dunard Fund — a long-term funder of the arts and music in Scotland — and is the cultural centrepiece of the Edinburgh and South-East Scotland City Region Deal, a transformative partnership between the UK and Scottish Governments (each contributing £10m) and The City of Edinburgh Council (contributing £5m). These funds flow through City of Edinburgh Council as the Accountable Body for the ESES City Region Deal.</p> <p>Through the support of Royal Bank of Scotland, the Dunard Centre will be built in the heart of Edinburgh, tucked behind and directly connected to the Bank’s historic registered office at 36 St Andrew Square. The location is highly accessible by foot, pedal, bus, tram, and train.</p> <p><i>Current Status</i></p> <p>The city centre site has spent the last year undergoing a range of enabling works, including the careful demolition of a five-storey office block, which is now complete. IMPACT Scotland, the charity responsible for building and running the venue, is now preparing for the next phase: Dunard Centre’s four-year main construction period.</p> <p>Next milestones:</p> <ul style="list-style-type: none"> <li>• January 2025                      Main construction (Stage 2 tender) PCSA offer</li> <li>• March 2025                        IMPACT Scotland Stage 2 tender acceptance.</li> <li>• Summer 2025                      Main construction begins</li> <li>• Autumn 2028                        Construction practical completion (estimated until tender offer is received, opening programme under review)</li> </ul> <p><i>Finances</i></p> <p>The estimated total cost for the Dunard Centre was reported to Finance and Resources in November 2023 at £114m, but until the current PCSA is concluded the final projected cost will not be known. As mentioned above, the UK and Scottish Governments are each contributing £10m and The City of Edinburgh Council is contributing £5m. The Dunard Centre is being supported by a record breaking £80 million in private philanthropic donations, including £35 million from the Dunard Fund. Fundraising shall continue throughout the construction period.</p>							

## King's Theatre

Capital Theatres are undertaking a comprehensive refurbishment of the King's Theatre, with to achieve the following objectives:

- To re-energise the artistic programme by attracting a greater breadth and the best available local, national and international productions
- To create a transformed, highly enjoyable, theatregoing and visitor experience
- To transform access in the building to achieve an equitable experience for all
- To create an enabling environment to foster lifelong cultural engagement
- To modernise, preserve and showcase the heritage of the King's Theatre

The refurbishment work was tendered and Robertson Construction was awarded the building contract. The total project cost was £35.600m and contract duration 109 weeks, the works commenced in March 2023 with a planned practical completion date of March 2025.

Currently, the contract works are approximately 67% complete. Overall progress has been good, however a number of issues have come to light when opening up the building, including for example the discovery of bedrock at the base of a lift shaft, and this issue has resulted in delays and an additional costs.

In light of this, the project budget has been revised and approved by Capital Theatres Main Board. The updated budget for the refurbishment works is £40.700m. This includes allowance for the extension of time, reprovisioning of client and construction contingencies and provisional sums. The revised practical completion date for the works is now forecast to be late 2025, with the Theatre planned to reopen to the public in spring 2026.

Funding for the project comprises a combination of grant funding, borrowing facilities, donations from benefactors, fundraising activities, Capital Theatre reserves and ticket development fund. The Council is providing a £7.000m capital grant and a prudential borrowing facility of £5.000m to Capital Theatres.

## Macmillan Hub

The Macmillan Hub is the focal point of the regeneration of Pennywell and Muirhouse, with a long term local and national objective of tackling significant deprivation in the area. The new hub will include an Early Years Centre for 185 children, a library and skills hub, affordable homes and an expanded North Edinburgh Arts (NEA) facility.

### *Current Status*

The construction works commenced in April 2022 and are programmed to be complete in February 2025 with some parts of the new centre already operational.

### *Finances*

As previously reported to the project is overrunning and there are also cost overruns. The final account is in the process of being negotiated.

The NEA fundraising efforts has secured further funding from the Community Ownership Fund. This will take pressure off the Council as the Council had previously

agreed to loan funding to cover the NEA funding gap. The final position will be understood in the coming weeks.

**Outcomes**

One new and one refurbished major cultural venue for the city, improving cultural infrastructure, audience access to the arts, opportunities for artists, supporting culture strategy.

One new hub providing multiple services to the local community.